

FGUA Board of Directors 2023 Strategic Planning Session

April 20, 2023

Polk County Utilities Building



WWW.FGUA.COM

FGUA OPERATIONS OFFICE:
280 Wekiva Springs Road
Protegrity Plaza, Suite 2000
Longwood, Florida 32779
T 407-629-6900
F 407-629-6963

Session Objectives



1. Review 2022 Accomplishments and Challenges
2. Review Preliminary FY 2023 Forecast & 2024 Outlook
3. Review Current Strategic Goals/Objectives
4. Discuss Pre-Session Board Member Feedback
5. Check Mission, Vision & Values

2022 Accomplishments

Accomplishments



- Maintained “clean” unqualified opinion external audit report for the 13th consecutive year
- Received Award of Excellence in Financial Reporting from Government Finance Officers Association (GFOA) for 21st consecutive year
- Received First Place 2022 Florida Rural Water Association Statewide Best Tasting Water Contest
- The Pasco Water Awareness Poster Contest had another successful annual school art/science participation reaching 1,174 students in 11 schools with 38 teachers
- Continued favorable Contractor Performance Assessment Ratings (CPAR) from federal government for MacDill AFB services
- Awarded \$180k from FDEP to manage the front end public intake function of its statewide Water Protection Program; first partnership of its kind

2022 Accomplishments (cont'd)



- Achieved savings from refunding bonds with Consolidated (NPV \$1.67M), Lake (NPV \$1.48M) and Unified (NPV \$4.21M) enterprise systems realizing total NPV savings of \$7.36M and annual customer savings of \$511K in a volatile bond market
- Limited customer rates to CPI across all systems except Flagler
- Added to 100% state/federal grant funding to a total of \$27.8M in Dunnellon Utility System for Springs Protection; continued reaching top of priority of competitive scoring
- Awarded a total of \$11.2M of springs protection funding for Chatmire Septic to Sewer project in Marion County Dunnellon System

2022 Accomplishments (cont'd)



- Successfully completed sale and operational transfer of Lindrick System to Pasco County
- Maintained continuous water service in Lehigh Acres through Hurricane Ian storm impact
- Significant growth in MacDill capital projects and funding
- Greater efficiency in development review avoiding fee subsidy

2022 Accomplishments (cont'd)



- Secured first ever for FGUA funding of \$992k from St. Johns River Water Management District for Nassau County American Beach Septic Phase Out and well conversion for private property connections. This follows:
 - FDEP SRF Clean Water \$2.5M total, \$2.1M PF, balance 0% interest
 - FDEP SRF Drinking Water \$6.1M total, \$4.0M PF, balance 0% interest
 - USEPA/FDEP WIIN Grant \$2.3M
- In total over last five years, obtained \$72.1 m for external funding for FGUA owned systems and \$12.3 m for American Beach

2022 Accomplishments (cont'd)



- Invited by FCCMA to co-moderate with FDEP and FGUA partners Crystal River and Nassau County a septic to sewer instructional webinar
- Assisting Crystal River with wastewater plant re-rating and expansion plan
- Assigned by Sumter County and Lake Panasoffkee Water Association service territory to build wastewater plant and collection system to serve this area
- Executed third Interlocal Agreement with Sumter County to plan, design and build new wastewater system for City of Coleman for connection with Wildwood
- Application preparation and listing for approval of an \$8.4 million Springs Coast Water Quality Improvement Grant Arredondo Estates water main replacement \$2,500,000 with principal forgiveness of \$2,227,750

2022 Challenges

Challenges



- Impacts from Hurricane Ian in southwest Florida, particularly South Seas
- Higher than forecasted customer connection growth rates in Lehigh Acres and North Fort Myers
- Extraordinary construction pricing escalation from supply chain and oil markets; drop in competitive bidding
- High staff turnover, recruitment delays and vacancy rates
- Serious wage pressures from highly volatile job market

Challenges



- Unified Aqua, Lake Aqua, and Flagler Systems capital needs relative to available resources/cash flow
- Escalating pressure of capital funding needs on rate revenue

Challenges cont.



