

I. Meeting Packet



State of Florida
Public Service Commission
INTERNAL AFFAIRS AGENDA
Wednesday – April 24, 2024
9:30 AM
Room 105 – Gerald L. Gunter Building

1. Presentation on the Florida Governmental Utility Authority and Current Issues Facing FGUA systems by Mr. Scott A. Towler, P.E., System Manager (Attachment 1)
2. General Counsel's Report
3. Executive Director's report
4. Other Matters

BB/aml

OUTSIDE PERSONS WISHING TO ADDRESS THE COMMISSION ON
ANY OF THE AGENDAED ITEMS SHOULD CONTACT THE
OFFICE OF THE EXECUTIVE DIRECTOR AT (850) 413-6463.

Florida Governmental Utility Authority

Public Service
Commission
April 24, 2024
9:30 am



The Florida Governmental Utility Authority (FGUA)

- Separate utility authorities are authorized under Section 163.01(7)(g)1, Florida Statutes
- The Florida Governmental Utility Authority (FGUA) was formed in 1999 through an interlocal agreement between Brevard, Lee, Polk and Sarasota Counties
- The FGUA is an innovative home rule mechanism
- A locally-appointed Board governs FGUA
- Participating local governments have control over the FGUA but do not incur any liability for debt or operations
- The FGUA is a multi-jurisdictional entity for utility ownership, operation and management
- The FGUA is solely focused on water and wastewater systems

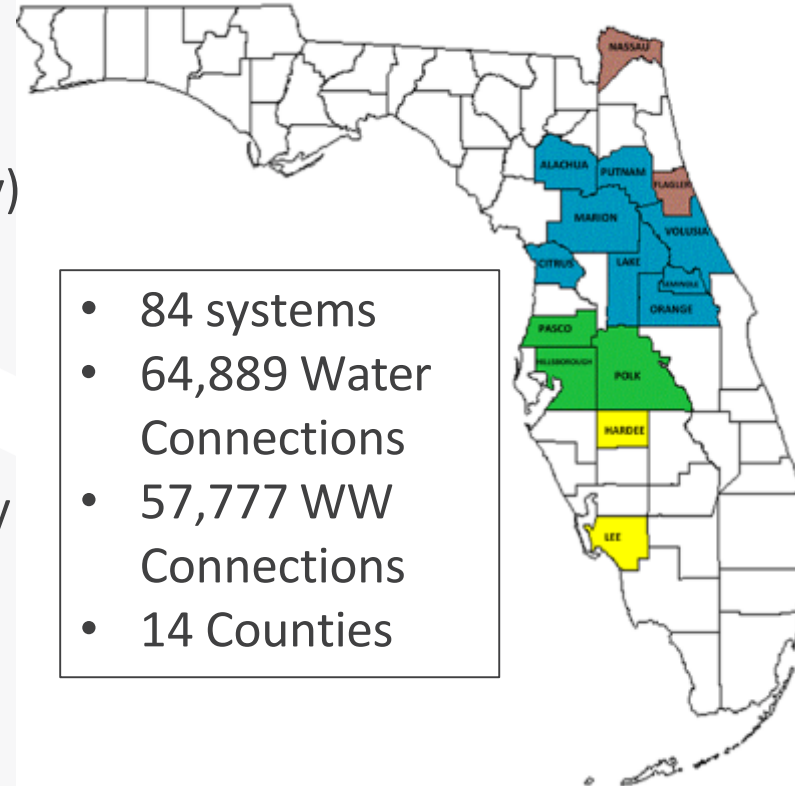
Current FGUA Utility Enterprise Systems

FGUA-Owned Systems

- Lehigh Acres Utility System (Lee County)
- North Fort Myers Utility System (Lee County)
- Pasco Utility System (Pasco County)
- Consolidated Utility System (Pasco County)
- MacDill Air Force Base Utility System (Hillsborough County)
- Pasco Aqua Utility System (Pasco County)
- Lake Aqua Utility System (Lake County)
- Unified Aqua Utility System
- Dunnellon Utility System
- Flagler County Utility System

FGUA Managed System

- Nassau-Amelia Island Utility System (Nassau County)



Advantages of the FGUA

- 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 FGUA and would not adversely affect the local government's credit
- 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
- Pool of professional resources
- Extensive utility management and operational expertise
- Professional capital project managers, engineering pool and inspectors
- Can maximize private sector flexibility with governmental accountability

Management Advantages of the FGUA

- Provides all specialized skills necessary to own, operate and manage utility systems
- Reliability, efficiency and responsiveness
- Efficient, centralized construction management
- Centralized management uses efficient, professional private management and operations contractors
- Assistance with the planning and funding of capital improvement programs consistent with local Comprehensive Plans

Political Advantage of the FGUA

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

FGUA Partners

Florida Department of Environmental Protection (FDEP)

U. S. Department of Agriculture (USDA)

Florida Legislature

St. Johns River Water Management District


South Florida Water Management District

U. S. Water Services Corporation

Raftelis Financial Consultants

Ford & Associates, Inc.

Nabors, Giblin & Nickerson



Community Outreach Successes of the FGUA

State, National, and International recognition for community outreach activities

Public Communication and Outreach Program Award from the Water Environment Federation (WEF)

Public Education Award from the Florida Water Environment Association (FWEA)

Meritorious Awards for Water Conservation from the Florida Section of the American Water Works Association

Presented on Corporate Sponsorship in Public Engagement at the 2023 American Water Works Association Sustainable Management Conference and the 2022 WEF Technical and Exhibition Conference (WEFTEC) in 2022.

Community Outreach Successes of the FGUA

Collaboration with host governments on outreach and education

FGUA and Pasco County Utilities

15-year partnership between the FGUA and Pasco County Utilities for its Water Awareness Poster Contest, with over 21,000 posters submitted since 2009.

FGUA and Lehigh Acers Community Services

Our Community, Our Seniors, Our Water Rain Barrel Contest raised over \$3,800 in donations in 2023 from the painted rain barrel auction, supporting Lehigh Acers Community Services for utility bill assistance for Senior Citizens.

Covered live by local Fox Affiliate (WFTX, Fox 4) during Rain Barrel Painting Event.

Community Outreach Successes of the FGUA

- Customer Community Engagement
 - 23 Meetings with Homeowners' Associations (2023)
 - Bi-Monthly City of Dunnellon Town Hall Hours for customer and neighborhood inquiries.
- Superior Customer Service Quality Assurance
 - Customer Service Survey: 72% overall customer satisfaction (2024)
- Rapid response to escalated customer issues from Ombuds Team
 - Ombuds Team responds within one business day to each concern.
 - Over 3,300 issues addressed (2023)
 - "B+ Rating" with Better Business Bureau (BBB)

FGUA 2023 Highlights

The Mission of the FGUA for providing communities with high-value, cost-effective utility management alternatives within a public governance structure that maximizes customer service quality was demonstrated. The FGUA managed through challenges with increased pricing, supply chain issues, and availability of materials and supplies. Highlights during 2023 include:

Maintaining rates within the acceptable annual CPI adjustments.

Achieving customer service satisfaction as detailed in the biannual customer service survey.

Award of the Arredondo water main project that includes 2.1 Million dollars in principal forgiveness.

Award of the Jungle Den wastewater project.

FGUA 2023 Highlights

Implementation of a plan to improve water capacity for the Lehigh Acres water utility system.

Rerate water treatment capacity for water plant No. 1

Execute an agreement and begin constructing the Gateway Services District water interconnection.

Award a contact for an interim solution to install a RO skid at water plant No. 2.

Continue with the full-scale progressive design-build contract with water plant No. 2

Award of a \$47.5 Million CWSRF loan to fund the various costs.

Award and begin construction of the American Beach water and sewer project.

Award of an additional \$7.5 Million dollars for the Chatmire septic to sewer project

FGUA 2023 Highlights

Award of a contract to begin construction of the Plantation Bay WWTP.

Award of Septic sewer grants for Lehigh Acres and North Ft Myers, totaling \$10 Million.

Award of four Legislative grants

Begin with the development of the Lake Panasoffkee wastewater centralized sewer project.

Proceed with the Nassau County Amelia Islands utility acquisition.

Work with FEMA to deliver repair and restoration projects as the result of Hurricane Ian.

Support the City of Crystal River to obtain a \$4.3 Million Springs Grant that was expanded to \$8.4 Million.

Rainbow River – Rio Vista Septic to Sewer Project

Rainbow River-Rio Vista Septic to Sewer \$10.8M
Federal Springs Restoration Grant

30% design estimate \$17.3M-\$28.0M

Pursuing additional FDEP water quality and
springs grants for 100% completion

Project Overview

302 properties converted

Reduce 3,312lb/yr nitrogen

154 grinder pump stations

25,000ft of gravity sewer

20,000ft low-pressure FM

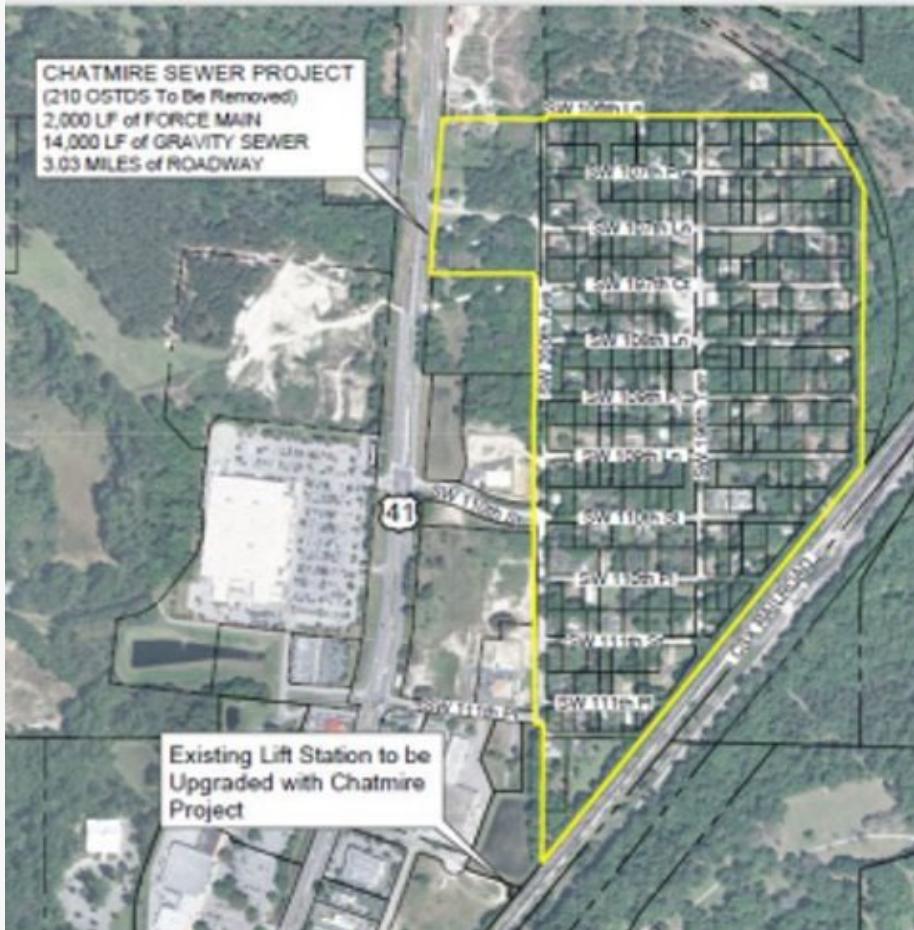
5,000ft of sewer FM

Upgrade to existing lift station (RSLs#11)

Additional lift stations

Roadway restoration

Chatmire Septic to Sewer Project



Funding

2020 Legislative Appropriation - \$3,700,000

Appropriations administered through FDEP to include:

Design and Construction

Homeowners Connection and Impact Fees

FY2023 SWFWMD Priority Ranking for Springs

Funding for an additional \$7,500,000 Springs Grant

Project Overview

- 210 residential lots with approximately 117 existing septic systems
- 15,000 linear feet of gravity sewer collection lines
- One new wastewater lift station
- 1,600 linear feet of force main
- 16,000 linear feet of roadway restoration
- Abandon existing septic systems
- Connect to the central sewer system

Florida Governmental Utility Authority Best Tasting Water 2022!



