



FPUA/City Joint Workshop

March 22, 2022
9:00 – 12:00 PM



Meeting Decorum

- FPUA Board is the host of this event. Information only
- Meeting is open to the public and under audio recording
- Please speak into microphone to ensure recording
- Please place cell phone on silent. If you must take a call, please step outside



Agenda

- Time: 9:00 – 1:00
- Schedule
 - Introductions (10 Minutes)
 - Resolution 17-R17 “CRC” Recommendation(s) – FPUA & City to meet annual in a mandatory Joint Session
 - Goals for Today
 - Overview of Capital Plan (60 Minutes)
 - Overview of Rate Study for Self Sufficiency, Refinancing & New Debt (60 Minutes)
 - Overview of Finance Feasibility Report for Refinancing & New Debt (30 Minutes)
 - Upcoming Schedule (5 Minutes)
 - Roundtable (10 minutes)
 - Lunch



Introductions

FPUA Board

- Linda Hudson, Madam Mayor
- Hank Fee, Chairman
- Kristina Gibbons, Madam Vice Chair
- Barbara Bennett, Madam Secretary
- Larry Lammers, Deputy Secretary

- Nick Mimms, City Manager
- Rupert Koblegard, Board Attorney

City Commission

- Linda Hudson, Madam Mayor
- Curtis Johnson, District 1
- Arnold Gaines, District 1
- Tom Perona, District 2
- Jeremiah Johnson, District 2



Introductions

FPUA Leadership

- Javier Cisneros, P.E.
 - Director of Utilities
- Bo Hutchinson, P.E.
 - Director of W/WW Systems
- Barbara Mika, CGFO
 - Director of Administrative Services
- Daniel Retherford, P.E.
 - Director of Utility Support Services
- Craig Crawford
 - Acting Director of Electric & Gas Systems

Consultant Team

- Murray Hamilton & Henry Thomas
 - Raftelis - Utility Rate Consultant
- Julie Santamaria
 - RBC Capital Markets - Financial Consultant
- Duane Draper, Vera Gurova & Alicia Ingram
 - Bryant Miller Olive
 - Bond Counsel
 - Disclosure Counsel



Capital Plan - Goals for today

- 1. Initiatives To Help Grow the City of Fort Pierce through system expansion**
 1. Gas
 2. SMART City & Internet Services
 3. Water & Wastewater
- 2. Renewal & Replacement Needs for our growing City**
 1. Aging Infrastructure & Meter Replacement (AMI)
- 3. Plan (update) on the Relocation of the WRF**
- 4. Financial Investment to fulfill these goals**



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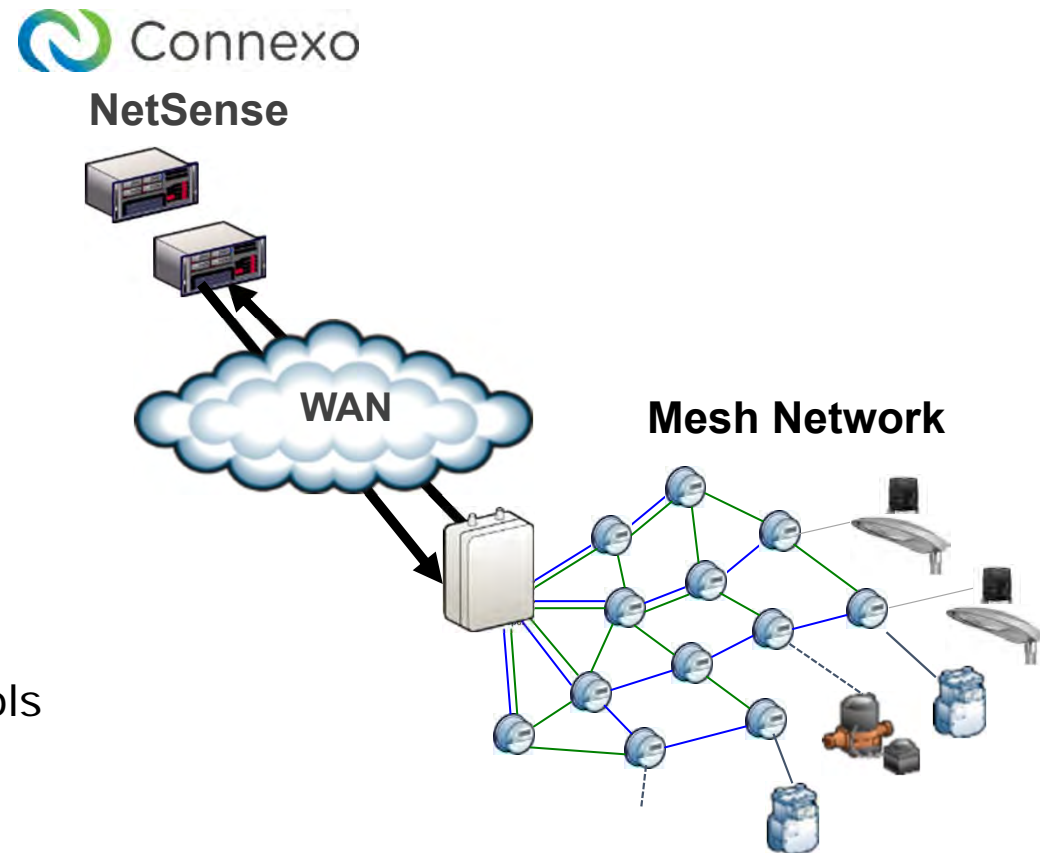
Overview of Capital Plan