- General inflationary pressures outpacing rate adjustments
 - R&R and Capital work also seeing large increases, in some cases by over 30%
 - Less work at higher dollars
- Added management workload of additional new connection processing work and customers in high growth areas
- Additional demands on staff from pursuit of, securing and ongoing compliance with external grant/loan funds



WWW.FGUA.COM

Financial Report

FY 2023 Forecast and FY 2024 Outlook

Changes in System Rates



Changes In Rates

Fiscal Year

System	2019	2020	2021	2022	2023
Lehigh	Waived	Waived	1.54%	1.97%	4.03%
Pasco (A & SS)	2.12%	Waived	1.54%	1.97%	4.03%
Consolidated	2.12%	2.01%	1.54%	1.97%	4.03%
Lindrick	2.12%	2.01%	1.54%	1.97%	N/A
NFMU	Waived	Waived	1.54%	1.97%	4.03%
Lake Aqua	7.12%	2.01%	1.54%	1.97%	4.03%
Unified Aqua	7.12%	2.01%	1.54%	1.97%	4.03%
Dunnellon	Waived	Waived	1.54%	1.97%	4.03%
Flagler				1.97%	10.00%

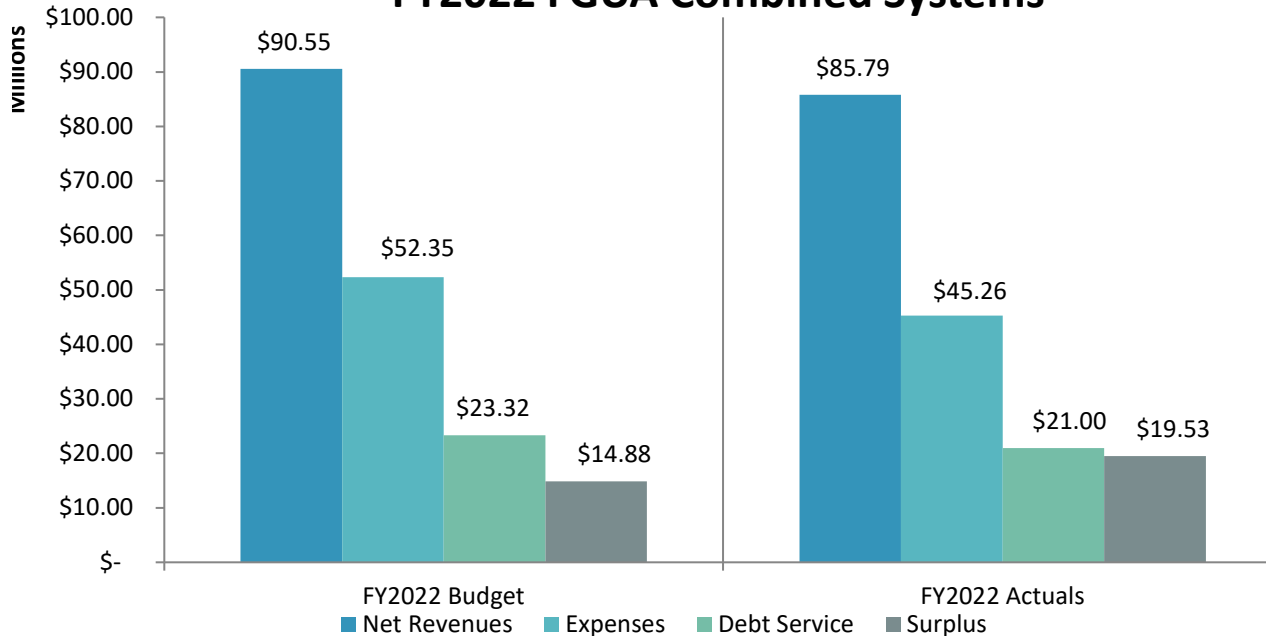
Financial Result – FY 2022

FGUA Combined Systems

Operating Revenues/Expenses FY 2022



FY2022 FGUA Combined Systems



- Overall Gross Revenues Increased by \$4.8M or 5.3%
- Operating Expenses Decreased by \$7.1M
- Resulted in an increase in Surplus before additional pay-go-capital as compared to budget by \$4.6M

