



FGUA STRATEGIC PLAN 2009 UPDATE

March 19, 2009



Workshop Objectives

- Present FY 07-08 Year-end Report, FY 08-09 Forecast and 2009-2010 Outlook
- Recap Mission, Vision and Values
- Status Report on Goals, Accomplishments and Disappointments
- Review recent local government market research
- Report updated system demand conditions



MISSION STATEMENT

The FGUA provides communities with high-value, cost-effective utility and public facility management alternatives within a public governance structure which maximizes customer service quality.



VISION STATEMENT

The FGUA will be a widely recognized and utilized long-term partner with communities in providing high-value, cost-effective utility services and public facility management.



VALUES

In pursuit of its vision the FGUA will adhere to the following values:

- Consistently deliver the highest quality water at the best price possible
- Provide high quality and cost effective customer service
- Continual conservation and wise management of natural resources
- Promotion of the public good and individual member interests through collaboration
- Prudent financial management of system resources for the benefit of all customers



STRATEGIES

To fulfill its mission and in pursuit of its vision, the FGUA will pursue the following key strategies:

- Further improve the financial strength of the FGUA as a public entity through targeted expansions
- Size the system capacity of the FGUA infrastructure to meet current customer needs and projected growth
- Expand the dissemination and promotion of the FGUA's unique capabilities
- Continually improve the FGUA's management of its resources
- Improve responsiveness and convenience of FGUA service to customers



BOARD'S ROLE

In the continual effort to foster the growth and development of the FGUA, the Board Members accept the following responsibilities:

- Diligently represent the interests of member governments
- Actively promote the FGUA
- Establish and amend policy in such areas as:
 - Customer and membership expansion
 - Acquisition of utility systems
 - Customer relations and rates
 - Products and services offered by and through the FGUA
 - Increase the long-term stability of the FGUA
 - Environmental resource management



SYSTEMS MANAGER'S ROLE

The Systems Manager is responsible for implementing the policies and achieving the goals and objectives of the FGUA Board in a timely and professional manner in accordance with the values of the FGUA:

- Assure the Board receives timely, accurate, and thorough information
- Provide the highest level of customer service
- Maintain fiscally responsible rates within existing and future systems
- Identify and analyze expansion opportunities
- Expand the FGUA's visibility and presence with current and potential customers, affiliates and partners
- Implement and continuously update the Strategic Plan



The last 8 months A Period of Mixed Results & Flux

- ↓ Same System ERC's Serviced than Projected
- ↓ Same System Operating Revenue
- ↓ Same System CIP Activity/Expenditures
- ↑ Customer "Angst" about rates
- ↑ Utility Systems Managed and FGUA Customers
- ↑ Prospect of New Ventures



Accomplishments

Since Last Planning Session (June 2008)

- Acquired Seven Springs and Aloha Gardens Pasco Systems in February 2009
- Community Service Representatives supported 153 system wide community meetings in Lehigh Acres, Golden Gate and Pasco
- Supported 4 meetings of the Utility Advisory Committee in Lehigh Acres and established new UAC in Golden Gate
- Secured new government member of the FGUA -- DeSoto County
- Initiated discussions and interest with other local governments in joining the FGUA including; Hallandale Beach, Flagler and Volusia Counties, and the City of Avon Park
- Submitted competitive proposals for utility acquisitions at Tyndall and MacDill Air Force Bases and Naval Air Station – Key West; invited to negotiate MacDill acquisition



Accomplishments

Since Last Planning Session

(June 20, 2008)

- Negotiated and implemented a new contract operations agreement with USW/Wade TRIM
- Authorized work order and began expeditious preliminary engineering, mapping, hydraulic modeling and other tasks to address Pasco Systems water quality problems
- Received the Award of Excellence in Financial Reporting for the FY 2007 CAFR by the Government Finance Officers Association for the seventh consecutive year



Challenges Encountered

- Housing, credit market and general economic conditions leading to foreclosures and customer losses
- Extraordinary demands on “stretched” personnel to work on Pasco Systems acquisition; not as much progress on Scorecard as desired
- Customer/community controversy over rate increases and mandatory connections
- Adverse legislation filed requiring PSC oversight of FGUA rate-making



Challenges (continued)

- Pollution Control Project was negotiated with DEP in lieu of fine for the Golden Gate System for capacity exceedence
- A potable water source well in Lehigh Acres produced high calcium levels leading to customer complaints



Key Planning Question:

What do we know about current local government business conditions and trends?