- 1. Automated Meter Infrastructure (AMI)**
2. FPUAnet Expansion
3. Gas System Expansion
4. Water & Wastewater Expansion
5. IWRF Relocation
6. Renewal & Replacement During Rate Study

AMI

AMI Smart Grid Solution

- Provides (E, W & G)
 - Revenue metering for billing
 - Interval data
 - Alerts, notifications, alarms
- Supports and enables
 - Grid modernization
 - Outage/restoration notification
 - Voltage conservation
 - Smart City projects - streetlight controls
 - Demand response / load control

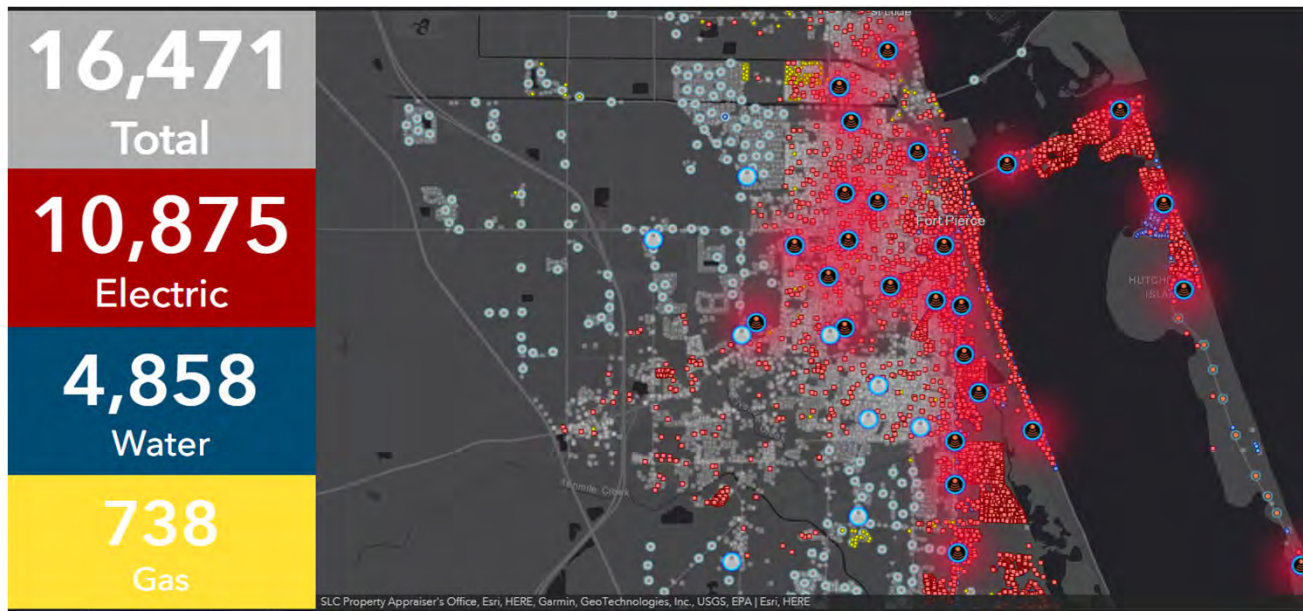




AMI

Currently Approximately 30% Installed

FPUA & Customer Benefits:



Current Status (3/21)

- Utility Efficiency
 - Losses Control
 - Outage Detection
 - Site Inspections
 - Remote Disconnect/Reconnect
- Customer Benefits
 - Site Inspections
 - Customer Portal
 - Monitor & Control Usage
 - Trend Analysis
 - Outage Notification