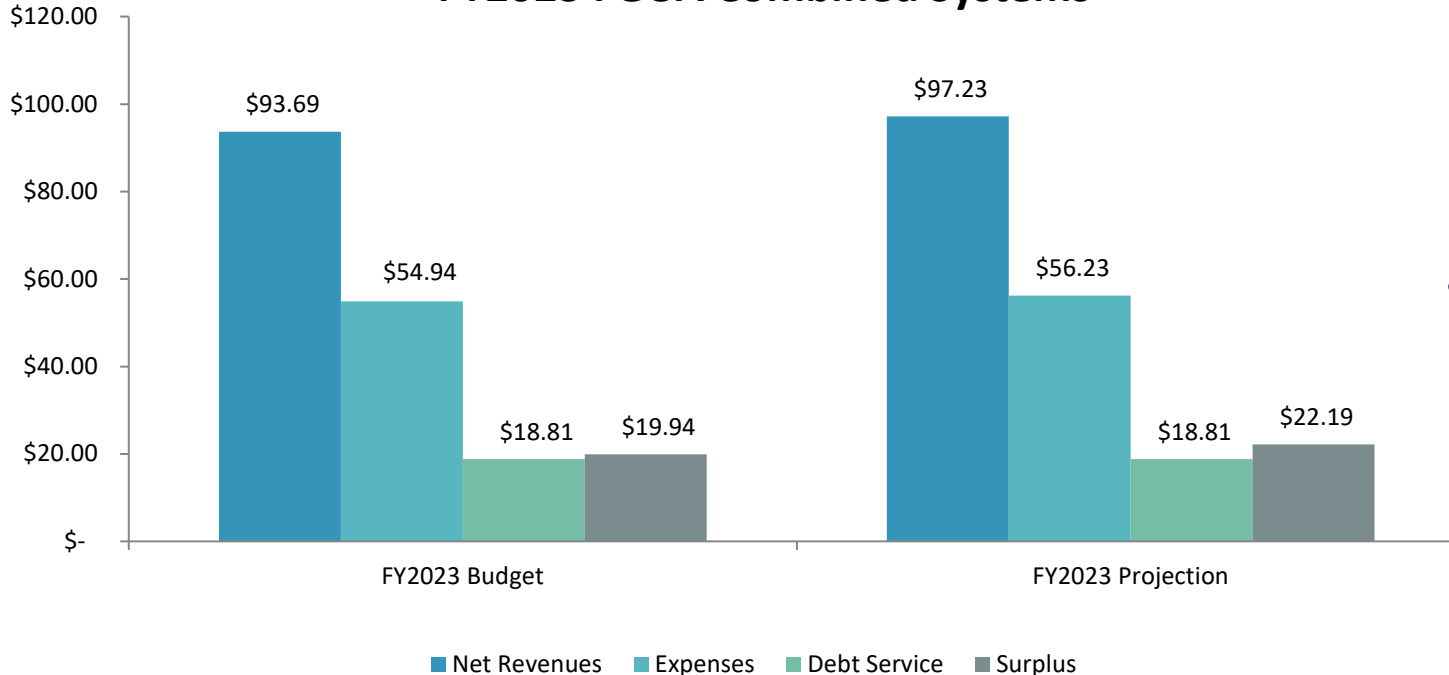
Financial Forecast – FY 2023

FGUA Combined Systems

Operating Revenues/Expenses FY 2023



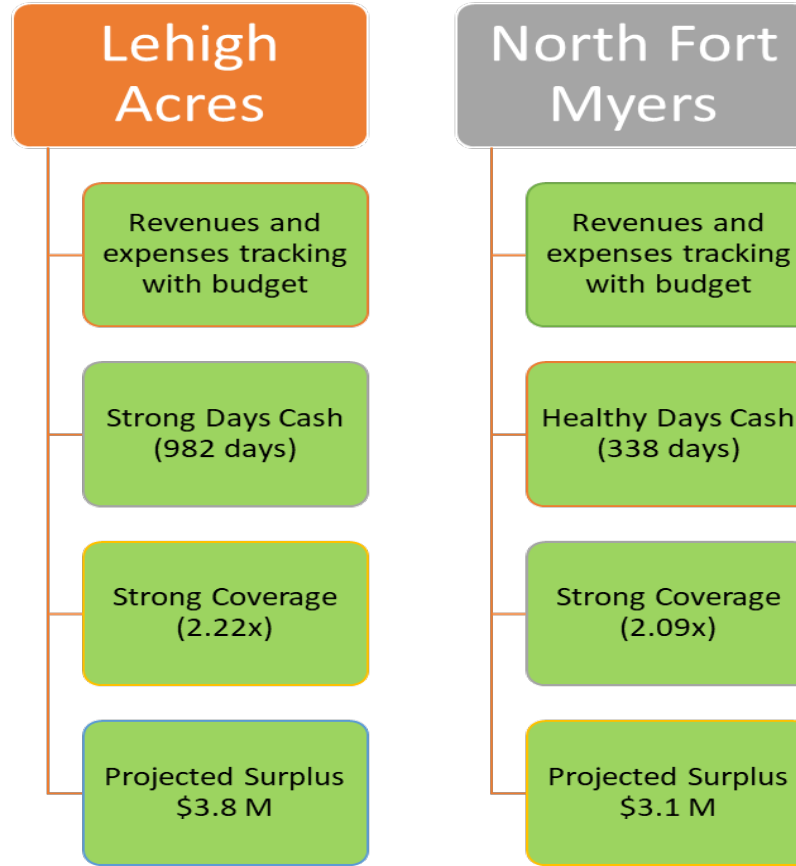
FY2023 FGUA Combined Systems



- Overall FY23 projections are tracking close to our FY23 Budget through the first five months of the year.
- On track to fund \$22M discretionary Pay-Go Capital contributions