The Florida Rural Water Association named FGUA Carlton Village Water Treatment Facility for the “Best Tasting Water in Florida”

- Invited to attend the National Competition in Washington DC “Great American Water Taste Test”



- The 24th annual Great American Water Taste Test (GAWTT) was held in Washington, D.C. on February 8, 2023. Throughout the year, utilities from across the country vie for a spot to represent their state during the National Rural Water Association’s Rural Water Rally each year in Washington, D.C. GAWTT is the nation’s most prestigious competition for the best-tasting water in the United States.

Nassau Amelia Island W & WW Utility and American Beach

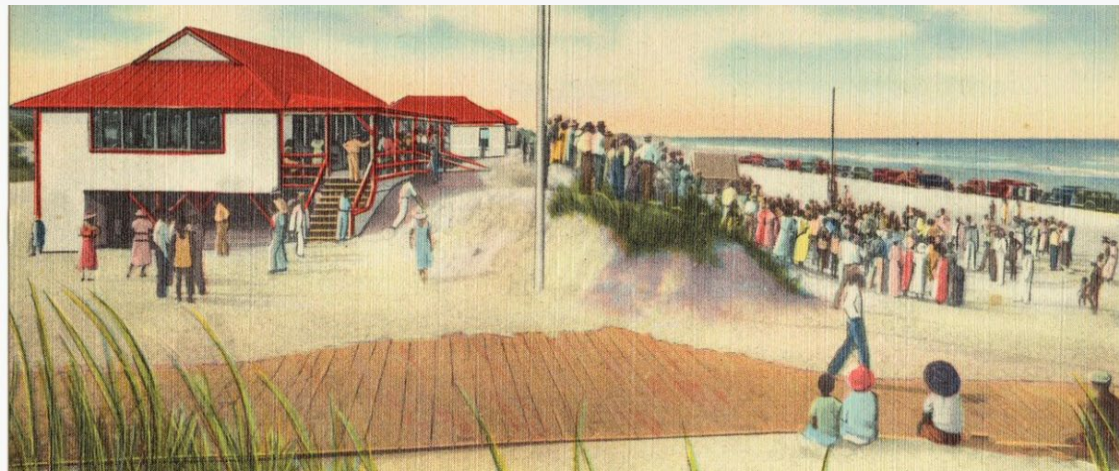
Serve as the contract manager for the Nassau Amelia Island W & WW Utility.

Oversee the American Beach Project, an underserved African American community

- Potable Water sand septic to sewer project
- WIN Grant
- DWSRF funding
- CWSRF Funding
- REDI grant

Provide special assessment and hardship program assistance

Currently negotiating the acquisition of the system – Closing Fall 2024.





Questions?

II. Outside Persons Who Wish to Address the Commission at Internal Affairs

Note: The records reflect that no outside persons addressed the Commission at this Internal Affairs meeting.

III. Supplemental Materials for Internal Affairs

Note: The records reflect that there were no supplemental materials provided to the Commission during this Internal Affairs meeting.

IV. Transcript

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

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PROCEEDINGS: INTERNAL AFFAIRS

COMMISSIONERS
PARTICIPATING: CHAIRMAN MIKE LA ROSA
COMMISSIONER ART GRAHAM
COMMISSIONER GARY F. CLARK
COMMISSIONER ANDREW GILES FAY

DATE: Wednesday, April 24, 2024

TIME: Commenced: 9:30 a.m.
Concluded: 10:58 a.m.

PLACE: Gerald L. Gunter Building
Room 105
Tallahassee, Florida

REPORTED BY: DEBRA R. KRICK
Court Reporter and
Notary Public in and for
the State of Florida at Large

PREMIER REPORTING
TALLAHASSEE, FLORIDA
(850) 894-0828

1 P R O C E E D I N G S

2 CHAIRMAN LA ROSA: All right. Well, good
3 morning, everybody. Today is April 24th. Welcome
4 to the Public -- Florida Public Service Commission
5 Internal Affairs meeting. So thank you all for
6 coming out. Thank you to our guests who we are
7 going to get to here in a few minutes.

8 If you heard the music as you walked in the
9 room, I know everyone has been clamming about it,
10 right? The song of the day for this month's
11 meeting is Walk on Water by Eddie Money. So thank
12 you all that submitted that. That is an anonymous
13 submission. So we will keep that mysterious within
14 the agency --

15 COMMISSIONER FAY: No one wants to take
16 responsibility for Eddie Money.

17 CHAIRMAN LA ROSA: There is a few -- there is
18 a few anonymous ones. So as you hear, that's
19 pretty appropriate for what we are talking about
20 today.

21 Another item I wanted to recognize is our
22 Employee of the Month for April. It's Ms. Tiffany
23 Brown with the Clerk's Office.

24 Tiffany, I believe, could not join us, but I
25 did get the opportunity to, of course, sit down and

1 chat with her.

2 Tiffany started here at the Commission pack in
3 November of 2005 as a Commission Deputy Clerk I.
4 Tiffany currently serves as the Operations Analyst
5 II in the Events and Hearings sections of the
6 Clerk's Office. As we all know, that's a very busy
7 section as we are moving a lot of parts around this
8 summer.

9 Her current responsibilities include
10 scheduling Granicus events, maintaining the
11 schedule events calendar on the PSC website,
12 publishing FAR notices, and approving and
13 processing case assignments and scheduling records.

14 She's done a phenomenal job. Her supervisor,
15 Adam, has given, you know, great highlights of what
16 she's been able to accomplish. And maybe one of
17 the most important elements that I always kind of
18 look for when we are talking about the Employee of
19 the Month, and as we are making that selection, is
20 how do you raise everybody up? And she certainly
21 does that, and makes everybody's job a lot easier,
22 especially us, as we are trying to, you know, guide
23 the ship down a certain path in scheduling and so
24 forth. Especially this year. Again, like I
25 mentioned, a lot of moving parts.

1 So, Tiffany, if you are listening,
2 congratulations on being the Employee of the Month
3 here at the agency for April. So again, congrats.

4 So this morning with us we've got Mr. Scott
5 Towler with the Florida Government Utilities
6 Authority. We are going to talk about some current
7 issues facing FGUA. He has provided a presentation
8 for us, brought some of his personnel leadership
9 here to chat with us, and we look forward to
10 hearing what you guys got to say.

11 But, Scott, I will throw it over to you, and
12 like we -- like we discussed prior to, casual
13 conversation, love to jump in with questions if
14 they are there, but we will let you -- we will let
15 you take it -- take it from here.

16 MR. TOWLER: Thank you very much, Mr.
17 Chairman. And, Commissioners, thank you for
18 inviting us here to share about the Florida
19 Governmental Utility Authority.

20 My name is Scott Towler, and I have got key
21 members, to my left is Matt Reece. He is our
22 Community Services Manager doing outstanding work
23 with outreach, customer service and overseeing
24 customer complaints.

25 John Carlson to my immediate left is our CIP

1 Program Manager. He is the lead person leading the
2 engineering of all of our capital programs.

3 We generally budget about 160 million in a
4 five-year period. We deliver about, currently this
5 year, about \$50 million cash out the door in solid
6 projects moving forward.

7 And to my right is Will Fontaine. Will is
8 probably a legacy in Florida in terms of utility
9 size. He has been around the industry 40 plus
10 years in all different capacities. He is our
11 Operations Manager. He oversees the contractor for
12 our 92 plus systems spreading out through 14
13 counties. In addition to another component of --
14 we have a capital program. He does our renewal
15 replacement, which is extremely exhaustive in terms
16 of projects. To maintain these systems and make
17 sure that their reliability moving forward.

18 All right. So again, just what we thought
19 would be interactive way to approach this would be
20 we read through presentation we provided for you.
21 If there is any questions, we would like to answer
22 them as they arise. Make this a little more
23 interactive. Try not to bore you too much with the
24 engineering details. Try to limit that to
25 engineers in the room.

1 In short, the Florida Governmental Utility
2 Authority, we are a statutory authority. We were
3 formed in 1999. So we are an integral program
4 between four counties. Today, those four counties,
5 those two original counties, Lee and Polk are the
6 two remaining counties. We have six additional
7 counties that are members of our board.

8 We are solely a -- sole-focused mission is
9 water and wastewater. That's what we are. Similar
10 to a special purpose authority, like a railroad or
11 transportation, we are focused strictly on water
12 and wastewater.

13 So when we have a participating municipality
14 or host municipality. For example, we acquire a
15 system in, say, Polk County, that host municipality
16 has the option to have one of their representatives
17 serve on our Board of Directors. Not all the
18 counties that we serve in elect to do that, but we
19 do currently have eight directors in the counties
20 we serve.

21 In terms of the enterprise system itself.
22 Like I mentioned, we currently have eight
23 enterprise systems. And how we function, each
24 enterprise system, there is no general fund here.
25 There is -- each system support itself. The

1 revenues generated by that system have to be able
2 to cover the expenses of that system. And the
3 expenses is not just the operation expenses, but
4 they are the renewal replacements to make sure that
5 we have reliability of the water and wastewater
6 assets moving forward.

7 In addition, being in Florida, being prone to
8 hurricanes, and unfortunately this is going to be
9 -- this forecast is one of our worst, right? We do
10 a lot of hardening of our systems. We learn by the
11 past lessons learned, experiences. And that really
12 helped us last -- during Hurricane Ian and Lee
13 County, where our systems were actually able to
14 function water and wastewater during that storm.
15 Where in some of the surrounding places struggled.
16 Of importance to us was that in that county
17 particularly, we do have a lot of shelters and
18 hospitals. And it was paramount that we were able
19 to be able to continue to provide that water and
20 wastewater services during that storm time.

21 So on the board, you have -- this is now just
22 to show where we come. And if you kind of know how
23 Ian tracked across Florida, it pretty much hit
24 every system we had. It came through Lee County,
25 and exited close to Nassau.

1 Now, the very tip there in the far right-hand,
2 that's Nassau County. That's currently an
3 acquisition that we have been working on now for
4 the last five years. We currently operate the
5 system and manage it for the county. The
6 acquisition has been delayed. And we anticipate
7 that acquisition going through at the end of this
8 year.

9 All right. If there is any questions, feel
10 free to ask.

11 CHAIRMAN LA ROSA: If you don't mind, yeah. I
12 will just kind of talk, since we are kind of
13 talking about the hurricane.

14 What impacts, you know, kind of looking back,
15 do you guys feel that, you know, were maybe had
16 that -- that could be, you know, I guess you guys
17 could maybe help with each other, or do you kind of
18 get help from other utility providers locally? I'm
19 just kind of -- just kind of curious.

20 MR. TOWLER: I will throw that to Will,
21 because we are active in what we call the Florida
22 WARN System.

23 CHAIRMAN LA ROSA: Right.

24 MR. TOWLER: And between -- because we have
25 relationships with a lot of counties and other

1 utilities, we do share a lot of resources, and we
2 do borrow. One good example in -- Citrus County
3 did loan us, and we rented a ton of pumps that we
4 actually deployed down to Lee County.

5 Will, do you want to give them more detail?

6 MR. FONTAINE: Uh-huh. Yeah. Citrus is part
7 of Florida WARN. They helped us a lot during the
8 hurricane. I will probably embellish a little bit
9 because I am proud. Some people don't like the
10 comment, but we are the only utility in Lee County
11 that still had water and sewer services, which was
12 really critical, not just for Lehigh Acres, which
13 is one of our bigger systems, with the hospitals
14 and the shelters, but they -- you know, people came
15 from other areas throughout the county, and we
16 accommodated them through that process.

17 And that's a really cool story to me, because
18 we -- that system, our wells and lift stations, the
19 CIP group had just finished hardening the system a
20 few years before. So it's a great story to tell
21 that, you know, here we put all of this equipment
22 in, and generators, and bypass pumping, and that
23 sure came in useful during the storm.