Currently Challenged With Market Material & Labor Availability



AMI

Spent Thru FY 21: \$3,754,146

Remaining Project Funding Will Be From New Debt & Rates

Gas Budget

FY 22	\$ 236,000
FY 23	\$ 136,000

Electric and Water

FY 22	\$2,250,400
FY 23	\$1,800,400
FY 24	\$1,600,400

Total \$6,023,200



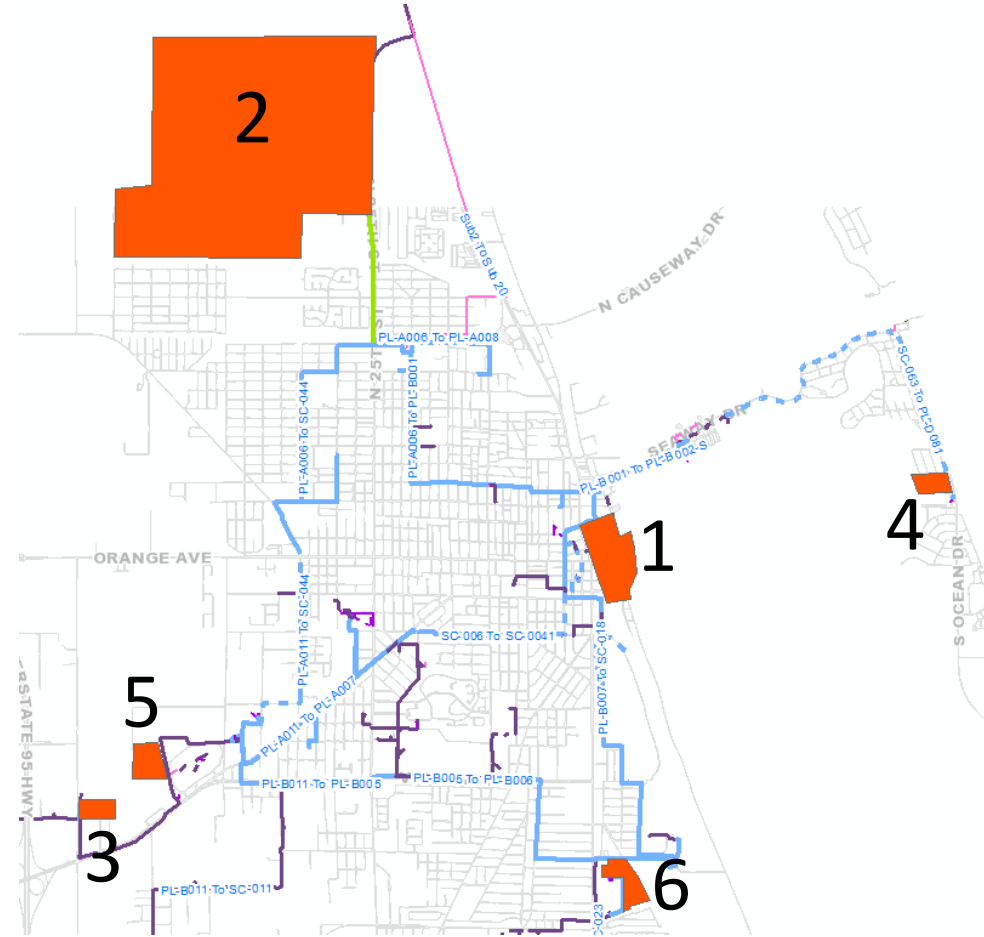
Overview of Capital Plan

1. AMI
- 2. FPUAnet Expansion**
3. Gas System Expansion
4. Water & Wastewater Expansion
5. IWRF Relocation



FPUANet - Capital Plan Overview

Project	FY22	FY23	FY24	FY25	Total
Infrastructure Upgrade	\$225 K	\$425 K	\$175 K	\$175 K	\$1 M
1. Downtown	\$85 K	\$110 K			\$195 K
2. Airport		\$610 K	\$90 K		\$700 K
3. Treasure Cay	\$25 K	\$50 K	\$75 K		\$150 K
4. Mariner Bay		\$25 K	\$150 K	\$35 K	\$210 K
5. Sable Chase			\$120 K	\$90 K	\$210 K
6. Sands of St Lucie				\$185 K	\$185 K
Total	\$335 K	\$1.22 M	\$610 K	\$485 K	\$2.65 M