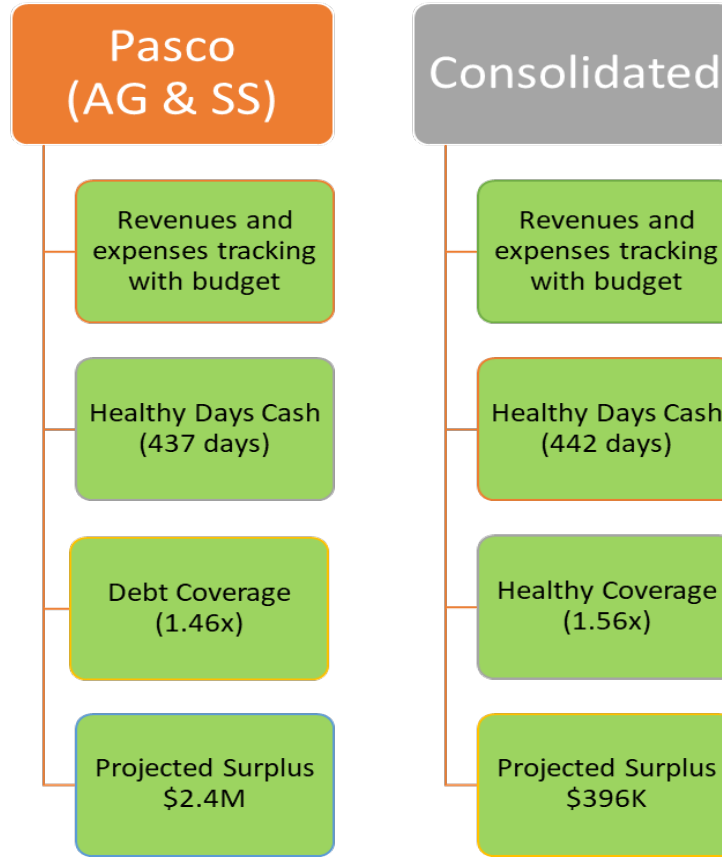
Financial Forecast – FY 2023

FGUA South Systems
Operating Revenues/
Expenses FY 2023



Financial Forecast – FY 2023

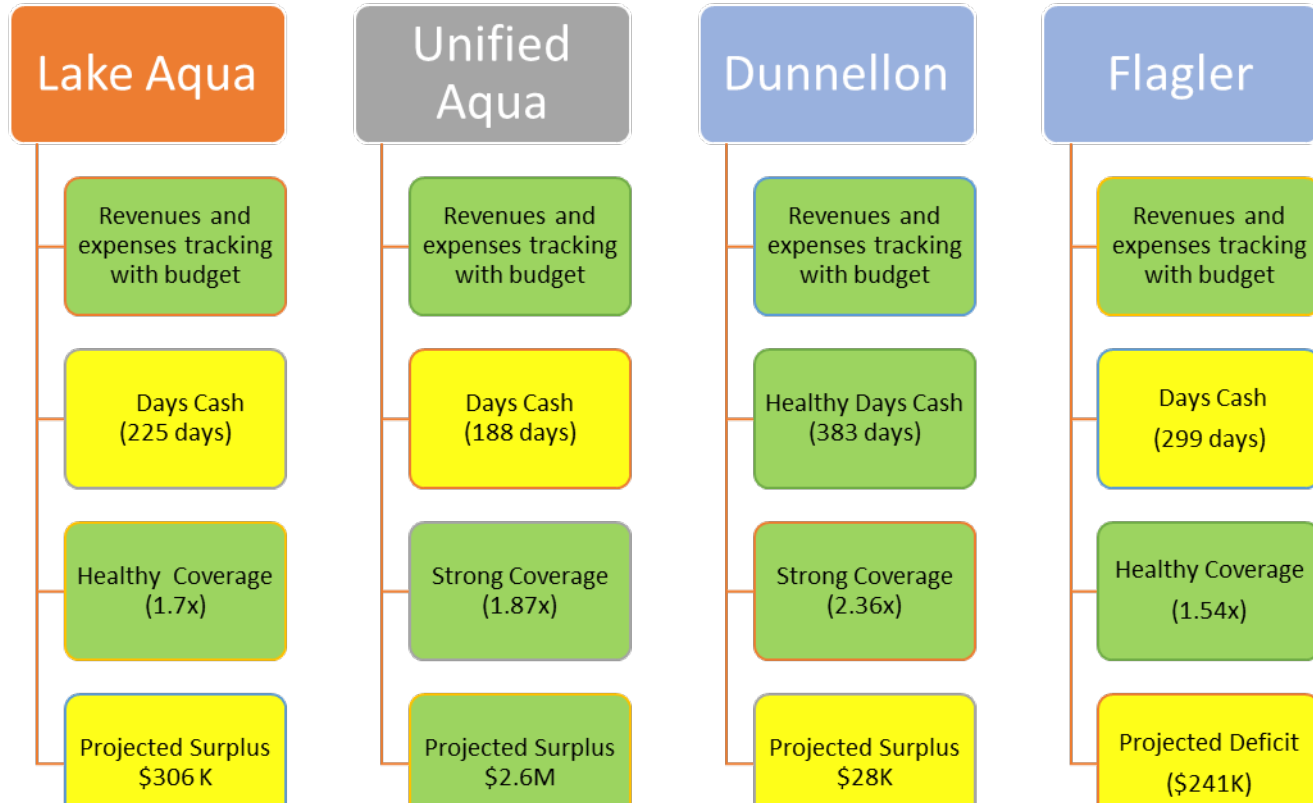
FGUA West Systems
Operating Revenues/
Expenses FY 2023