24 But like with all hurricanes, it is resources.

25 But really fuel generators, it's as simple as that,

1 and bypass pumps are what everybody is looking for.
2 And fortunately, like Florida WARN, I mean, they
3 sent us, you know, 50 generators and, you know,
4 through mutual aid agreements. We are part of the
5 Florida WARN. And there were cities that came to
6 that county from all over the place. Because A lot
7 of people had a much bigger burden than we had to
8 deal with, with water mains sticking out of the
9 groin, and it was -- it was really a crazy
10 situation.

11 CHAIRMAN LA ROSA: Do your members mobilize
12 when a storm is coming, as far as personnel and
13 manpower?

14 MR. FONTAINE: Yes. Yeah. We usually get
15 there ahead of time. We even stage equipment. You
16 know, sometimes it's hard to know where to stage
17 the equipment --

18 CHAIRMAN LA ROSA: Right.

19 MR. FONTAINE: -- when it's a hurricane. We
20 probably -- we try to keep it centralized. But we
21 stored a lot of equipment with Hurricane Ian in
22 Polk County and in the New Port Richey area,
23 because there is warehousing, you know, places to
24 protect equipment, and then mobilize after it was
25 safe. But in structures that were safe, a lot of

1 the personnel stayed right through the hurricanes,
2 you know, at the water treatment facilities and
3 wastewater treatment facilities.

4 CHAIRMAN LA ROSA: Thank you.

5 MR. TOWLER: And to Will's point, we -- the
6 FGUA does not particularly have its own EOC,
7 emergency operations, so we do partner with the
8 host municipalities and will man -- assist with
9 manning their stations as well.

10 And we will just give Will a little credit
11 here. A little lesson in science we had during
12 Hurricane Ian at Captiva Island, learning the
13 buoyancy of diesel fuel. We had rental -- one of
14 our generators had just died previously to the
15 storm coming --

16 CHAIRMAN LA ROSA: Right.

17 MR. TOWLER: -- we had a rental unit that was
18 tethered to a chain --

19 CHAIRMAN LA ROSA: Right.

20 MR. TOWLER: -- well, we were at 20 feet, the
21 plant was under water. However, the floating and
22 running continuously. Not doing much treatment,
23 but it was an excellent testament, and it
24 survived --

25 CHAIRMAN LA ROSA: Yeah.

1 MR. TOWLER: -- until a week later it finally
2 died too. So just a, I'm happy to say, you know,
3 the demonstration point, diesel floats. It was
4 enough to keep the generators floatingly.

5 What are some of the advantages of the FGUA?
6 I won't just insult your intelligence and go
7 through every bullet list, but really what it
8 really is, it's -- the FGUA offers a synergy
9 between interlocal agreements. So with these host
10 municipalities, we are able to leverage the buying
11 and purchasing power of that eight-municipality
12 structure rather than just a single subdivision of
13 120 homes, right?

14 The other part is when we purchase a system,
15 we are not getting the pristine systems, the state
16 of the run beautiful systems that are healthy and
17 all that. We are getting the systems that are --
18 have been neglected. They are overrun. They are
19 over their head. They are upside down in terms of
20 finances. They are in noncompliance with FDEP, and
21 no one wants it. It's either a developer project
22 that it's going away. It's a county system. It's
23 outside the unincor-- it's in the unincorporated
24 and they don't want to touch it. So if it's
25 feasible -- now, there are systems we don't take.

1 If it can't stand on its own two legs, we just
2 can't take it. Like I said, there is no subsidies
3 that come in for these systems.

4 But the nice part about this is that when we
5 do acquire a system, the host municipality always
6 maintains control. That host government, that
7 county has that ability to put a director on the
8 board. But more importantly is that every five
9 years, that host municipality has the option to
10 come back to the authority and say, you know what,
11 you did a great job. We like the system. It looks
12 nice. It's running. It's healthy. We will take
13 it back now. Here, it's yours.

14 The only thing they don't take -- there is no
15 cost to it. They just take -- assume whatever debt
16 was incurred at that point with it. There is no
17 profit margins. We are nonprofit. We are a
18 government entity, so there is nothing to that
19 effect.

20 So it's kind of nice where, if you look at the
21 alternative, if it was an investor-owned utility, a
22 privatized utility, you sell it. You are done,
23 right? You don't get the option to go back.

24 Where, every five years, that host municipality has
25 that option to look at the system and decide. Has

1 it happened? Yes, it has happened over the tenure.
2 Most recently in 2022, Pasco County took back their
3 Lindricks system. So it does happen from time to
4 time, and so we try and evolve.

5 One of the things as an organization how we
6 evolved was, you know, in that mindset of taking a
7 system every five years, you sort -- you start
8 looking at a short window. Now, as you can tell,
9 the utility has been around for 22 years, we are,
10 within the past two years, have changed migrated,
11 our thought process changed, and we look at
12 long-term planning now. Even though that we might
13 have it short-term, but we are looking at a
14 long-term plan, so that when the host government
15 takes it back, at least they understand where we
16 were going in trying to manage the utility, and
17 they can either choose, or not choose, or modify
18 that change, of course. So that's nice.

19 What the other nice advantage is, with our own
20 engineering team, we are not licensed engineers,
21 but we have a pool of 25 qualified engineers that
22 we update every five years, and these 25 firms are
23 vetted. It's a SOQ process similar to the CCN.
24 They are vetted. They are reviewed by an
25 independent internal team, internal and external

1 folks. They are scored appropriately. And then
2 they are placed in our list of on-call firms that
3 we go to. So with the interlocal agreements, all
4 the other host municipalities have that access to
5 that pool of resources as well if they need them.

6 So we have the technical resources, and then
7 we also have the financial resources. You know, we
8 have four associates from Raftelis that help us
9 guide us engineers through, you know, what's the
10 right decision in terms of making sure the systems
11 is healthy, and is it an appropriate choice to
12 purchase the system, and can it stand?

13 And most were -- really, the most the
14 disappointing -- not disappointing but the hard
15 part is when you take a system over, it comes down
16 to, okay, if it's upside down, where's does money
17 come in? Who's -- so often we are the bringer --
18 we are the bearer of bad news so to speak. We are
19 the ones that have to say, by the way, we need to
20 have a rate hike, or -- and how do we structure
21 that rate hike? Is it one time, five year, to get
22 the system upright and healthy where it should be.

23 I will say, you will notice if you compare the
24 utility rates of the FGUA to other utilities across
25 the state, you will see that the FGUA tends to be a

1 little higher than some of the comparative systems,
2 and that's because of that, that structure that
3 we've had -- we've had to put money into a system
4 that had not been -- that had been neglected to get
5 it upright again.

6 And over time, they do -- you know, as they
7 are absorbed back into the systems, then the larger
8 system, you see that, if the county takes it back,
9 then you get the synergies again where they can
10 actually stabilize rates.

11 COMMISSIONER CLARK: So as a nonprofit, I
12 assume you are eligible for FEMA reimbursement
13 during storms, and you are also eligible for grant
14 funds, right?

15 MR. TOWLER: You just set us up with a
16 beautiful tee there. That coffee must have worked
17 earlier. We will touch on that a little bit later,
18 yes.

19 As a state government authority, Will
20 Fontaine, to my right, has been outstanding and
21 able, particularly in Springs money grants, work
22 quality grants, and it's within the organization --
23 we've got other people now that have worked on
24 grants. So we have been learning how to be very
25 good about getting grants. And it's not just

1 putting in the grant application. So it's
2 developing that relationship with FDEP and
3 delivering projects.

4 It's great to say, hey, we can do all of this
5 great work, but at the end of the day, you have got
6 to deliver a project. And that's one thing that we
7 have done through Will's work getting the money,
8 and John's mon -- and John's hard work with his
9 team delivering the projects. And we will touch
10 into this -- we got some real nice highlights I
11 think you would be interested to see when it comes
12 to that point.

13 COMMISSIONER FAY: I have a quick question for
14 you.

15 MR. TOWLER: Sure.

16 COMMISSIONER FAY: So you have in here that
17 there is independent bonding capacity. So what's
18 an example -- I mean, so there is no responsibility
19 on the independent municipalities for any of that.
20 How do you utilize that?

21 MR. TOWLER: So what that is, the host
22 municipality has no financial obligations to the
23 systems we own and operate. We were able to go out
24 and get the resources and the bonding and the
25 finances to acquire that independent of our own

1 bond rating. So there is no obligation or
2 commitment to the host municipality. The only time
3 that would come into play is if they take that
4 system back over, then they would transfer all of
5 that debt that was accrued to that system when they
6 -- when they take it back.

7 COMMISSIONER FAY: And this sort of
8 aggregation setup that you have allows for more
9 stability to go out and do that?

10 MR. TOWLER: It does, as a whole. Now, we
11 don't -- you are allowed to combine all the system
12 under one rate and do a statewide rate. We don't
13 do that. We prefer to keep it independent and keep
14 each enterprise separate. One, it's good -- on our
15 side, it's better housekeeping. It keeps things a
16 little cleaner. And then it also avoids that when
17 you start to aggregate rates across the state, you
18 can see where we are, you know, from Nassau down to
19 Lee County, you know, winners and losers, right?
20 Some people are paying higher rates, some people --
21 and then we avoid those on subsidizing -- I am in
22 Lee County subsidizing those folks up in Polk
23 County, or I'm in Nassau subsidizing those people
24 in Citrus.

25 So it's easier for us -- cleaner to keep

1 everything independent enterprise fund, and then we
2 can show right there a single glass that stands on
3 its own two feet.

4 COMMISSIONER FAY: Yeah, it makes sense. I
5 mean, it does seem like it's more work, but --

6 MR. TOWLER: It is more work. Our -- Shawn
7 Boyle, our CFO, couldn't attend today, and out of
8 the enterprise systems, excluding grants and loans,
9 the number of bank accounts is in the hundreds.
10 It's -- we have bank accounts -- I mean, I think
11 Wells Fargo is one of our big bankers. I mean, we
12 keep them busy.

13 COMMISSIONER GRAHAM: I got a question. Who
14 approves your rates?

15 MR. TOWLER: That's a great question.

16 We are -- as you said, we are not -- we are
17 not -- we don't fall under the PSC's jurisdiction.
18 So we -- we don't -- we put our rates -- we develop
19 a rate case and we do -- we go through the public
20 hearing process. We present our rates to the
21 public hearing. We develop -- let me back up.

22 We develop our rates through an external
23 consultant. Typically Raftelis will help us
24 develop our rate case. We present the rates to
25 host municipalities. If they are in agreement,

1 then we go through the public hearing process. And
2 if there is any opposition, or anything
3 outstanding, we will go back.

4 And that was a great point in 2022, in
5 Flagler. We went back. There was a lot of
6 opposition to the water impact fees and connection
7 fees. So we took that -- the input from the
8 developers and the county and went back and
9 reworked the numbers, or came up with a more
10 agreeable number that we could live with that we
11 could fund the system and move forward with.

12 COMMISSIONER GRAHAM: So the host county
13 doesn't necessarily approve your rate?

14 MR. TOWLER: They don't approve it, no.

15 COMMISSIONER GRAHAM: But they can deny them?

16 MR. TOWLER: Yes. They can -- yes. I mean,
17 and we won't -- and our governing mantra is we will
18 not do anything that the host county will not --
19 doesn't want us to do.

20 COMMISSIONER GRAHAM: And how do you acquire
21 these systems? Are they basically something that
22 the municipalities had control over and hand them
23 off to you, or are you actually going out and
24 buying private systems?

25 MR. TOWLER: So there is -- typically we are

1 handed systems. Now, back in, I think it's 2018,
2 we did acquire -- Aqua America was a private
3 utility in Florida, and we acquired a bunch of
4 their systems, they had small systems and they are
5 throughout.

6 And then we also -- one thing I will mention
7 too, is -- which is we done, is we do -- we did
8 acquire the water and wastewater assets for the
9 MacDill Air Force Base. That was back 12 years
10 ago. That's a 50-year contract. They are the two
11 outside.

12 The majority of the systems that we are
13 presented with are word of mouth either from a
14 county, from another utility, it could be -- and
15 sometimes we get whispers from DEP, and say, this
16 system is upside down. Can you guys go help them
17 out?

18 COMMISSIONER GRAHAM: Now, are you just
19 getting these systems from counties that we don't
20 regulate, or are you getting some systems from
21 counties we do regulate?