Local Government Market Research

February 2009 FCCMA Focus Groups

- 14 city and county managers in two group sessions
- Professional independent third party facilitator

Major Findings Pertinent to the FGUA

- Tax reform and general economic conditions:
 - Are demanding more creative service solutions and revenue streams
 - Are forcing political bodies to change historical practices
 - Lead managers to consider more outsourcing if it can teach operational efficiency and be reversible
 - Could lead to more service or “functional” consolidation, including “partnerships and inter-local agreements”
 - Are forcing cuts to capital improvements
 - Will lead to “redefining normal” government service



Leading Budget Related Issues Discussion

- Customer Service Performance
- Updated System Demand Forecast
- System Growth
 - New Member Governments
 - Customers in Existing Systems



Customer Service Performance

- Direction from last year:
In FY 2008/09 to:
 - Update satisfaction survey – underway
 - Begin telephone bill pay – underway
 - Develop new conservation strategies – on hold



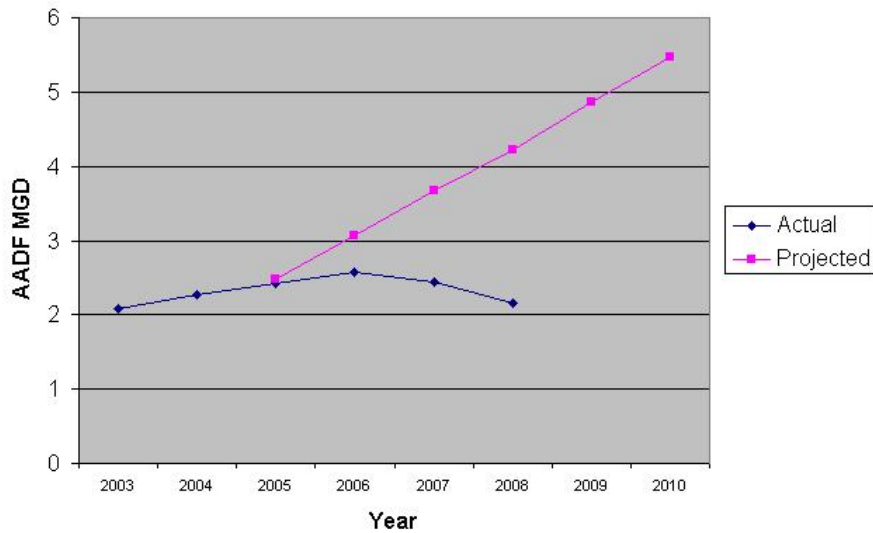
System Growth

- Customer base and flows within current systems continue to track lower than previous projections and budget
- Current growth direction
 - Private utilities
 - Municipal/county (and even federal) systems
- Optional additional growth direction
 - Other public facilities (e.g. solid waste, gas, electric)