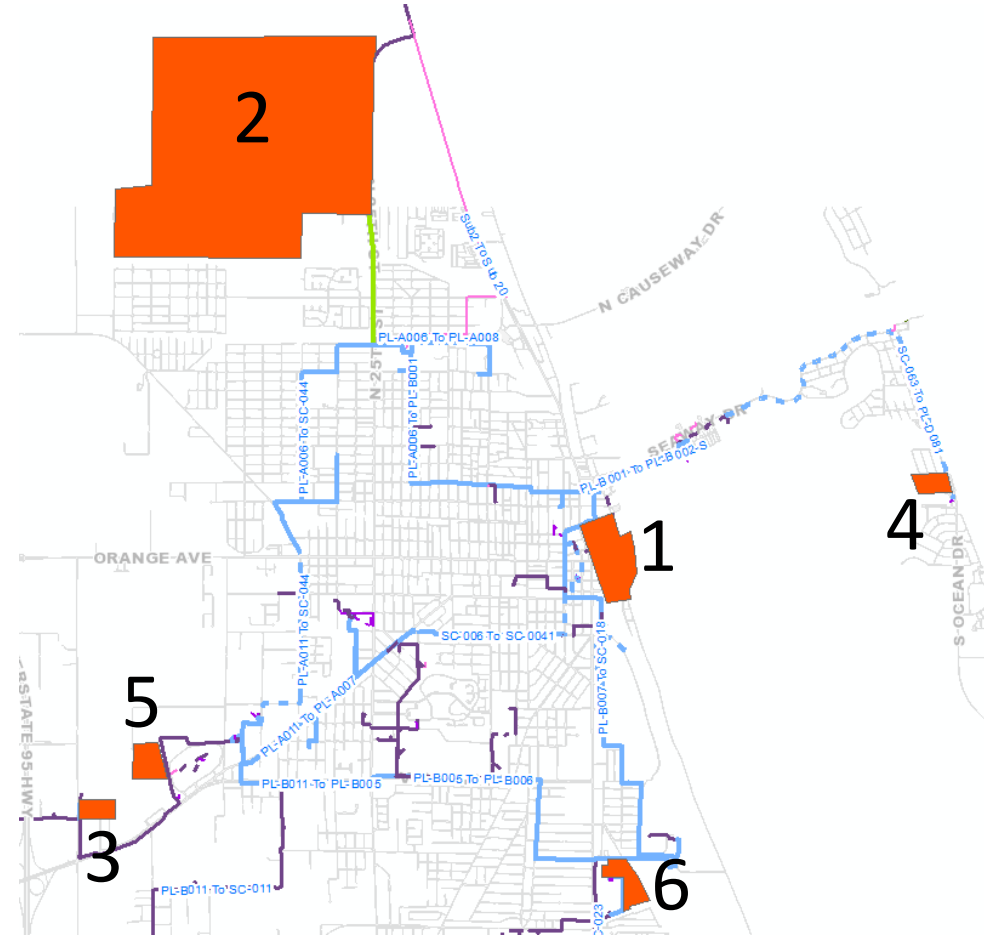




FPUANet – Revenue Projection

Project	Possible	Ave Annual		FY23-FY27
		Subscribers	Revenue	Total Revenue
1. Downtown	280	98	\$280 K	\$1.25 M
2. Airport	361	127	\$300K	\$1.2 M
3. Treasure Cay	277	96	\$48 K	\$195 K
4. Mariner Bay	145	50	\$40 K	\$179 K
5. Sable Chase	368	128	\$65 K	\$183 K
6. Sands of St Lucie	348	121	\$61 K	\$122 K
Total	1779	620	\$794 K	\$3.13 M