22 MR. TOWLER: We get them from both. Both.
23 Uh-huh.

24 MR. FONTAINE: If I could add.

25 MR. TOWLER: Sure.

1 MR. FONTAINE: The FGUA board, of course,
2 approves all of the rate cases. You know, if they
3 don't feel it's necessary, of course, we wouldn't
4 go through, you know, with a rate case. But we are
5 pretty anti rate case, or at least I am. I have
6 been through lots of rate case hearings.

7 COMMISSIONER GRAHAM: We are too.

8 MR. FONTAINE: Yeah. Yeah. I mean -- and we
9 will get into, you know, why we are so passionate
10 and try so hard to get grant funding to carry out
11 projects, because, you know, we want to stabilize
12 rates.

13 And, you know, a lot of people don't know a
14 whole lot about the FGUA way because we are not
15 really into business development. It's always been
16 people reaching out to us, and asking us -- like,
17 one of our board members recently asked us in Polk
18 County if we could go look at a utility that was
19 troubled, and was there anything that they could do
20 because it may go into receivership. And so we,
21 you know, follow up with those requests, but we
22 don't wheat beat the doors down looking for
23 utilities. It's usually a host government.

24 City of Dunnellon is one of the systems that
25 we bought about five, six years ago. They --

1 financially they were way upside down, and Marion
2 County was wanting to acquire the system and they
3 backed out, and, you know, so they asked us to step
4 in and purchase that utility.

5 But private government -- Flagler is another
6 one. They weren't really in the utility business,
7 but they had utilities that we recently purchased,
8 so we bought all of the utilities in Flagler County
9 and are moving forward with projects.

10 COMMISSIONER GRAHAM: Do you guys have any
11 utilities that cross county lines?

12 MR. FONTAINE: Yes. Uh-huh.

13 MR. TOWLER: Yes. And there is -- like I
14 said, there is counties like Lake County, we serve
15 Lake County projects there. Seminole County, and
16 there is no representation on our board from those
17 counties.

18 CHAIRMAN LA ROSA: And that's their choice?

19 MR. TOWLER: That's their choice.

20 COMMISSIONER CLARK: One of the things you
21 said that really prompted interest for me, you have
22 79 systems, there is some diversity there amongst
23 the systems themselves. Are all your systems
24 operating at a positive margin?

25 MR. TOWLER: Yes. Some -- and some -- there

1 are systems we call -- we mentioned Aqua. They --
2 the private utility. So it's the consolidated
3 systems and unconsolidated.

4 There are systems, largely they are 120-home,
5 200-home subdivisions, they are barely making it,
6 so we struggle with those. And where we really
7 struggle there is the O&M costs we can cover, it's
8 to get the R&R. It's -- and that's a project we
9 will talk about later Arredondo Estates, where
10 that's a disadvantaged community. We do -- we
11 completed the economic study. We did apply for
12 some grant money. We had to do a water main
13 replacement project where we were able -- out of
14 the \$2.5 million we applied for, we were able to
15 receive 2.1 million in principal forgiveness. So
16 there is a lot of challenges in a smaller system.

17 Now, Lehigh Acres, on the other -- that's a
18 huge -- that's a large system, one of our larger
19 ones. And --

20 COMMISSIONER CLARK: You would not do a rate
21 increase to a utility with the county objecting to
22 it, that seems kind of contrary to the art of
23 ratemaking.

24 MR. TOWLER: It is.

25 COMMISSIONER CLARK: You got to find the right

1 full number and go there no matter what.

2 MR. TOWLER: Right. Now, I should say --

3 COMMISSIONER CLARK: I don't know how you do
4 these.

5 MR. TOWLER: Well, there -- we will be honest,
6 we will tell you two things.

7 So one thing, the makeup of our board. Our
8 board is comprised of generally utility directors
9 and -- or county administrators. So currently,
10 right now, we have two county administrators -- one
11 county administrator, one pending, which will be
12 Nassau, but they are generally utility directors.
13 So they understand rates.

14 Now, we say about rates, I am not going to --
15 I will be very honest and transparent with you, we
16 do raise rates actually every year. We don't do
17 rate cases. We try to avoid rate cases.

18 Now, how we do rates, so we do a CPI
19 adjustment. Now, out of the CPI adjustment,
20 though, with our Board of Directors, we take -- we
21 only ask for no more than 75 percent of the actual
22 full CPI. And there is some challenges with that
23 from time to time, and we may vary with that, but
24 we go to the board if we have to vary.

25 Now, even though we have 75, there is

1 sometimes where we don't need that 75. If that
2 system is healthy and robust, and we think we will
3 stabilize rates, then we won't. We will defer any
4 adjustment that year.

5 So to your point, we do raise rates each year,
6 but we try to keep it in sync. We -- like Will
7 mentioned, we try to avoid a rate hike. And
8 typically when we do a rate hike, or a rate case,
9 that's usually at the beginning of the acquisition
10 of a system. And that's all prenegotiated with the
11 host government.

12 Flagler, for example. We are in Nassau right
13 now. That pending acquisition, that's all -- it's
14 taking prenegotiated rate hike, what the increase
15 will be, and for how -- the duration of the
16 increase. And it will start off with some nice
17 public, you know, get-togethers with the public to
18 explain what's going on.

19 So does that answer your questions in terms of
20 rate hikes?

21 COMMISSIONER CLARK: Good answer.

22 How do you allocate at the end of the year
23 your return? How do you allocate your margins at
24 the end of the year? Are they allocated back out
25 to the systems, to the counties or --

1 MR. TOWLER: Yeah.

2 MR. FONTAINE: Yes.

3 MR. TOWLER: Any net income goes back into the
4 system. So that goes back into your reinvestment
5 in the capital works for the following year.

6 And we are fairly -- most systems, when you
7 take that, for example, we talk about in Lehigh
8 Acres, one of the larger systems with a lot of
9 needs, if you are familiar with not only Hurricane
10 Ian created some challenges in Lee County, it's
11 growth. That's the fastest growing place in the
12 past two years, we are at two-and-a-half percent.

13 What's interesting in our service territory
14 for Lehigh Acres, it's not just the number of
15 houses that are being built. The state average is
16 about 2.42 people per dwelling. In Lee County,
17 it's like 4.2. It's just the nature of the
18 demographics.

19 So not only do we have the compounding of the
20 increasing demand on number of units being built,
21 but now have this other -- layer that with another
22 curve on top of demand of number of occupants has
23 nearly doubled of a typical home.

24 So there, Lee County itself put out an RFP,
25 last week they awarded a contract, water and

1 wastewater planning for current and future has been
2 a big topic, and that's one of the topics we will
3 talk about later.

4 CHAIRMAN LA ROSA: Is there a service
5 development fee in areas like Lehigh where --

6 MR. TOWLER: We do. We have actually -- we
7 have small -- we have a team of four development
8 property services, and they do the review and
9 approvals in conjunction with the county. The
10 county does our approvals, and then our OR team
11 does the approvals to the utility system side.

12 And then we do the follow-up -- once the
13 approvals are done, construction starts, then we
14 have a team of inspectors that not only they share
15 inspector responsibilities with the CIP projects,
16 the renewal -- renewal -- the replacement renewals,
17 and they also do new subdivisions.

18 CHAIRMAN LA ROSA: And the cost of that, is
19 that, like, a negotiated cost between the city or
20 the jurisdiction?

21 MR. TOWLER: Yes. It's all standard fees
22 adopted by each jurisdiction. It's in the standard
23 fees. It goes with the rate case.

24 Yeah, so that keeps them busy. It's a team of
25 four. It's nice now, because they just -- it's

1 doing more with less, but, you know, you still got
2 technology, it's got to be incorporated, and that's
3 where on the development services side, they are
4 moving the smart gov to kind of help make the
5 developer process a little more seamless, more
6 transparent and quicker.

7 You know, the idea -- in a perfect world, not
8 that we would want this, but the developer should
9 be able to go on their computer on weekends to
10 submit a plan, and Monday morning you pop in,
11 here's a new subdivision plan ready for approval.
12 Granted, they got to go through the county process
13 first, but from the utility's perspective, you
14 know, we don't want be an impediment to anyone.

15 CHAIRMAN LA ROSA: All right.

16 MR. FONTAINE: If I could add, with the
17 healthy revenue systems, you get lucky sometimes,
18 but really a lot of that money is used for rate
19 stabilization and rate relief.

20 Like, an example, is the Lindrick system. It
21 was a private system that was built in the '50s in
22 Pasco County. That's a system that our host
23 government did take on. They got some grant money
24 along with it to do a lot of the work that still
25 needed to be done in the future, but that system

1 was a rate relief system. We had reduced rates by
2 10 percent through that system because it was
3 healthy.

4 MR. TOWLER: All right. And I guess the last
5 thing, just to give you all the advantages of the
6 FGUA. The one thing that's important to point out,
7 the Florida Governmental Utility Authority has no
8 employees. It's entirely privatized. So we work
9 -- although we work for -- we work for another
10 company, Anser Advisory, as part of Accenture, but
11 the FGUA has been -- everything is outsourced, even
12 the board of directors. There are no employees
13 whatsoever with it, which helps spend a little
14 quicker, react quicker. It cuts out, eliminates
15 any processes. You know, we don't have that
16 political influences with Commissioners. I mean,
17 we do respond to Commissioners, you can't avoid it,
18 but we are not up for election. No one else is.

19 So it gives us a little bit of a distance
20 there, but with that term, you know, when you look
21 to the Florida Governmental Utility, you won't see
22 any board -- you will see a board of directors, but
23 you won't see any employees, so -- and that's --
24 our staff right now, we are about 47 across the
25 state. So we are actually about 92 systems. We

1 are about 115 connections. It's in here. Almost
2 300,000 customers served, people we serve.

3 For that size utility, it's a pretty good size
4 to be managed and operated by 47, so it's, you
5 know, it ebbs and flows, but that goes with that
6 premise of that five-year window, right? If you
7 have a system for five years, we don't want to
8 overstaff and have to let people go. We don't want
9 to be understaffed and not get things done. So we
10 have a balance we are always striving for. And how
11 that works is, every year our board reviews our
12 proposal in terms of what capital projects we are
13 going to deliver for that upcoming year.

14 COMMISSIONER CLARK: When you say 47
15 employees, that's FGUA, but your independent
16 systems have employees?

17 MR. TOWLER: Yes, the independent systems,
18 yeah. And that's -- our main contractor is are the
19 operational facilities competitively bid, and
20 that's U.S. Water. But as any contractor, you
21 always got to keep -- you have to keep tabs on
22 them, and you got to make sure they are maintaining
23 their performance standards.

24 We all have performance standards, and someone
25 has to be the watchdog. You know, our directors

1 are the watchdog on us. We are the watchdog on the
2 operators. And that's two of the -- you know, as
3 we get to the end, it's two of the big topics used
4 water and wastewater -- really water right now, are
5 going to be the PFAS and the lead service lines.

6 COMMISSIONER CLARK: Most of your systems have
7 independent operators, they are not employees of
8 that district or that company, is that what you are
9 telling me?

10 MR. TOWLER: No. They are part of the
11 company.

12 COMMISSIONER CLARK: Okay.

13 MR. TOWLER: Yeah. So U.S. Water provides the
14 operations for all of our systems --

15 COMMISSIONER CLARK: All of your systems?

16 MR. TOWLER: -- both small and -- yeah. So we
17 have two -- it's divided in two contractors, north
18 acknowledged south.

19 COMMISSIONER CLARK: Okay.

20 MR. TOWLER: It's competitively bid every five
21 years. And actually --

22 COMMISSIONER CLARK: If you take -- if you
23 inherit a system, or take a system over and it has
24 a staff, do you -- do they become -- you sub them
25 out to U.S. Water or start over?

1 MR. FONTAINE: They usually hire the
2 employees. I mean, as you know, operators are hard
3 to find, and, you know -- so, yeah, certainly they
4 try to keep the staff the best you can. There is
5 such a shortage, you know, you pretty much beg
6 everybody to stay, and it usually works out real
7 well.

8 MR. TOWLER: Yeah. I mean, the intent is
9 always to try. Sometimes is it doesn't -- there is
10 a reason why the system is being sold, right?