Financial Forecast – FY 2023



FGUA Central Systems
Operating Revenues/
Expenses FY 2023

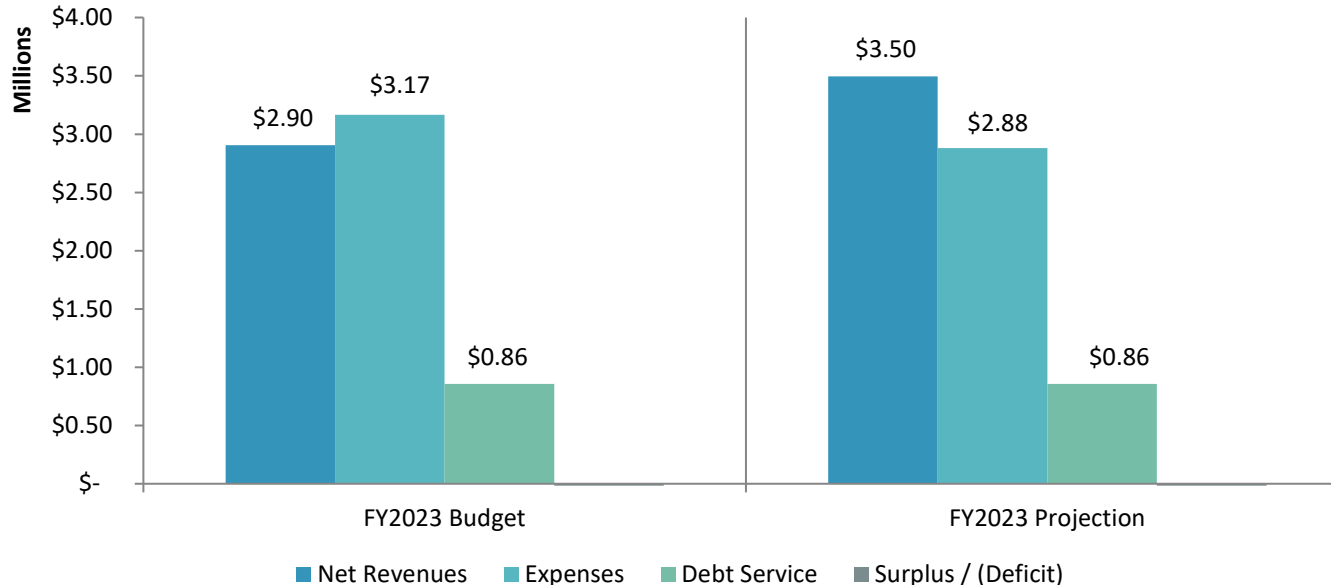


Financial Forecast – FY 2023

FGUA Flagler System
Operating Revenues/Expenses FY 2023



FY2023 FGUA Flagler System



- Overall FY23 revenues projections are higher compared to our FY23 Budget.
- Cash on hand(299 days)
- Healthy Coverage (1.54x)