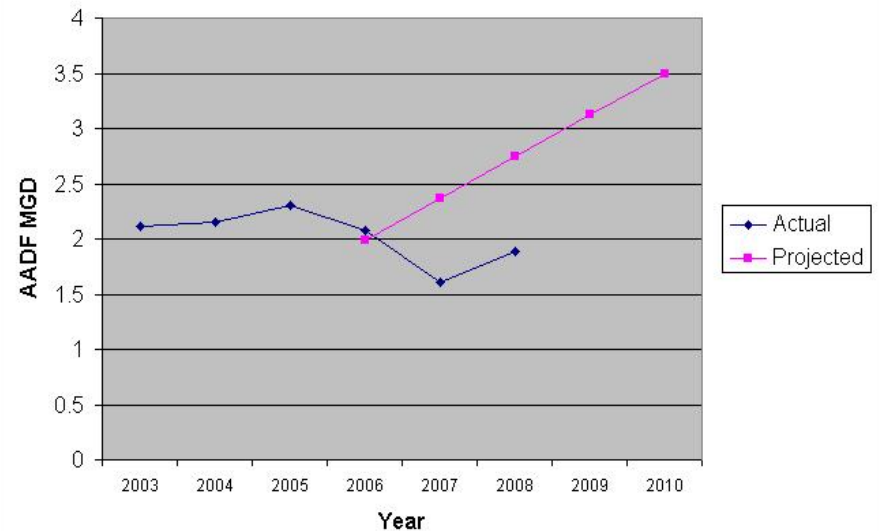


Flow Experience – Lehigh Acres

LE WTP AADF Actual vs. Projected



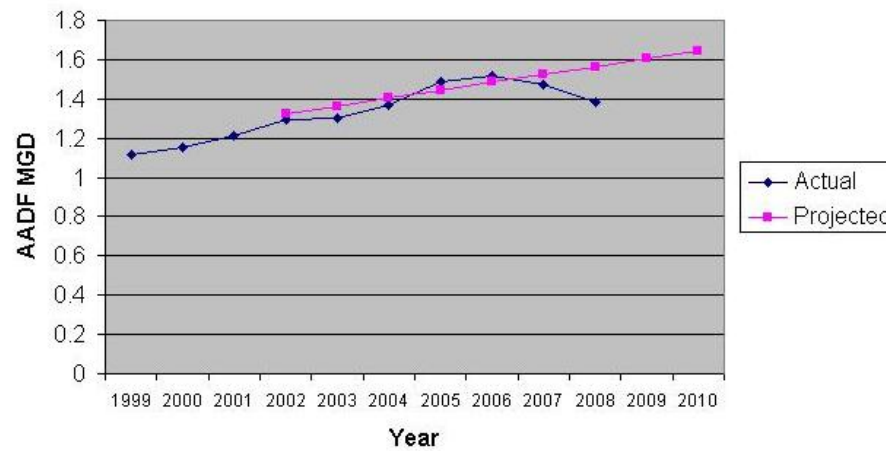
LE WWTP AADF Actual vs. Projected



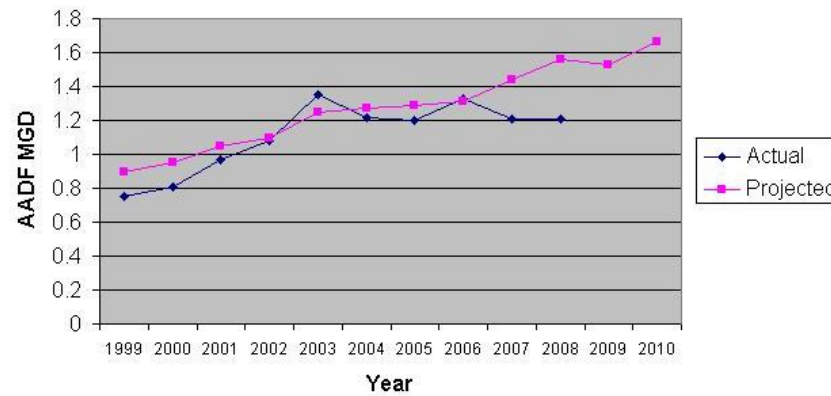


Flow Experience – Golden Gate

GG WTP AADF Actual vs. Projected