11 CHAIRMAN LA ROSA: Right.

12 MR. TOWLER: So it's not always the operators,
13 but sometimes it could be.

14 Just to cover the -- glossing over. We went
15 over that the partners we have are various, you
16 know, St. Johns Water Management District, FDEP,
17 USDA, Florida -- these interest partners that help
18 us -- they regulate us. And, you know, FDEP, they
19 regulate us, but they also work with us closely in
20 terms of helping us -- water quality grants, SRF
21 loans for clean water, SRF loans for, you know,
22 drinking water, Springs grants, you know, and all
23 the water management districts as well.

24 I mean, we are very fortunate, one of John's
25 staff members was able to get the first Ready Grant

1 up in Nassau County; which is great because we had
2 a really nice septic to sewer project there, and
3 it's a disadvantage African-American community on
4 the Atlantic, and we are going to deliver that
5 project at no cost to those customers.

6 And the nice part about the Ready Grant was
7 that was the last piece that covers the connection
8 of the home to the sewer. So that private lateral
9 leaves the homeowner that \$6,700 that was now
10 covered by the Ready Grant. And so that's one of
11 the -- how our staff is they think and try to work
12 best -- we have three projects like that going on
13 right now, which are really nice.

14 I will touch base back a little bit. Matt,
15 our community outreach is great, I think so. I
16 mean -- but you don't have to believe me. I think
17 it's best to look at some the awards they got. And
18 we were just joking around today. If you were in
19 Lee County yesterday, I think it was Channel 4, and
20 then today it's an NBC affiliate.

21 So, Matt, you want to touch base on some of
22 the -- pretty quickly? The ring bell is really
23 cool.

24 MR. REECE: Sure.

25 So the FGUA does a lot of community outreach

1 education as part of efforts to ensure the
2 sustainability and the long-term availability of
3 water in the state of Florida.

4 So 15 years ago, when the FGUA first came into
5 Pasco County, we created a joint partnership with
6 Pasco County Utilities on a joint water awareness
7 poster contest. So every year, we have a different
8 theme for the contest, and the elementary school
9 kids will get a curriculum that is worked on and
10 approved by the Pasco County School District that
11 meets their curriculum requirements for STEAM
12 standards.

13 So every year we have a rotating theme. There
14 is always something about water conservation. This
15 year with that program, we had "Drink Like an
16 Astronaut". It teaches about how -- where -- what
17 we are learning from, astronauts going into space
18 and how they basically recycle water, and how that
19 technology is going to be used eventually for here
20 on earth in every day use. So that's kind of the
21 team for this year's program.

22 So we had our final judging with our various
23 sponsors that we have. We, this past year, had
24 \$16,000 for the sponsors providing support and
25 awards for students for the program. And it's for

1 K through five elementary school kids, so first
2 through third grade.

3 Last year, we had over 1,300 students
4 participate. This year, we just did our final
5 judging. We have a little bit over 1,200 students.
6 We've had over 21,000 posters submitted in the 15
7 year of the program. So it has been a tremendous
8 program. Great partnership working with Pasco
9 County Utilities.

10 And then we also, this week, are having our
11 FGUA Lehigh Acres Rain Barrel Painting Contest. So
12 yesterday, Fox 4 was down there watching -- or
13 recording and taking interviews of the senior
14 citizens that basically draw -- we get -- the rain
15 barrels are donated by Coke, you know, Coca Cola.
16 And they basically donate the -- and then we end up
17 priming, and then we have the JROTC comes out to
18 help do the priming and get the rain barrels ready.
19 And then the seniors this week are down at the
20 Lehigh Acres Senior Center painting the barrels.
21 So they get the barrels free of charge and they get
22 as much time as they want between yes -- or between
23 Monday and tomorrow to go ahead and then paint the
24 rain barrels.

25 And you see, these are the rain barrels from a

1 few years back. And we have received a lot of
2 different donations. And have NBC going down this
3 morning, actually, to do coverage for their live
4 morning show for the Fox -- I am sorry, for the NBC
5 affiliate in Ft. Myers down there.

6 So a tremendously successful event. It's
7 really important to us that we do this kind of
8 outreach as a sign of our efforts to show -- oh, I
9 am sorry. Also with the rain barrels, the rain
10 barrels are judged. Then they are -- we have an
11 auction. And the auction raises money for the
12 Lehigh Acres Senior Center to help pay for utility
13 bills. So anyone who is in financial distress can
14 basically -- that money raises funds that then go
15 for anyone who might need assistance with their
16 utility bill.

17 So it's all-in all a really good program that
18 really provides funding back to the community, and
19 gets people using rain barrels and helping to
20 conserve the water down in Southwest Florida.

21 MR. TOWLER: Thanks, Matt.

22 MR. REECE: Sure.

23 MR. TOWLER: And just -- every two years, we
24 hire a third party to go and evaluate us and see
25 how we are doing with customer service.

1 And interestingly enough, during COVID, we
2 actually got great -- great -- the improvement went
3 up. And this past year, it came up again in 2023.
4 Again, they were, I think around 72 percent
5 customer satisfaction.

6 So for a utility is that is unglamorous,
7 that's pretty good, you know, response. And so we
8 are very pleased with that kind of response. And I
9 would say that's -- in terms of the best world, we
10 talked about the Best Florida Club, but we are --
11 also Matt went to Chicago last year to receive
12 award from the -- one of the national utility
13 organizations, Environment Federation, for
14 additional work they were doing for public
15 outreach.

16 So it's great to have that kind of team, but
17 at the same token, they are also the frontline that
18 deal with all those complaints, the customer
19 complaints. And Matt does an exhaustive job. And
20 this is where we work with the Commissioners, and
21 some of our directors yesterday got an email, the
22 commissioner reached out to one of our directors
23 who reached out to Matt, you know. And so, like I
24 said, we are not always distanced from commissions,
25 but, you know, Matt does a great job spooning to

1 those.

2 So every year -- I'm going to skip over to the
3 highlights. Part of how we talk about, you know,
4 advertisement of the FGUA, and we hold -- in March
5 we do our annual strategic planning session. And
6 one of the things Will mentioned was, you know, we
7 don't have an active business development group,
8 and we don't. And our Board of Directors is very
9 cautious about advertising about what the FGUA is,
10 and who we are, and what we do. So they don't want
11 us out there knocking on doors.

12 We attend a lot of conferences. People do ask
13 us who we are and didn't know about us, but we are
14 not out there knocking on doors. We don't have
15 those type of resources, and that's not what we are
16 about. We are trying to come out and deliver the
17 highest quality of service we can to the clients we
18 have. And having these systems that are not in the
19 most stellar condition when we take them do require
20 a lot of resources and effort to get them upright.
21 And often, as you saw with Nassau, they already
22 have a consent decree with DEP, and commitments,
23 and deadlines that they fell short on and we got to
24 pick up and find how to make up time.

25 So on that, one of the things we walked about

1 was Lehigh County. I will threat John in on this
2 with his team since John was part of being the
3 recipient of a 47-and-a-half-million-dollar clean
4 drinking water SRF loan last year.

5 But in short, and part of the challenges we
6 have in Lee County with growth, I had mentioned
7 about just a number of homes and the use per
8 capita, is also we had to develop a long-term plan.
9 And what we did to do -- the easiest to communicate
10 with staff and to utility directors, no one really
11 has time to read 100-page volumes of studies. So
12 we take that and we like to condense it down, and
13 we call them briefing papers. Something that's
14 easy. A few pages. It gives you what you need to
15 know. It gives you the timelines, and then it uses
16 our key -- uses it as a metric to say, okay, are we
17 on track to meet those goals that we said, you
18 know. And it kind of puts us up there, and now we
19 are truly accountable. We've got some real
20 deadlines.

21 So in Lehigh Acres, just to tick off,
22 multifaceted, multitiered approach. You know,
23 meeting water capacity, managing fluid, rerating an
24 existing facility, interconnection with an existing
25 utility -- although, we have an -- adding another

1 interconnection, I should say, since we have this.
2 And then looking at taking and converting a booster
3 station and installing membrane plants to produce
4 water.

5 As you are familiar, Florida, we have plenty
6 of water, right? It's around us. It's underneath
7 us. It's on the water. It's just what the quality
8 of water is. And John will talk, John, about the
9 construction we have there, which is a -- it's a 2
10 mgd. It's a 47-and-a-half-million-dollar reverse
11 osmosis water treatment plan.

12 John.

13 MR. CARLSON: That's really what you see in
14 the picture here. We are drilling a deep injection
15 well plants. We're just about -- we've gotten the
16 designs all -- it's a progressive design build
17 project. We are about ready to move into the
18 construction stage here in the next few months.

19 As Scott noted, it's going to be a
20 two-million-gallon per day reverse osmosis system
21 deep injection well. It's to get rid of ref-- what
22 we pull out of the water, the brackish water. So
23 it is using an alternate water source, a brackish
24 water source to -- as well as existing wells for
25 blending to produce -- and we think -- we are

1 excited. It's going to be a very important project
2 in Lehigh Acres outside of Ft. Myers. So more to
3 come, but that's one of our -- one of our principal
4 water supply projects right now in Lehigh Acres.

5 MR. FONTAINE: And just to add, it's not in
6 the bullet, but this is a low-income area, and this
7 is a state revolving fund loan, low interest loan.
8 But in addition, there is \$9 million in principal
9 forgiveness with this project. So it's really
10 47-and-a-half minus nine.

11 MR. TOWLER: Okay. Thank you.

12 MR. FONTAINE: Yeah.

13 MR. TOWLER: It's actually 9.5 principal,
14 but --

15 MR. FONTAINE: Well --

16 MR. TOWLER: It's a half million dollars.

17 MR. FONTAINE: I have rounded down.

18 MR. TOWLER: But, yeah, it's just -- so it
19 goes into what do you -- how do we get funding?
20 Through our work behind the scenes.

21 I mentioned Nassau County American Beach.
22 Unique project. Five years in the working. Five
23 different funding sources. Incredible amount of
24 paperwork. I mean, we've got clean water, drinking
25 water SRF grants with principal forgiveness. We

1 have USDA grant money. This is the first project
2 with wind money and we got a -- and a Ready Grant.
3 It keeps our accountants crazy busy in terms of
4 trying to figure all this funding in the county.

5 Great project. It's about \$10.8 million.
6 It's going to bring water and sewer to this
7 community in Nassau County. One of the unique
8 parts was they had to form a special district to
9 get the funding. And as we acquire -- what's part
10 delay in the acquisition is they have to --
11 projects have to be completed to dissolve the
12 district back to the county, and then we acquire
13 everything from the county at the end of the year.
14 So a lot of different, you know, steps there.

15 The other part is in Marion County, Chatmire's
16 septic to sewer, another -- there is a documentary
17 actually going to be built coming out shortly on
18 this community unrelated to us. But this is a
19 disadvantaged community in Marion County. We're --
20 it's a septic to sewer project. They have water.
21 We are bringing in septic here. It was started out
22 at three-and-a-half-million-dollar loan -- I am
23 sorry, three-and-a-half-million-dollar Springs
24 Grant, and that wasn't able to get us the full
25 project.

1 So Will was successful to go back to the
2 Springs committee, get another seven-and-a-half
3 million dollars, be able to fund the project fully,
4 100 percent all phases. Met with Marion County,
5 then they ponied up and said, you know, this is
6 great. You know, they have water/sewer. We are
7 going to come in, we're going to put up the
8 streetlights, the trash pickup, and we are going to
9 pave all the roads.

10 And this is a community where most of it's
11 disturbed roads, have -- cow paths, so they are not
12 even boundaries. So this is a project that we are
13 so proud to be part of. It's just going to can
14 change the dynamic of this neighborhood 180
15 degrees. It's those -- and they are great people.

16 I mean -- you know, one of our community -- we
17 have to have community outreach. That's a big
18 part. And we often like to entice people out. Who
19 wants to talk about water/sewer on a Saturday
20 afternoon? Nothing more than a little barbecue,
21 right? That gets people to come out and, you know,
22 you show up and now we can talk water and sewer,
23 and we get the necessary easements signed. So
24 there is always a purpose to it.

