

EXECUTIVE SUMMARY

Recommendation to (1) accept the Technical Engineering Feasibility Report prepared by Stantec and the Financial Feasibility Report prepared by the Public Resources Management Group (PRMG) as they relate to the acquisition of the Golden Gate Utility from the Florida Governmental Utility Authority (FGUA); (2) authorize the County Manager or his designee to initiate the acquisition of the FGUA Golden Gate Utility pursuant to the interlocal agreement, and (3) authorize the Chair to execute a Resolution confirming the District's intent to acquire the Golden Gate Utility.

OBJECTIVE: To provide the Board of County Commissioners with the feasibility assessments and recommendation toward the acquisition of the Golden Gate Utility (GGU) pursuant to the Interlocal Agreement to provide water and wastewater services under the operation of the Collier County Water-Sewer District (the District).

CONSIDERATIONS: On March 14, 2017, Agenda item 10A, staff was directed to move forward with feasibility assessments as it pertains to acquisition of all the assets of the Golden Gate Utility in accordance with the Interlocal Agreement between FGUA and the District dated March 1, 1999. The existing utility currently serves approximately 3,700 water customers and 2,300 wastewater customers in Golden Gate City.

In response to the March agenda item, staff engaged Stantec, under Collier County Contract 13-6164-PU, to evaluate the technical feasibility associated with Collier County acquiring the FGUA assets. The Technical Feasibility Report is attached as Exhibit 1.

Pursuant to Agreement #14-6353 for Financial Consulting Services, staff engaged PRMG with a financial feasibility analysis. The Financial Feasibility Report is attached as Exhibit 2.

Staff conducted an infrastructure security assessment review of the FGUA facilities on May 10, 2017 as part of the Homeland Security requirements. The assessment included, but was not limited to, Facility Function and Purpose, Security Force, Security Management, Security Activity Background and Physical Security. The Critical Infrastructure Survey Security Report is attached as Exhibit 3.

The Integrated Water Management Strategy was presented at the Board workshop on November 3, 2015. The Department Heads from the Public Utilities Department and the Growth Management Department presented their joint Vision, Mission and Guiding Principles to the Board regarding long term water resource management strategies. The Board formally adopted the guiding principles on December 8, 2015, Agenda Item 16C4, one of which included expansion of the CCWSD service area.

The Integrated Water Management Strategy is attached as Exhibit 4. The Special Act is attached as Exhibit 5 and the Interlocal Agreement is attached as Exhibit 6.

The Collier County regional plants are positioned to serve the growing customer base district wide consistent with the Board approved Integrated Sustainable Water Resources Strategy (ISWRS) aligned with CCWSD Special Act in all the quadrants of Golden Gate.

1. Public Health of approximately 10,000++ customers will need to be addressed by providing safe drinking water, not wells surrounded by septic systems in close-dense proximity (currently only

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approximately one quadrant of the four in the FGUA service area has access to a treated potable water supply).

2. Public Safety for approximately 24,000 residents (2010 Census) by providing Fire Hydrants throughout the City of Golden Gate.
3. Environmental Health to be addressed after Public Health and Safety tasks are complete, starting with providing Wastewater service to lots next to the Golden Gate Canal during the next 10-20 years.

Upon review of the consultants' feasibility reports, it is staff's recommendation to proceed with the integration. A Resolution of the Board is attached as Exhibit 7.

FISCAL IMPACT: If the Board agrees with staff's recommendation to proceed with integration of the GGU into the District, the primary fiscal impacts include the following:

- Estimated incremental annual revenues of \$7.8 million at current FGUA user rates for the current user base would be reduced by approximately \$2.1 million at the current District rates.
- The utility bill for a GGU customer with consumption of 5 thousand gallons monthly would see a decrease in their bill of \$39.27, or 30.2 percent under current District rates.
- Operating expenses are currently estimated to remain essentially the same, as some current management fees would be eliminated, offset by additional PILT payments on incremental revenues.
- Upon assumption of the existing GGU debt, the District would have additional debt service of \$2.8 million on existing FGUA bonds and SRF loans of \$38.6 million. Impact to measures used by bond rating agencies are as follows:
 - Debt per customer for the District is currently \$1333, while that for the GGU is \$6,500. Consolidated District debt per customer would increase to \$1,569
 - The District's All-In Debt Coverage ratio would decrease from 259 percent to 237 percent after integration, still above Fitch's minimum of 150 percent; however, the financial consultant's opinion is there would be no unfavorable impact to the existing bond ratings.

LEGAL CONSIDERATION: This item has been reviewed by the County Attorney, is approved as to form and legality, and requires majority vote for approval (**to be completed by JAK**).

GROWTH MANAGEMENT IMPACT: Acquisition of the FGUA utility for Golden Gate would meet current Growth Management Plan standards to ensure adequacy of viable public utilities.

RECOMMENDATION: That the Board of County Commissioners, Ex-officio the Governing Board of the Collier County Water-Sewer District, (1) Accept the Technical and Financial Feasibility Interim Reports by Consultants; (2) Authorize County Manager or his designee to initiate the acquisition of the Golden Gate Utility pursuant to the interlocal agreement; (3) authorize the Chair to execute a Resolution, to be sent to the FGUA Board, confirming the District's intent to acquire; (4) authorize the County Attorney to retain Special Legal Counsel as needed, and; (5) authorize the County Manager or his designee to retain consultants as needed.

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