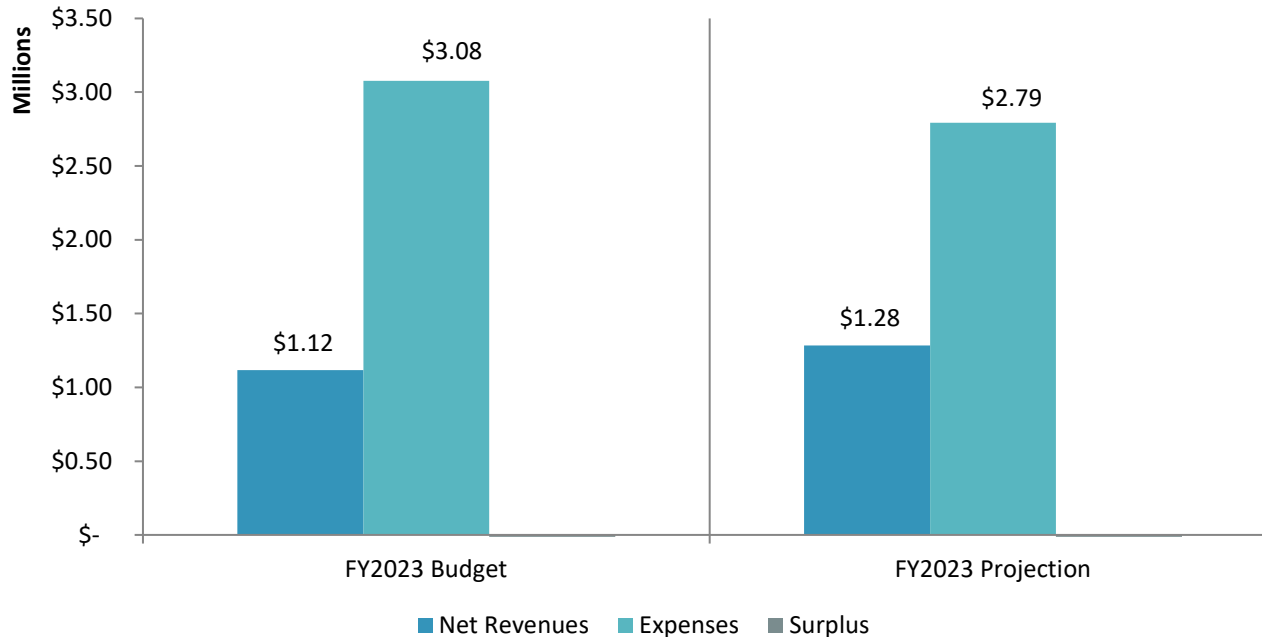
Financial Forecast – FY 2023

FGUA MacDill AFB Systems

Operating Revenues/Expenses FY 2023



FY2023 FGUA MacDill AFB System



- Budget and Projection is tracking according to Federal Contract



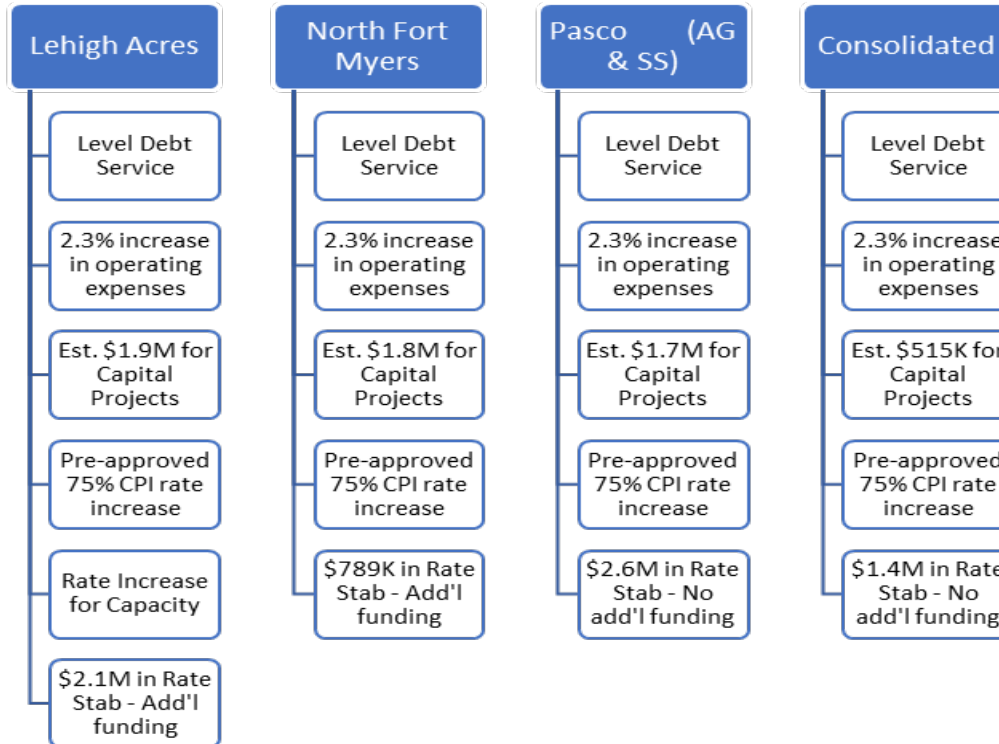
Major FY 2024 Assumptions

- Utilize Grant Matching for Capital Improvements when available and feasible.
- Additional debt funding for Capital Improvements in systems with strong debt coverage and weak cash position (i.e., Lake & Unified)
- Monitor Cashflows to adjust available funds for Pay-Go-Capital Projects; accelerate where possible
- FY 24 Est. 75% of CPI rate to be between 2% - 3% (*CBO 2024 Inflation Projection 2.3%)