25 MR. FONTAINE: Well, the coolest thing about

1 of that project is zero dollars, like Scott
2 mentioned, for the community, including impact
3 fees. They don't pay anything to hook up to the
4 sewer, and zero dollars. Just staring paying a
5 monthly bill.

6 CHAIRMAN LA ROSA: That's for finished lots
7 or --

8 MR. TOWLER: No.

9 CHAIRMAN LA ROSA: They are not finished lots?

10 MR. FONTAINE: No. About 100 -- I think it's
11 about 115 done. But all the lots are being
12 prepared, and, of course, lots of people are
13 starting to build now because there is sewer
14 service. And we eliminated, I believe it was 117
15 septic tanks, and it sits right on the Rainbow
16 River --

17 CHAIRMAN LA ROSA: Right.

18 MR. FONTAINE: -- so big environmental impact.
19 And that's -- you know, the State's initiative is
20 nutrient removal, and we have a lot of nutrient
21 removal projects across the state.

22 MR. CARLSON: Yeah, I think we have three
23 area, you know.

24 MR. FONTAINE: Five all together since we
25 bought Dunnellon, but yeah.

1 MR. TOWLER: And Chatmire is kind of
2 interesting, like we said, the original settlement
3 for workers to support the timber industry there.
4 It used to be used as a rail -- there used to be a
5 rail loading area close to it. So it's kind of --
6 it goes back in history a little bit, which is --

7 And again Plantation Bay in Flagler County, we
8 are building a new water plant using new
9 technology, membrane technology to increase water
10 quality. I am on highlights. I am one page behind
11 you.

12 MR. FONTAINE: One page behind me.

13 MR. TOWLER: Yes, coordinate.

14 All right. As Will mentioned, last year,
15 we -- one, in addition to, we didn't mention, was
16 legislative funding. So through the House, we do
17 work with our different counties host governments,
18 and we work with them. They put in the funding
19 request. We work on the scope and the budgets for
20 them. So that paid off well last year in leaps and
21 bounds, actually.

22 We were awarded two septic to sewer grants
23 \$500 each in Ft. Myers, North Ft. Myers, in Lee
24 County. We were awarded some legislative for Nava
25 filtration pilot skid bypass pump station, bypass

1 pumps themselves to help with our resiliency with
2 hurricane response. So that's another source of
3 funding. It's not the big ticket money, but it
4 still helps out. It defers the ability of having
5 to raise rates and try to figure out where we are
6 going to come up with additional capital.

7 We do -- I will put -- this is a nice feather
8 in our cap, I will say. With Hurricane Ian, our
9 manager that manages FEMA, he had everything --
10 with the technology we used, we deployed all the
11 resources we had. We were able to conduct all the
12 inspections of every facility we owned, pump
13 stations, treatment facilities within a month, I
14 believe.

15 MR. FONTAINE: Uh-huh. 12,00 locations in
16 less than a month.

17 MR. TOWLER: We were done as Lee County was
18 hiring their consultant to start. We are to the
19 point now getting reimbursed from FEMA within --
20 hopefully by the end of May.

21 So on top of it, we meet with FEMA every other
22 week. Great communication. So we -- one thing
23 that I say is nice with dedicated people and
24 experience that go into it -- now, I will say Ian
25 was good, right? We didn't do so well with

1 Matthew, so, you know, we learned. So -- but we do
2 have learned -- we learned how to work through FEMA
3 and work with the information they need, how to get
4 things done.

5 MR. FONTAINE: Yeah.

6 MR. TOWLER: All right. Here's the nice one.
7 This is MacDill Air Force Base. Like I mentioned,
8 this is one of our nonmunicipal projects. This was
9 a competitively bid project. It's in our back
10 yard. It's -- as you are familiar, just to give
11 you a little quick rundown.

12 DOD started a utility privatization program
13 back in 20 -- 2004, around there, where they are
14 taking to privatizing utilities, whether gas,
15 electric, water, sewer, and then they have evolved
16 into housing.

17 We were successful to be awarded MacDill. It
18 started out at a \$250 million contract value. It's
19 up to 350. We are already on contracting --
20 contract amendment 113. It's -- it's -- and one of
21 the things here with -- when we talked about this
22 lift station by that air traffic control tower is
23 that's on the west side of the base, which was all
24 septic.

25 Putting that station in opened up that whole

1 area of the base for development. They put a new
2 hangar in there for the Black Hawk helicopters.
3 And I will let you even go in further detail. You
4 live down there sometimes.

5 MR. FONTAINE: Yeah. It's part of a
6 four-phase process. The defense logistics agency,
7 the federal government, the defense logistics
8 agency manages all the utility privatization across
9 the United States.

10 MacDill, just by chance, it has the second
11 highest brass in the United States. They actually
12 run the wars, a lot of people don't know, from
13 Central Command at MacDill. So it's, you know, a
14 big mission critical base. And fortunately, this
15 is a base that a lot of people reference as Disney
16 World, but it's a really nice base, and they have a
17 lot of requests, and send us a lot of money.

18 I think we are on project assistance
19 deficiency correction, about 73 right now, which
20 didn't include all the previous projects. But this
21 just one phase of four phase tasks we are
22 completing for the military so they can grow on the
23 west side, and really focus on very critical
24 missions, which is keeping us safe in the United
25 States.

1 MR. TOWLER: Yeah, it's a great -- great. If
2 you ever have a chance and you want, it's a
3 beautiful facility, you know, not just clean paint
4 and all that, but it's operated very efficiently.
5 It's one of our, you know, feather in the cap kind
6 of facilities.

7 CHAIRMAN LA ROSA: I am assuming this is not
8 one of the troubled systems you guys were given.

9 MR. TOWLER: It was at a time, but it's not
10 now.

11 MR. FONTAINE: No, but when the General's
12 water tastes bad, you have to react very quickly.

13 CHAIRMAN LA ROSA: I understand that.

14 MR. TOWLER: When the wing commander stops by,
15 you want to make sure everything is looking good,
16 not just that day.

17 MR. FONTAINE: Right. But this system -- just
18 to add to that. When we took over the system,
19 there was still wood pipe in the ground. The
20 system is very aged. And, you know, the military,
21 I mean, that's part of the reason why they went to
22 privatization. You know, the utilities were -- you
23 know, although there may have been money to harden
24 utilities, it always seems like, you know, when
25 they owned it, or were operating the system, you

1 know, the money ended up somewhere else. So for
2 this base, I mean, we've done a massive amount of
3 work, cast iron, water main projects, just getting
4 a lot of -- rid a lot of the infrastructure from
5 the '50s, so it's becoming modernized now.

6 CHAIRMAN LA ROSA: Interesting.

7 MR. TOWLER: Very good. Next slide.

8 I would just gloss over this quickly. We have
9 spoken to a couple of things here.

10 Just wanted to point out, this is where the
11 Arredondo water main project was, that -- where we
12 were able to -- that \$2.5 million -- \$2.5 million
13 project, with 2.1 in principal forgiveness, it's a
14 great help for this community.

15 And we also got the Jungle Den wastewater
16 project. This is right there on the St. Johns.
17 Subject to when the river overflows, it actually
18 overflows, puts everything under water, including
19 manholes, pump stations. We are hardening that
20 system, tighten it up. And actually it's -- when
21 it rains and floods, the plant doesn't really get
22 impacted, so it's nice. In the past, you were
23 treating the river.

24 MR. FONTAINE: This is a great example of a
25 system floundering financially. The small

1 distribution system leaks constantly. You know,
2 old water mains, old service lines. So, you know,
3 the system was really close to upside down, you
4 know, financially because of all the work that goes
5 into putting patches on everything.

6 So what a great project. I mean, a whole new
7 distribution system throughout the community. And
8 of course, it will help the revenue side, because,
9 you know, it will all be new infrastructure and
10 won't be dealing with leaks on a weekly basis.

11 MR. TOWLER: And as a note on this project, it
12 was also one of the -- before we put the money into
13 replacing the mains, there is an adjustment utility
14 outside of the gate. So you have to think of that
15 option as well. But when you look at the cost to
16 -- the impact pawning of the residents in terms of
17 the impact fees, connection fees and all of that,
18 and the pass-through, it was just felt that we
19 could provide a higher quality of service still at
20 a lower cost and maintain those rates for them.

21 All right. And we will let John into this.
22 John's been a little silent.

23 This is the fun stuff now. This is Rainbow
24 River-Rio Vista. This is a septic to sewer project
25 on the Rainbow River. Pristine river. A project

1 where we are converting close to 300 connections,
2 and it's multiphase now.

3 The cost, as you know, in this -- costs, in
4 the past couple of years, have just skyrocketed.
5 We are seeing bids come in 30 percent higher up,
6 sometimes as 100 percent higher, depending on where
7 you are. Lee County, it's a challenge to do things
8 there. You can do them, but you just have to take
9 your time and be very thorough. Whereas, in of
10 other counties, we are finding that we can do --
11 deliver projects right where we think we should be
12 in our sweet spot.

13 But, John, you want to take Rainbow River?

14 MR. CARLSON: Yeah. Just kind of to follow up
15 on what Scott noted here. This is a project with
16 302 properties. We are actually going to have to
17 build it probably in four phases just because the
18 estimate right now is much higher than we expected
19 it. 17 to 28 million.

20 We have a \$10.8 million Springs Grant, which
21 will helped us to obtain. We are very proud of
22 that. We hope to be able to expand on that. But
23 it's a lot of interest, as we just had a public
24 meeting, so we have a lot of excitement about this
25 project.

1 So we should be -- we are under design now,
2 final design. And we hope to be able to bid it by
3 the end of the year and start construction moving
4 forward. But a lot of moving pieces. Very
5 exciting, but a lot of work.

6 MR. FONTAINE: And just to add, at the very
7 top of the depiction of the subdivision. You can't
8 see it. But basically what this does is -- you see
9 the river to the right. It's the head spring at
10 the very top. So this basically eliminates all the
11 septic tanks along the Rainbow River, all the way
12 from the head spring.

13 And I don't know if anybody has spent any time
14 in the river, but my family has, and children for
15 years. And so it's really neat to, you know, help
16 out with the environmental impact. And, you know,
17 these septic tanks, I mean, you can -- you can
18 basically see it. You know, the drain fields are
19 leaching into the river, and it's a mess. But
20 great project to help clean up the nutrients and
21 nitrogen in the -- in the river.

22 CHAIRMAN LA ROSA: With costs coming in higher
23 than as estimated, what are some of those drivers?
24 Have they been identified? Is it design? Is it --
25 is it equipment? Is it -- is it material?

1 MR. TOWLER: Largely -- well, I will take --
2 most costs right now, electrical, long lead item,
3 highest, limited. That tends to be the biggest
4 cost right now. And then after that, I would say
5 valves and --

6 MR. FONTAINE: And, I mean, COVID, PVC pipes
7 are 90 percent more than it was --

8 CHAIRMAN LA ROSA: Yeah.

9 MR. FONTAINE: -- four years ago --

10 CHAIRMAN LA ROSA: Sure.

11 MR. FONTAINE: Yeah. So a lot of commodities
12 have just skyrocketed. It really depends on which
13 county you are in.

14 You know, Lee County is growing so fast. Just
15 us alone, between North Ft. Myers and Lehigh, we
16 have about 101 developments going on right now,
17 which is just humungous. And some of them are
18 pretty big developments. Some of them are small.
19 But there is a lot of competition.

20 It seems like in Central Florida, in this
21 area, we've certainly been more successful with
22 cost controls, and the bids have been coming in
23 pretty good compared to the south and the north.

24 MR. CARLSON: Just a tremendous amount of
25 work. A lot of money in the system. A tremendous

1 amount of work out there drives up the costs and
2 jack up the prices, frankly.

3 MR. TOWLER: And one of the strategies we have
4 is it's -- if you don't have enough money to do the
5 whole project, what can we do with the funds we
6 have available? And that's not just from septic to
7 sewer, where we have to break phases out.

8 In addition to Plantation Bay, we have -- we
9 have a sewer plant that was steel that's falling
10 apart. You are waiting for the next gust of wind
11 to knock the walls down where we had to do
12 something. So we structure our bids largely now
13 that we can take things in and out with the advice
14 of our attorneys, so there are structures that we
15 can bid certain parts of it to keep the project
16 moving forward, and hold back other parts and rebid
17 those later once we have acquired the required
18 funding and work out those details. And that's a
19 great example of Plantation -- or Plantation Bay
20 Wastewater.