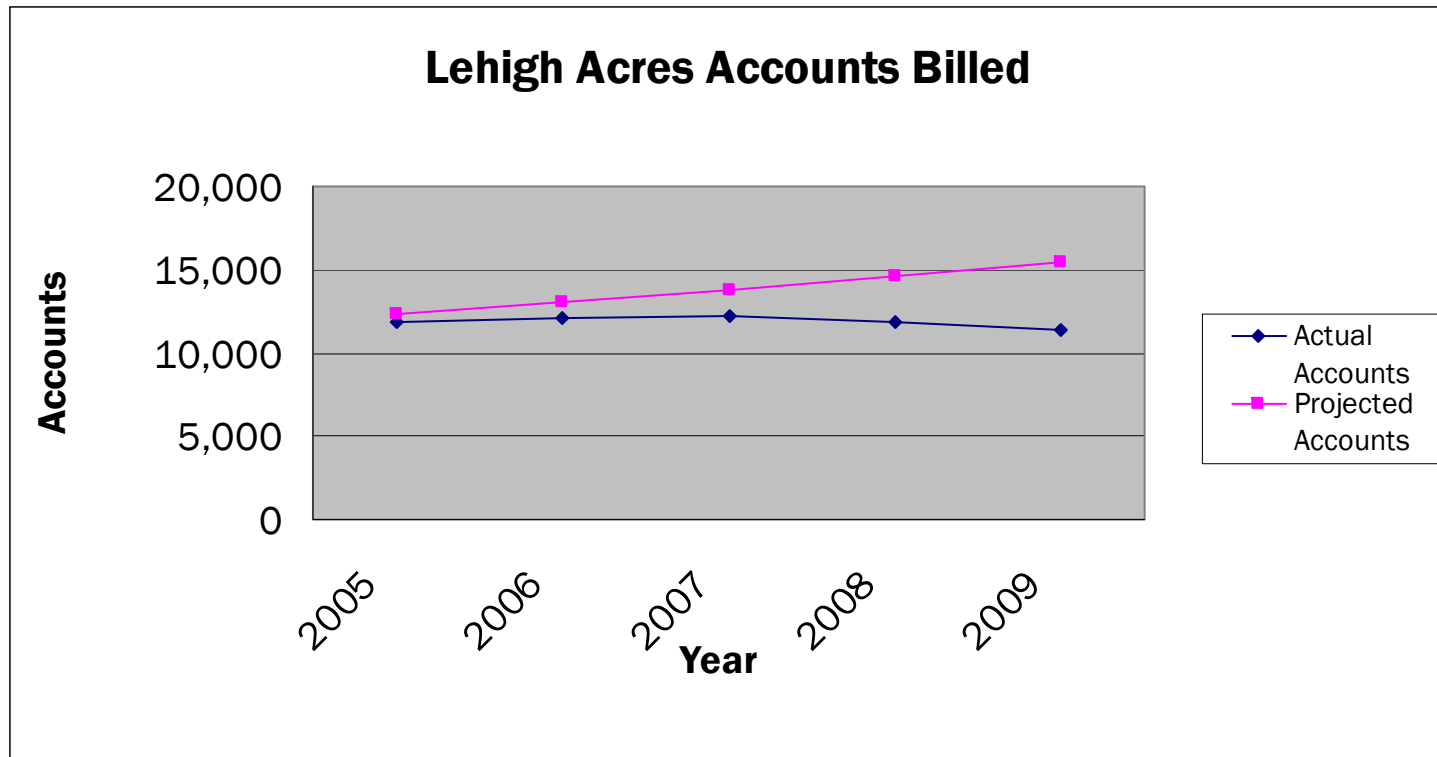


GG WWTP AADF Actual vs. Projected



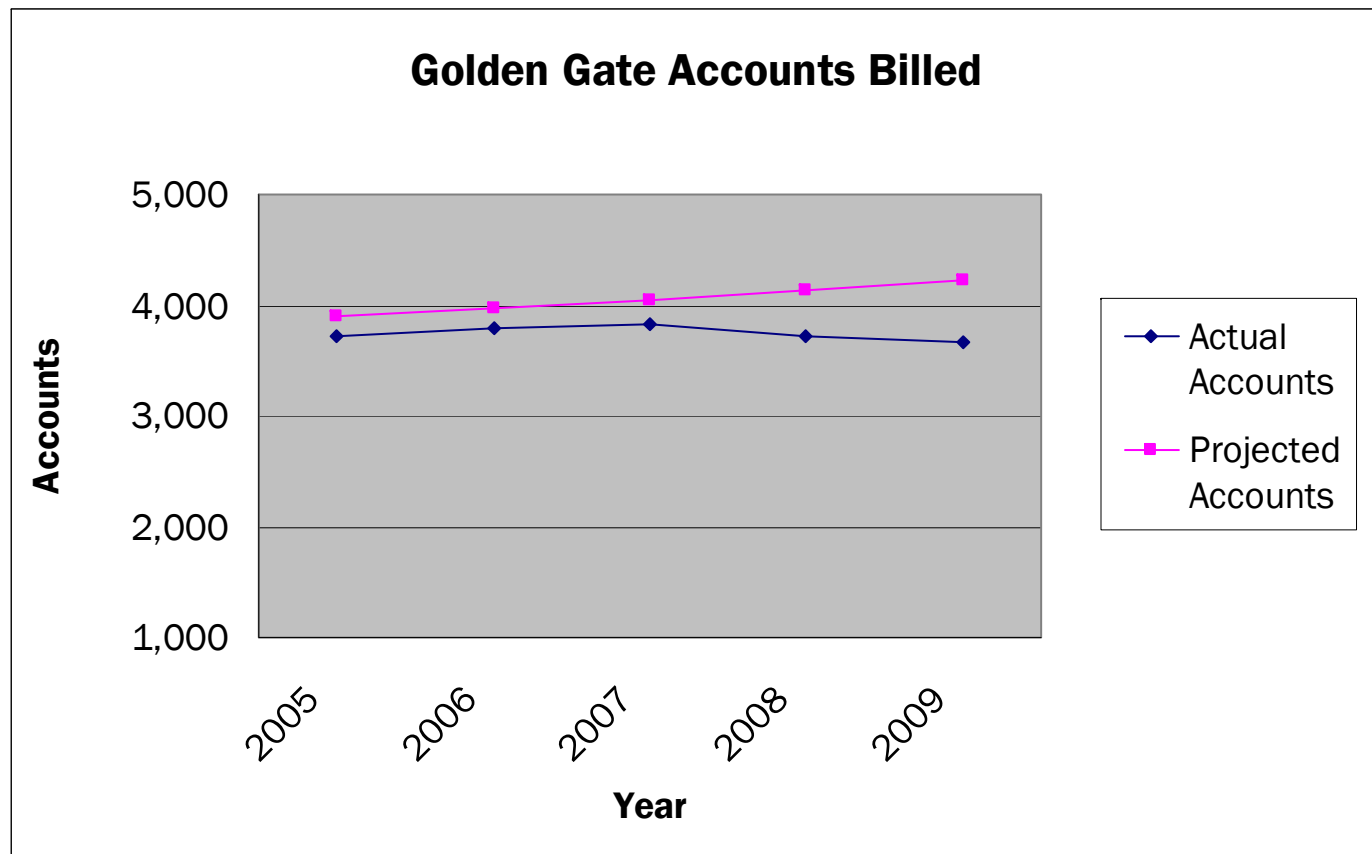


Key System Statistics





Key System Statistics





Florida Housing Update January 2009

- Florida existing single-family home sales ↑24% year to year
(was 9% ↓ down last year)
- Florida median sales prices ↓33% year to year
(dropped twice national rate, was 17% ↓ last April)
- Condominium sales ↑13% year to year
(was 16% ↓ last year)
- Median condo prices ↓40% year to year
(was 19% ↓ last year)
- 938 foreclosures/month in Lee County last 12 months; January 09 saw 23% decrease in monthly foreclosures from January 08