Major FY 2024 Assumptions - Continued



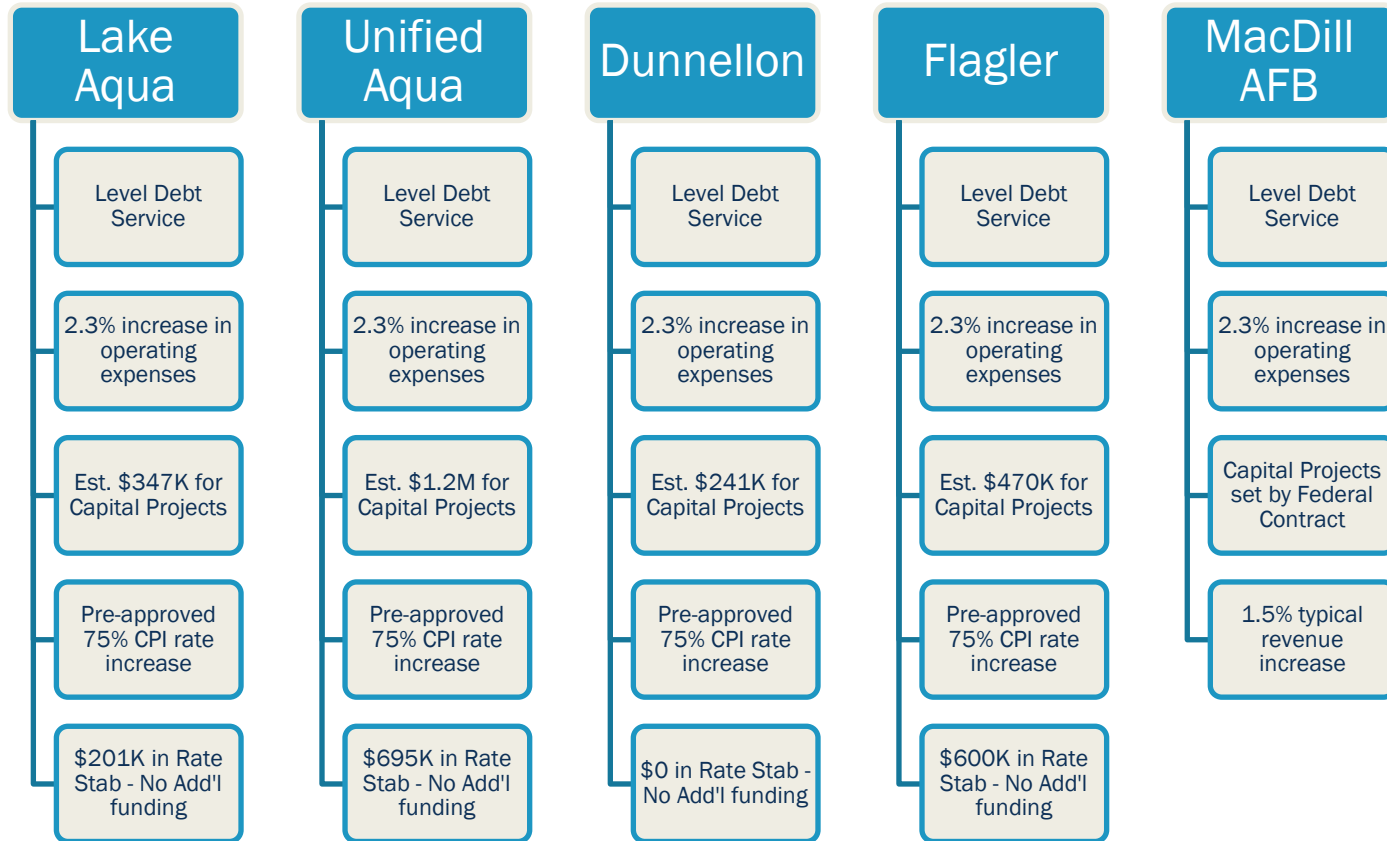
WWW.FGUA.COM



Major FY 2024 Assumptions - Continued



WWW.FGUA.COM





[WWW.FGUA.COM](http://www.fgua.com)

Strategic Goals & Objectives

Strategic Goals & Objectives



- Continually improve
- Maximize efficiencies, including technology investments, such as:
 - Energy retrofits/ AMI
 - Project Management Information System for CIP
 - SCADA
 - Digital Records
 - Video conferencing; electronic meeting material
 - Expanded use of GIS mapping, OMS
 - Reverse call notifications/E-commerce/Web services/Billing system improvements
- Utilize feedback to adjust customer service approach
- Carefully control costs (e.g. consumables)
- Minimize/avoid rate increases; Lower where possible



Strategic Goals & Objectives - Continued