21 Last year, we bid out the civil, the concrete
22 work and a lot of the piping. That construction is
23 moving forward. And this summer, we will bid out
24 the electrical and the rest of that to finish it
25 up. So working out -- being -- understanding how

1 the construction process works, and being able to
2 separate the separate divisions is one way we have
3 been trying to navigate through these cost concerns
4 in terms of projects.

5 Chatmire, I stand corrected, it was actually
6 3.7, not 3.5. But this is a retouch -- a great --
7 this is a project in Marion County. Like I said,
8 with all the work that we are doing for the
9 community, it's going to benefit -- the county
10 kicked in some point money. They are going to
11 repave the roads. This is going to change this
12 community 100 percent. It's a really good feel
13 project.

14 Now, we can always tell you here how good we
15 are, but, you know, that doesn't say anything. You
16 know, it's always good to have someone else tell
17 you, and this is a good -- we will let Will explain
18 this about to the best water tasting in Florida.

19 MR. FONTAINE: Yeah. This was in 2022. We
20 had submitted a sample of our water, as we do
21 annually, but we actually won the best tasting
22 water in Florida, and were invited to Washington,
23 DC, to compete against 47 other states. I believe
24 Hawaii ended up winning the competition. It was a
25 great opportunity for some of the staff and -- and

1 go hang out with the big wigs in Washington, DC.

2 CHAIRMAN LA ROSA: You had have to bring your
3 water with you to the taste?

4 MR. FONTAINE: Yeah, you do. That's --
5 actually, the bottle in the picture is they send
6 you a glass jug to fill up. And lots of jokes, of
7 course, about that, you know, moonshine would have
8 probably got you to win the whole composition.

9 CHAIRMAN LA ROSA: Not a lot of oversight over
10 that process.

11 MR. FONTAINE: Right. Moving on.

12 And then Scott had talked earlier about
13 American Beach. American Beach up in Nassau County
14 was the first black community that was actually
15 allowed to go to the beach. It was a doctor out of
16 Chicago that bought a couple hundred of land,
17 disadvantaged community. And it seems like in the
18 past, that, you know, there were communities that
19 developed very close to wastewater facilities, but
20 for some reason, they never got the service.

21 So Nassau County had been trying to complete
22 something in this community for about 15 years.
23 And when we came in, we had met with DEP and the
24 SRF folks, and a lot of other funding agencies, and
25 I am pretty happy about this project. I think it's

1 been on TV once, but proud to say modest, but there
2 would be a lot of focus on it when it finishes up.

3 Scott had talked about all the different
4 funding mechanisms, and a pretty tough process, you
5 know, the funding side of it. A lot of paperwork.
6 A lot of management. A lot of reporting. But this
7 project will probably be done, John, what? In the
8 next couple of --

9 MR. CARLSON: June.

10 MR. FONTAINE: -- months, and be able to put a
11 feather in the cap and provide the residents with
12 water and sewer for this project. And of course,
13 eliminate septic tanks that are very close to the
14 ocean.

15 MR. TOWLER: And to Will's point with the
16 American Beach project, yeah, there was a special
17 -- they have -- a district was formed. They have
18 their own Board of Directors. They meet monthly.
19 It's on Nassau County's website. They are very
20 engaged, which helps out a lot.

21 A little question just -- for the Ready Grant.
22 When we submitted the Ready Grant, we had submitted
23 that we had 179 applicants that were committed to
24 this. So when the state evaluated the award, they
25 said, well, your award is based on you having that

1 179.

2 Up until the last minute, the last two weeks,
3 it was a major push by the county to get signatures
4 and get commitments. It was -- we were sweating,
5 to be frank, whether we were going to lose -- we
6 were going to lose the money, and now all of that
7 burden was going to go back to all the homeowners.
8 They actually surpassed expectations. They got 179
9 people to commit, that signed letters of
10 commitment, and the State went through with the
11 grant. So it's kind of a win-win to the last
12 minute, you know, everyone pulled through together.

13 CHAIRMAN LA ROSA: Sure. And that is a
14 challenge when you are pulling multiple grants
15 together, right? Is to make sure that your
16 expiration doesn't -- doesn't exceed.

17 MR. TOWLER: Yeah. And here, American Beach,
18 one of the challenges -- you always have projects
19 with challenges, right? You try to build float and
20 manage them. One challenge that was hard to
21 overcome, we just couldn't get around it, was the
22 tortoise -- the tortoises, the --

23 MR. FONTAINE: Gopher tortoises.

24 MR. TOWLER: -- gopher tortoises, because the
25 temperatures weren't right for the relocations, the

1 number of them. You got to relocate them to the
2 right temperature, transplants them in the right
3 temperature, and we lost six months roughly on
4 that. It was just the wrong time of year for that
5 to lap for us, but nec-- but we met all the
6 requirements. Worked with the State. It got done.

7 And, you know, to try to make up time, they
8 put extra -- the contractor agreed with us to work
9 on -- they put another crew on, added a crew,
10 worked on some Saturdays. Now you are getting into
11 the summer, so you have to back off on your
12 weekends because you don't want to disrupt, you
13 know, weekend traffic to the beach, and all that
14 stuff, so...

15 But it's a lot of work, a lot of communication
16 between the community, the county, contractors and
17 staff.

18 MR. FONTAINE: Moving, just to -- on we talked
19 about Nassau County working towards an acquisition.
20 On their behalf, we submitted for the Medium Public
21 Water System, and also won that award last year as
22 the Medium Water Public Water System of the Year
23 for the Nassau County.

24 And that's pretty much it. Some -- these were
25 all the host governments that our Board of

1 Directors, FGUA Board of Directors, the counties
2 that they reside in.

3 And any questions?

4 MR. TOWLER: And I will just add to the last
5 -- I mean, just the two hot topics, you may or may
6 not be aware of in water right now are going to be
7 PFAS. The EPA came out with their final rule last
8 Wednesday. So that's not effective yet until it's
9 published in the Federal Register, but that's an
10 issue we have been trying -- we have been involved
11 with that.

12 Back in 2021, they came out with what they
13 called the UCMR 5, which started that process for
14 the EPA to understand the unregulated contaminants.
15 So we are prepared for that, and we are ramping up
16 for that.

17 And then we have -- under the revised lead
18 service line copper lead rule is the service line
19 inventory, which all systems have to have their
20 inventory completed by October of this year and
21 submitted. And you got -- it's a challenge,
22 because it's not only lead. It involves a little
23 bit about monitoring your galvanized service lines.

24 And the real challenge, particularly, we see
25 as a utility is it's an area where we have to

1 provide the inventory on our side, as well as the
2 private side, which is a challenge.

3 Generally, if the meter box, from the road to
4 the meter box, we have ownership and
5 responsibility. We own the meter. After the
6 meter, it's the homeowner, and that's -- for us to
7 work on that side can be a challenge. You need
8 easements, permissions.

9 So it's going to be a delicate process moving
10 forward how to do that, but that's one commitment.
11 Right now we just have to do the service line and
12 come up with our plans.

13 CHAIRMAN LA ROSA: When they upgrade their
14 lines, I am curious on the private side, when they
15 upgrade their lines, let's say they are, you know,
16 remodeling a property, or so forth, do they have to
17 notify you of that? So are you made aware by
18 the -- by the private side?

19 MR. TOWLER: Sometimes. Not all the time.
20 Most often, there is a driver to that. People will
21 replace their service line --

22 CHAIRMAN LA ROSA: Right.

23 MR. TOWLER: -- when they have a leak, if they
24 have a leak. Because what they will want to do is
25 they will replace their line, show us the paperwork

1 and the costs, and then submit for a leak
2 adjustment --

3 CHAIRMAN LA ROSA: Right. Right.

4 MR. TOWLER: -- is typically -- that's the
5 driver behind it. Not many people go out and just
6 replace their lines.

7 MR. FONTAINE: But if we know that they
8 replaced their lines, it goes into our GIS system
9 and noted as such.

10 CHAIRMAN LA ROSA: There is still an unknown
11 quantity, I guess what you're trying to --

12 MR. TOWLER: Right. Well, it's -- it's
13 fortunate -- well, we could go by age when the
14 systems were installed, we know that plastic was
15 there. We don't have a lot of known systems that
16 are lead. Dunnellon is probably the biggest one.
17 Will can correct me on that.

18 And there is, as far as some unknowns, it's
19 going to be the galvanized, because you -- the
20 structure -- the rule is structured that you just
21 can't say, well, I don't know. You will -- saying
22 I don't know, or too many unknowns may put you on
23 in a consequence to do a lot of extra work like
24 excavation that could be -- if you have got a city,
25 and you have got your water lines under sidewalks

1 and concrete and roadways, the cost to understand
2 what that is, and you got to go -- typically, some
3 of the counties or city ordinances they are 18
4 inches past the meter. So you generally are going
5 to have to go 24 inches past to make sure that you
6 are past that 18-inch mark to really know what's on
7 their side. Now you got -- but you, as a
8 homeowner, I got to go to you and I have got to
9 have permission now to dig on your property. You
10 know, if I don't, we are talking driveway
11 restoration, lawn restoration. I mean, it's a
12 plethora of problems and challenges to work
13 through.

14 So it's -- it's a little bit of a strategy of
15 how we address it. We have to be accurate as best
16 we can, but we have to try to manage what the
17 outcome is going to be as well. And really is,
18 when you get to the point of -- for example, when
19 you identify the lead service lines on the private
20 side, there is supposed to be some funding that's
21 available for those people. And I assume that
22 should -- generally will be a grant, some type of
23 grant relief.

24 So, I mean, that's generally how it's done.
25 We will see how -- how it works out. But right

1 now, we are in that process of doing a lot of work
2 to identify what's in the ground.

3 Any questions?

4 COMMISSIONER FAY: Yeah. So we -- the
5 Commission has been looking at various rules at the
6 direction of the Legislature the resolve some of
7 the issues we have with our systems in Florida, and
8 you probably know which ones better than we do.
9 But the idea is that there is this, you know,
10 centralized resources, and acquisitions allow you
11 to scale those resources for improvements. And
12 most of the time they are systems that absolutely
13 need it, right? I mean, they are typically in the
14 red and have lots of issues.

15 What's the decision point? Like, where do you
16 -- where do you come in compared to just a private
17 entity? I mean, I know you have U.S. Water
18 servicing, like, you kind of have this unique
19 business model. But at that decision point for a
20 utility, how do they determine I am going to go
21 with FGUA or I want to, you know, have someone else
22 purchase this out right, like, how does that work?

23 MR. TOWLER: Well, I can't speak to the side
24 really on why they are going to sell the system
25 they choose us, a private entity or they want to go

1 public. I think that when you --

2 COMMISSIONER FAY: But don't they get a seat
3 on the board if they are under that, whereas,
4 private they would have no --

5 MR. TOWLER: Yeah. If they are -- see, that's
6 the advantage. If you are Mr. Utility
7 Operator/Owner, and you are in the market, you say
8 I am done with utilities. I want to get out of the
9 business. So my options are, I could sell to my
10 private company side, or I could try to transfer it
11 to the host government, and they say no. Then I
12 can go to the FGUA, who may take it on.

13 The advantages, I would say that when you go
14 to the FGUA, one is that your host government, that
15 municipality, that county has a seat on the board
16 and has a say in the direction of your utility,
17 right?

18 The other part is that every five years, you
19 have that option to go, you know, hey, they are
20 doing all right. The system is looking a lot
21 healthier. They did the rate hikes. They went
22 through the pain, the agony, and it's looking good,
23 we are going to take it -- we can take it back now.

24 So you have the option to take it back. You
25 go private, you are sold and you are done. You

1 know, you have no say. You are up to -- that
2 company now has to come to you guys for that rate
3 hike --

4 MR. FONTAINE: But you are still under the
5 jurisdiction of the board --

6 MR. TOWLER: Right.

7 MR. FONTAINE: -- even if it is private. And
8 to answer it a little bit more quickly on -- really
9 it's money. I mean, the City of Dunnellon, Marion
10 County offered them zero dollars. And we were able
11 to look at it and do, the first time it's ever been
12 done, they got a USDA loan in Dunnellon to purchase
13 the system. And by doing so, with very low
14 interest rates, we were able to defuse the City's
15 debt.