35% Take Rate
ROR On Capital – 5 Yrs



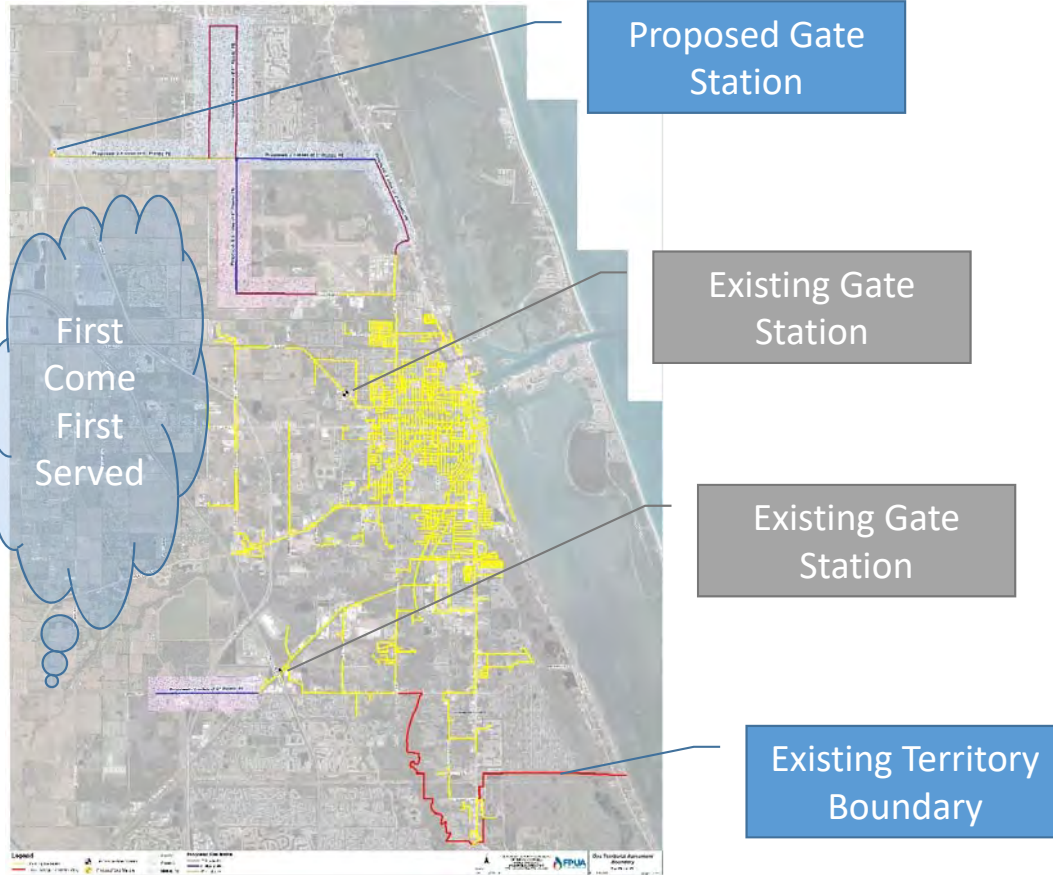


Overview of Capital Plan

1. AMI
2. FPUAnet Expansion
- 3. Gas System Expansion**
4. Water & Wastewater Expansion
5. IWRF Relocation



Gas Expansion – Capital Plan Overview



Proposed Gate Station
At I-95 & Indrio Road



Gas Growth Opportunities

• Growth opportunities		Take Rate
• Indrio Development:	3475 Residential	3000
• Lakewood Park:	5000 Residential	1700
• Indrio Road:	Publix & commercial customers	10
• <u>Proposed Customer Count:</u>		<u>4710</u>