Strategic Goals For Budget Consideration

- Increase the number of utility systems in the FGUA
- Improve customer service through continual feedback, implementing state-of-the-art business tools and viable customer suggestions
- Deliver well-reasoned and properly-focused capital improvements on timely schedules and within prudent budgets
- Operate systems within optimal service and efficiency standards and best industry practices
- Provide excellent stewardship of the FGUA finances including best debt and operating ratio practices and reasonable customer fees
- Broaden public facility scope of the FGUA to include such services as solid waste, electricity and gas systems
- Expand customer base in existing systems, pursue mandatory connection where required and/or supported by host government



Principal Budget Issues

- The Economy!!
- Rate changes – what is reasonable in today’s reality; avoidance of rate pressure deferral
- Renegotiation of operations contract
- Pace of mandatory connections
- How to grow customer base with new connection fee impact
- Pace of national resource protection
 - Conversion from wells or septic
 - Expansion of reclaimed
- Pricing of reclaimed water



FGUA - Combined Systems Operating Revenues/Expenses Prior Year FY08 Results

	TOTAL		
	FY08 Budget	FY08 Actual	FY08 Variance
Operating Revenue			
Cash Reserve Unrestricted 09/30	\$ 7,297	\$ 7,297	
Water Sales	8,569	7,320	(1,249)
Wastewater Sales	8,353	7,411	(942)
Irrigation Sales	83	13	(70)
Late Fees	303	442	139
Interest	408	222	(186)
Special Assessment	76	86	10
Other	266	383	117
TOTAL REVENUE	\$ 18,058	\$ 15,877	\$ (2,181)
Operating Expenses			
Board Expenses	829	735	(94)
Operating/Management Services	7,764	7,345	(419)
Professional Services	513	697	184
Special Projects	613	395	(218)
SUBTOTAL	\$ 9,719	\$ 9,172	\$ (547)
Non-Operating Expenses			
Debt Service	7,018	7,118	100
Transfer to Operating Reserve	290	-	-
Renewal & Replacement Transfer	1,031	1,054	23
SUBTOTAL	\$ 8,339	\$ 8,172	\$ 123
TOTAL EXPENSES	\$ 18,058	\$ 17,344	\$ (424)
SURPLUS (DEFICIT)	\$ -	\$ (1,467)	
Cash Reserve Unrestricted 09/30	\$ 7,297	\$ 5,830	

****NOTE** Budget, actual and projected amounts are presented on a cash basis where as these funds utilize the accrual basis of accounting in accordance with Generally Accepted Accounting Principles (GAAP). Therefore certain differences will occur.**



FGUA- Combined Systems Capital Revenues & Expenses FY08 Results

FGUA Combined Systems Capital Revenues/Expenses FY 2008 (In 000's)			
<u>Capital Project Revenue (CASH)</u>	<u>FY08 Budget</u>	<u>FY08 Actual</u>	<u>FY08 Variance</u>
R & R Fund	\$ 4,685	\$ 1,777	\$ (2,908)
2007 Line of Credit	44,618	39,871	(4,747)
2003 Series Bonds	815	813	(2)
2005 Series Bonds	16,803	8,352	(8,451)
2008 SA Bonds	717	-	(717)
Water Capacity Fees	1,559	1,964	405
Wastewater Capacity	3,935	4,049	114
Total Revenue	\$ 73,132	\$ 56,826	\$ (16,306)
 <u>Capital Project Exp./Enc./Carryover</u>			
Golden Gate	13,041	12,157	(884)
Lehigh	\$ 60,091	\$ 15,882	(44,209)
Total Expenses	\$ 73,132	\$ 28,039	\$ (45,093)
 Year End Cash Available for Capital Projects		 \$ 28,787	



FGUA - Combined Systems

Operating Revenues/Expenses FY 09 and FY10 (1)

(000's in thousands)