16 They had a couple million dollars worth of
17 debt because they got into a cable company that
18 fell. They had taken the money from the utility
19 fund to finance that, so --

20 COMMISSIONER FAY: Did they take that influx
21 from you at that point and they were able to pay
22 that down --

23 MR. FONTAINE: Yes. Yes.

24 COMMISSIONER FAY: -- and keep operations --

25 MR. FONTAINE: Right. So we were able to

1 defuse all their debt associated with the utility
2 when we purchased the system. So, in essence, a
3 couple million more dollars than what the county
4 was able to do. But the county was just looking at
5 bonding the system, conventional loan --

6 COMMISSIONER FAY: Right.

7 MR. FONTAINE: -- and at the time, the
8 interest rates were pretty high. I believe we are
9 at about 1.2 percent interest rate on that system.

10 COMMISSIONER FAY: And that's probably a
11 unique example, but you mentioned at one point, the
12 utility has to be able to stand on its own feet,
13 and then you mentioned Dunnellon was upside down,
14 and that you don't take those if they are sort of
15 that. So clarify that for me. So you are --

16 MR. FONTAINE: Well, they were upside down.
17 We operated it efficiently, came up with a plan not
18 to go spend \$80 million in CIP because it wasn't
19 necessary. You know, consultants had said, look,
20 here's \$80 million that you need to spend on the
21 system, which we didn't agree with.

22 COMMISSIONER FAY: I got you. So from your
23 perspective, you don't see it as upside down --

24 MR. FONTAINE: No --

25 COMMISSIONER FAY: -- or there might be some

1 analysis out there --

2 MR. FONTAINE: -- no --

3 COMMISSIONER FAY: -- if you don't get
4 funding --

5 MR. FONTAINE: Yeah, that's not cost neutral.
6 I mean, that's the first thing we do, is jump in
7 and looking at the financial analysis and try to
8 make a quick decision so we don't waste each
9 other's time that if it's totally upside down, and
10 in Dunnellon's case it was initially when we looked
11 at it. And, you know, here's the numbers. Here's
12 what the loan was going to have to be out. Here,
13 this is what the capital program is going have to
14 be at. No, it's not 80 million. We reduced it to
15 21 million over a five-year period, and have been
16 very successful in that system. But, of course,
17 that system, we've got close to \$30 million in
18 grant money, too, to help, you know, with the
19 system.

20 And that's why Marion County, you know, they
21 do want to take over that system at some point, but
22 right now, they are like, hey, we just finished
23 everything and get it all nice for us.

24 COMMISSIONER FAY: Yeah, just keep managing
25 it, we will keep --

1 MR. FONTAINE: Yeah. And that's what we do.
2 It's fun, you know, a challenging system.

3 Flagler County was the first time that I know
4 of it's ever been done, or at least I was told that
5 by Tim, we requested through the State. Another
6 one that was close on the financials --

7 COMMISSIONER FAY: And you guys have a grant
8 writing team internally, like, you have -- that
9 does all that?

10 MR. FONTAINE: Yeah, me.

11 COMMISSIONER FAY: You are the team?

12 MR. FONTAINE: Yeah.

13 MR. TOWLER: There is no assigned people --

14 MR. FONTAINE: That's my part-time job. Yes.
15 Yeah.

16 COMMISSIONER FAY: Because it seems like that
17 you have either better resources, or maybe wisdom
18 to that area, and that you are able to go out and
19 maybe access some -- some component of funding that
20 would be difficult for just a typical sort of
21 private entity that, you know, has a limited
22 resource. They wouldn't have somebody on their
23 team that would --

24 MR. FONTAINE: You just got to have somebody
25 that's passionate. I have been in the business for

1 over 40 years, so, I mean, everybody in the copper
2 building kind of knows me at DEP, and I communicate
3 with them a lot, go and talk to them, and really
4 follow the initiative.

5 You know, septic to sewer is a big one right
6 now, so we have been following the State's
7 initiative. And, you know, everybody wants to get
8 grant money to protect the Rainbow River.

9 But, you know, like back to Flagler, that was
10 an SRF loan to purchase the utility. They are
11 under a consent order. The wastewater plant is
12 about to implode on itself. The water is pretty
13 terrible there.

14 We are building a whole new wastewater plant,
15 whole new water plant. It will be pretty pristine
16 when we finish. And that may be when the county
17 wants to take the system back over, you know, now
18 that they have something that's going to be
19 sustainable.

20 But originally, in Plantation Bay, that was
21 built by the developer, it was a used sewer plant,
22 steel ring plant. And like I said, they are under
23 a consent order right now because, you know, the
24 plant could implode on itself at any minute. You
25 know, it is what it is.

1 COMMISSIONER FAY: Yeah. Well, no, I
2 appreciate it. I mean, it seems like the work you
3 are doing is consistent with the mission that the
4 Commission has, that private entities have,
5 everyone is trying to, you know, operate at a level
6 that provides water at a certain quality, and try
7 to maintain costs the best that we can, and that
8 varies so much significantly geographically in the
9 state --

10 MR. FONTAINE: Exactly.

11 COMMISSIONER FAY: -- and access, and so I
12 think that's where we see, sort of groups like
13 yours come in and fill some of these gaps that
14 wouldn't otherwise be filled. So I appreciate the
15 Chair having -- having you guys here, because I was
16 not familiar with a lot of your work and the
17 projects until I got your presentation and
18 information. I think that you've got the same goal
19 that we have so I appreciate all of that work.

20 MR. TOWLER: Appreciate it. Thank you.

21 It just one of the things I will just add is
22 the unique talent we have within our group is we
23 are not young. A little gray hair. Take it from
24 me. But we have a variety background. You know,
25 many of us have networked for investor utilities at

1 some point in our careers.

2 What we like to do is we are big on our -- one
3 of our mainstays is we don't want to operate a
4 utility with stranded capacity, right? We don't
5 want to build the 10 mgd sewer plant or water plant
6 and only have five mgd there, right? There is cost
7 to it. So we like to try to find out what that
8 fine needle is of what your immediate and future
9 needs are to what we need to build today.

10 And that's where we will mention, in Flagler
11 and Dunnellon, where the 80 million and the \$25
12 million projects that were proposed that we came in
13 and said, you know, right now you don't need it --
14 you don't really need that.

15 You know, we joke internally. We like to say,
16 you know -- I will use Will's expression. We need
17 a Ford with three good tires, and we will figure
18 out the forth. You know, you we don't need the
19 gold-plated. We need something that's going to be
20 reliable, that's going to perform and get us -- and
21 it be built -- something to expand upon for future,
22 but we don't need the big mansion today. We just
23 need to get something, what's going to meet our
24 needs today to move us forward as we can build upon
25 that.

1 So I can -- that's the unique team we have,
2 you know, with the variety of experience we have.
3 And, you know, that's, I think, that helps guides
4 how we manage. We are lucky to get some of these
5 things done, and we can take a different step look.

6 And we understand, yeah, what does it take to
7 operate that facility? You know, some of us have
8 been there, so we -- so we bring all of that to
9 table when we look at managing the utility itself
10 and trying to keep our customers as the -- you
11 know, they are our primary focus, right? I mean,
12 you can do all you can do with brand, but if your
13 customers aren't happy with you, it's just -- it's
14 an uphill battle. We got to make sure we try to
15 meet -- and we are never going to keep them all
16 happy, but, you know, at least we can sit back and
17 say, we are doing the best, we are giving the
18 highest service we can for the dollar you are
19 getting, and that's stuff, you know, usually as --
20 with a 72 percent customer satisfaction, that's not
21 too bad, you know. There is always room for
22 improvement.

23 CHAIRMAN LA ROSA: Awesome. Well, thank you,
24 Scott. Thank you for coming and traveling all the
25 way up here to Tallahassee and meeting with us in

1 person. It's always unique to hear from folks that
2 are facing, you know, some similar challenges that
3 we do, and to make some tough decisions, so thank
4 you, guys. Certainly a lot to take from your
5 present station.

6 MR. TOWLER: Well, thank you for having us.
7 We enjoyed it very much.

8 CHAIRMAN LA ROSA: All right. We will jump
9 into some other quick business before we go out of
10 here today. Move on next to the General Counsel
11 report.

12 MR. HETRICK: Yes, good morning, Mr. Chair,
13 Commissioners. I will just say that at the outset
14 we are pretty focused on rate cases right now, and
15 working on the intricacies and dynamics of those,
16 in addition to the other traditional routine work
17 matters that the GCL is involved in working with
18 your staff, and that's kind of where we are at.

19 That's the extent of my report for today.

20 CHAIRMAN LA ROSA: All right. Excellent.
21 Thank you. I know we've got a busy few months in
22 front of us, Commissioners.

23 Any questions?

24 Awesome. Thank you.

25 Next let's move on to the Executive Director

1 Report.

2 MR. BAEZ: Thank you, Chairman. Good morning,
3 Commissioners. I just have a couple of items.

4 First, just a reminder that, down the road,
5 Hurricane Preparedness Workshop is scheduled for
6 May 21st for those listening at home, and the Chair
7 has invited presidents and CEOs of IOUs and other
8 electric utilities to go over their preparations
9 for the oncoming hurricane season, and we are busy
10 finalizing the arrangements for their
11 participation.

12 On the legislative front, we don't have any
13 newly A bills that have been presented to the
14 Governor. I think the lone A bill that was
15 presented, and I think we talked about it last
16 time, was 478, the ATC bill that transfers some
17 authority for the Commission to grant eligible
18 telecommunications carrier designations to
19 non-wireline providers. That was signed, I believe
20 last week.

21 And lastly, and I won't take up too much more
22 of your time. Today is Administrative
23 Professionals Day. And it's a day that serves as
24 at least an official reminder for us to do
25 something that I would urge us to do every day, and

1 that's to recognize the crucial role that our
2 administrative and support professionals play in
3 this the successful work of the agency, among
4 others.

5 They are -- you know, they are the grease to
6 our skids. They are -- they are the ring to our
7 alarms. They are the tap on our shoulders. And in
8 at least my case, it's the gentle wrap on the back
9 of the head, well-intentioned, obviously.

10 In short, our administrative professionals and
11 support staff make our entire process flow as
12 seamlessly as possible, and that keeps us focused,
13 effective, efficient, fill in the blank. For his,
14 they deserve our recognition, the validation and
15 most importantly, our thanks. And from me to
16 everyone listening, thank you for the work that you
17 do.

18 Unless you have questions, I have nothing --
19 nothing further.

20 CHAIRMAN LA ROSA: Commissioners, questions?

21 I couldn't agree more. I couldn't do it
22 without the help around me, not just within my
23 obvious, but around the entire agency. So thank
24 you all from the administrative side for what you
25 do. You certainly keep us going, keep us

1 functioning.

2 Besides that, I don't believe we have any
3 other business before us. Concluding this, in 15
4 minutes, Commissioner Graham will have the
5 prehearing for the TECO rate case. So that will
6 start in 15 minutes after this in the commission
7 hearing room, obviously not here in this room.

8 Besides that, I don't see any other further
9 business before us. So see that this Internal
10 Affairs meeting is adjourned.

11 Thank you.

12 (Proceedings concluded.)

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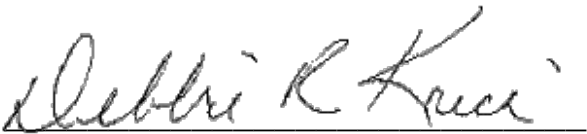
STATE OF FLORIDA)
COUNTY OF LEON)

I, DEBRA KRICK, Court Reporter, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

IT IS FURTHER CERTIFIED that I stenographically reported the said proceedings; that the same has been transcribed under my direct supervision; and that this transcript constitutes a true transcription of my notes of said proceedings.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in the action.

DATED this 10th day of May, 2024.



DEBRA R. KRICK
NOTARY PUBLIC
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EXPIRES AUGUST 13, 2024