• Existing Customer Count:		4361
• New Total Customers (over 10 years):		9071



Gas Expansion Cost

Project Funding Will Be From New debt

Budget

FY 22-23 \$3,974,719 - New Gate Station & Piping

FY 23-24 \$1,616,480 - System Piping

FY 25 \$1,733,500 – System Piping

Total Expansion Cost \$7,224,699



Overview of Capital Plan

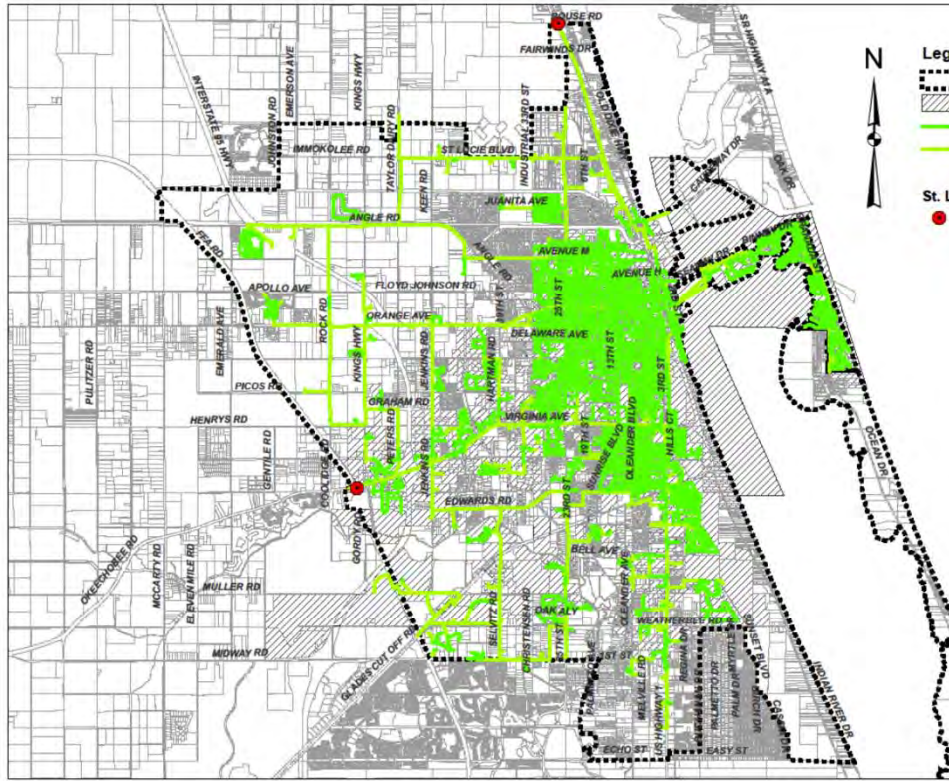
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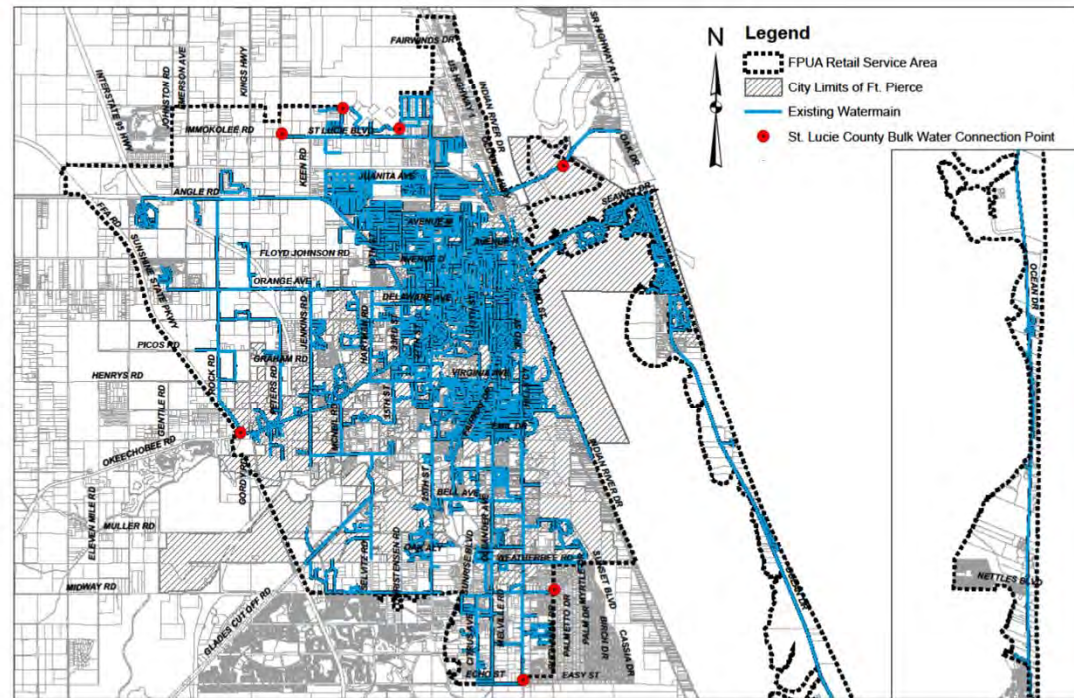
Water & Wastewater System Expansion