	FY09 Budget	FY09 Actual (2/09)	FY09 Projection	Projected Variance	FY10 Budget Estimate
<u>Operating Revenue</u>					
Cash Reserve, Unrestricted 09/30	\$ 1,157	\$ 5,830	\$ 5,830		\$ 5,388
Water Sales	8,358	2,802	7,913	(445)	7,913
Wastewater Sales	8,172	2,820	7,961	(211)	7,961
Late Fees	442	158	445	3	456
Interest	309	23	56	(253)	57
Other (2)	697	451	1,082	385	1,109
TOTAL REVENUE	\$ 17,978	\$ 6,254	\$ 17,457	\$ (521)	\$ 17,497
<u>Operating Expenses</u>					
Board Expenses	\$ 746	\$ 210	\$ 644	\$ (102)	\$ 660
Operating/Management Services	7,602	2,528	7,403	(199)	8,004
Professional Services	647	104	625	(22)	641
Special Projects	411	202	401	(10)	411
SUBTOTAL	\$ 9,406	\$ 3,044	\$ 9,073	\$ (333)	\$ 9,715
<u>Non-Operating Expenses</u>					
Debt Service	\$ 7,972	\$ 3,931	7,972	-	8,171
Transfer to/(from) Operating Reserve	(254)	-	-	-	-
Renewal & Replacement Transfer	854	503	854	-	875
SUBTOTAL	\$ 8,572	\$ 4,434	\$ 8,826	\$ -	\$ 9,047
TOTAL EXPENSES	\$ 17,978	\$ 7,478	\$ 17,899	\$ (333)	\$ 18,762
SURPLUS (DEFICIT)	\$ -	\$ (1,224)	\$ (442)	\$ -	\$ (1,265)
Cash Reserve, Unrestricted 09/30	\$ 1,157	\$ 4,606	\$ 5,388		\$ 4,123

1. Excludes General Fund

2. Other Revenues include Fire Line Revenue, Turn on Fees, Connection Fees, Inspection Fees, Plan review Fees, Special Assessments, Miscellaneous Revenues, Collection Revenues, & FEMA Grants.

****NOTE**** Budget, actual and projected amounts are presented on a cash basis where as these funds utilize the accrual basis of accounting in accordance with Generally Accepted Accounting Principles (GAAP). Therefore certain differences will occur.



FGUA- Combined Systems Capital Revenues & Expenses FY09 (000's in thousands)

	<u>FY09</u> <u>Budget</u>	<u>FY09 Actual</u> <u>(2/09)</u>	<u>FY09</u> <u>Projection</u>	<u>FY09</u> <u>Projected</u> <u>Variance</u>
<u>Capital Project Revenue (Cash)</u>				
R & R Fund	\$ 3,635	\$ 1,472	\$ 1,900	\$ (1,735)
2007 Line of Credit	32,010	38,961	38,961	6,951
2003 Series Bonds	291	873	909	618
2005 Series Bonds	5,331	11,440	11,475	6,144
Water Capacity Fees	-	1,068	1,068	1,068
Wastewater Capacity Fees	1,309	3,187	3,187	1,878
TOTAL REVENUE	\$42,576	\$ 57,001	\$ 57,500	\$ 14,924
<u>Capital Project Exp./Enc.</u>				
Golden Gate	\$ 6,063	\$ 6,978	\$ 8,691	\$ 2,628
Lehigh Acres	36,513	6,673	25,522	(10,991)
TOTAL EXP./ENC.	\$42,576	\$ 13,651	\$ 34,213	\$ (8,363)
Year End Cash Available for Capital Projects		\$ 43,350	\$ 23,287	\$ 23,287

***Note: Cash Estimates resources available for the entire fiscal year and is calculated as follows:
Cash Balance at 09/30/08, Less Encumbrance carry overs from prior Fiscal year, plus revenues,
Equal total cash available for current fiscal year.**



Next Steps

- March 19, 2009 Budget Planning Workshop Held
- May 21 – System Manager Submits FY2010 Proposed Budget and 2010-2014 CIP to the Board
- July 16 – Follow up Budget Recommendations
- August 17-19 – Rate Hearings if Necessary
- August 20 – Adoption of Rate Resolutions, if Required
- September 17 – Final Public Hearing and Budget Adoption