- Maintain strong working relationships
 - Host and partner governments
 - Contractors
 - Regulatory agencies
- Operate systems within optimal service standards and best industry practices
- Provide excellent stewardship of FGUA finances and credit standing
- Expand when/where feasible
 - Expand customer base in existing systems
 - Expand systems to improve economies of scale (with Board's guidance)

Strategic Goals & Objectives - Continued



- Ensure equity in service charges
- Maximize contributed revenue (e.g. grants, low-cost loans)
- Ensure well-reasoned and comprehensive capital improvement planning
- Balance priorities with customer and credit tolerance



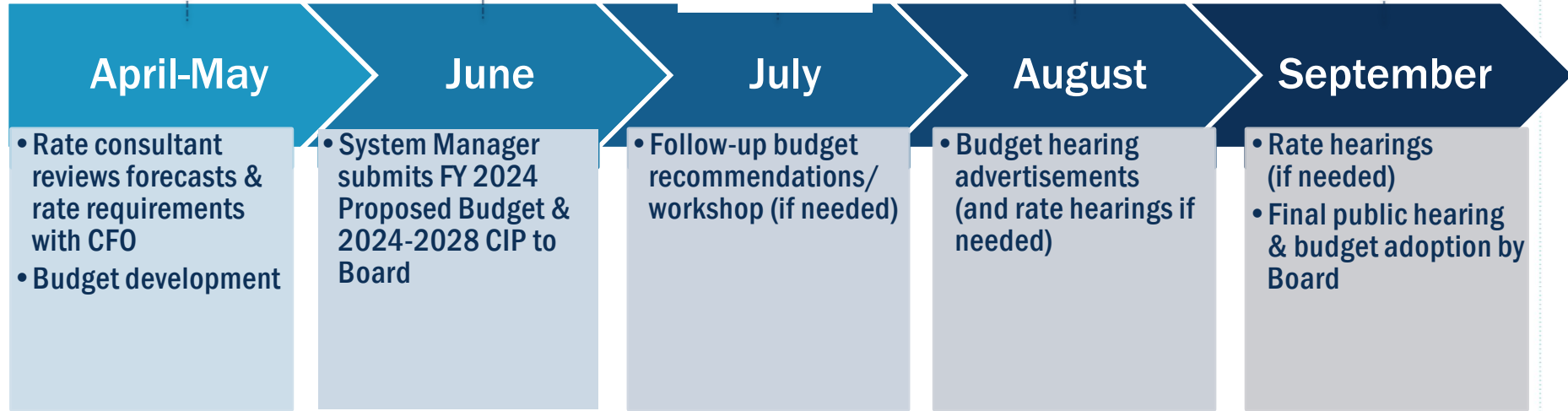
WWW.FGUA.COM

Next Steps

Next Steps in 2023



2023





WWW.FGUA.COM

FURTHER PLANNING DISCUSSION WITH DOUG THOMAS