Service Territory



- Legend**
- FPUA Retail Service Area
 - City Limits of Ft. Pierce
 - Existing Gravity Main
 - Existing Force Main
 - <all other values>
- St. L**
-



- Legend**
- FPUA Retail Service Area
 - City Limits of Ft. Pierce
 - Existing Watermain
 - St. Lucie County Bulk Water Connection Point



Pilot Project

- Project Completion 10/21
- 27 New Water Customers 30%
- 7 New Sewer Customers 8%

FPUA WATER & WASTEWATER AVAILABLE NOW!

CALL FPUA DEVELOPMENT TODAY
772-466-1600 EXT 3012 & ASK HOW YOU CAN CONNECT & SAVE!!

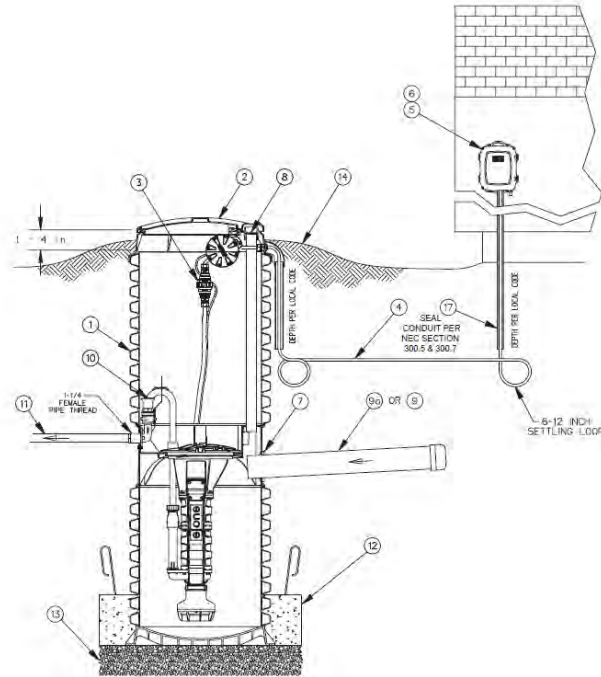




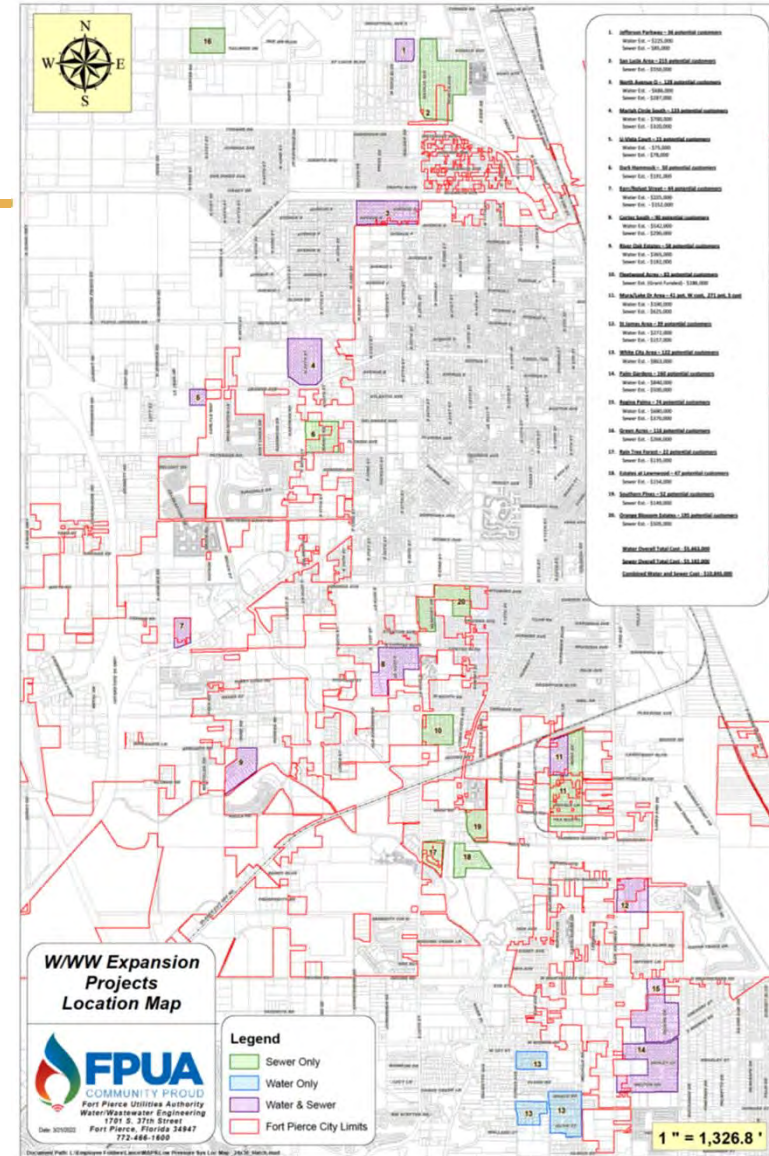
Expansion Locations

Selection Matrix (Weighted Scores)

- **Cost per Connection**
 - Population Density
 - Multifamily
- **Constructability**
 - Paved Roads
 - Underground Electric
 - Extensive Drainage
- **Proximity to W&WW**
 - Required Extension
- **Public Interest**
 - Tracking Interest
- **Proximity to City Limits**
 - Annexation



1950 New Customers





Notable Projects



Notable Projects

- **North Causeway Bridge Replacement \$1M+**
- **Kings Highway Widening \$600K**
- **Ave. B, 8th to 13th \$550K**
- **Edwards Road Reconstruction \$400K**
- **Water Emergency Repairs \$575K**
- **Wastewater Emergency Repairs \$400K +**





Overview of Capital Plan

1. AMI
2. FPUAnet Expansion
3. Gas System Expansion
4. Water & Wastewater Expansion
- 5. IWRf Relocation**



IWRF Relocation Update



Economic & Environmental Benefits

- **Reutilization of Valuable Public Resource**
 - Similar to Harbor Isles – Conservative Use
 - Net Cost-Benefit 4:1 or \$556M
 - Direct & Indirect Jobs – 593
 - Economic Development Grants
- **Positive Environmental Impacts**
 - Sea Level Rise
 - Intensifying Hurricanes
 - Proactive – FDEP
 - Eliminate The Possibility Of Spills
- **IWRF**
 - Senate Bill 712: Clean Waterways Act
 - \$16 - \$20 Million Upgrade To Remain



Progressive Design Build Contract Executed – 9/7

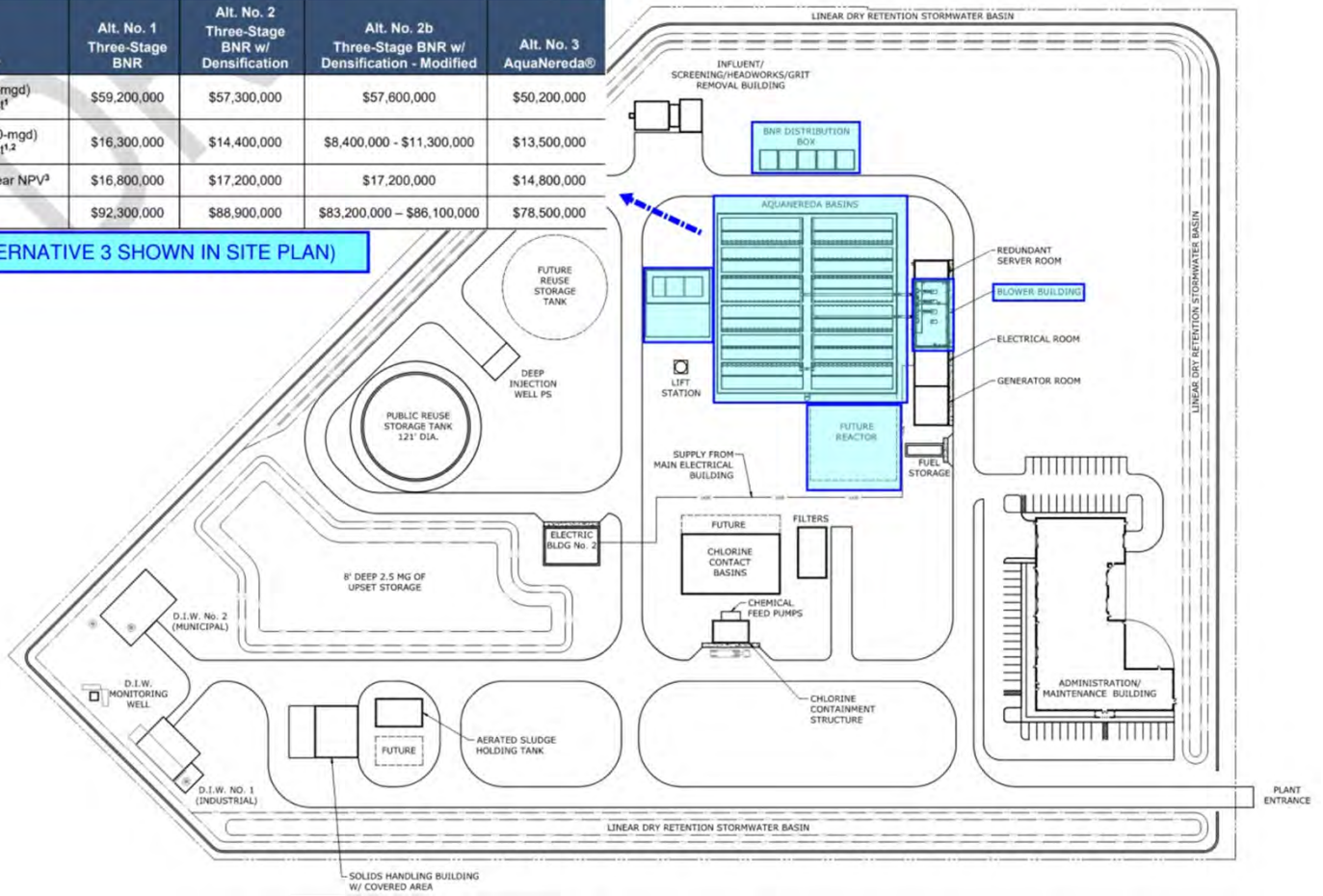
- Kickoff Meeting 10/14
- Met with Saint Lucie County Staff 10/20
- Workshop: Effluent & Deep Injection Wells 10/27
- Workshop: Funding 11/3
- Wastewater Sampling @ IWRP 11/10
- Leachate & Blowdown Water Sampling 11/15
- Workshop: Preliminary Secondary Process 11/17
- Workshop: Sludge Handling 12/8
- Workshop: Preliminary SCADA 12/17
- Workshop: Bond Covenants 12/22
- Internal Meeting: Debt Restructuring 1/6
- Workshop: Operations & Maint Buildings 1/13
- Internal Meeting: Review Prelim Rate Analysis 1/14
- Workshop: Grants & Loans 1/28
- Site Visit: Aqua Nerada – Alabama 2/4
- Site Visit: Densification – Georgia 2/8
- Site Visit: Grit Removal & Eq Pond-Tally 2/15
- Workshop: Effluent Treatment 2/18
- Workshop: SCADA Vendor Presentation 2/25
- Workshop: Capacity & Peaking Factors 3/4
- Workshop: Site Planning 3/8
- Workshop: Grant Opportunities 3/9
- VancoreJones: Review Poll Results 3/10
- Internal Meeting: Rate Analysis 3/11
- Workshop: Secondary Process Selection 3/16

Process Selection

SECONDARY TREATMENT COSTS ONLY (SHADED FACILITIES)

Parameter	Alt. No. 1 Three-Stage BNR	Alt. No. 2 Three-Stage BNR w/ Densification	Alt. No. 2b Three-Stage BNR w/ Densification - Modified	Alt. No. 3 AquaNereda®
Phase 1 (8-mgd) Capital Cost ¹	\$59,200,000	\$57,300,000	\$57,600,000	\$50,200,000
Phase 2 (10-mgd) Capital Cost ^{1,2}	\$16,300,000	\$14,400,000	\$8,400,000 - \$11,300,000	\$13,500,000
O&M, 20-year NPV ³	\$16,800,000	\$17,200,000	\$17,200,000	\$14,800,000
Life Cycle	\$92,300,000	\$88,900,000	\$83,200,000 - \$86,100,000	\$78,500,000

(ALTERNATIVE 3 SHOWN IN SITE PLAN)



Land Preparations

- Exotic Removal
- Survey
- Soil Boring



- **Resilient Florida Grant Program**
 - Up to \$500M from \$100M
 - Closes on September 30th
 - Recommendations to Legislators by December
 - City of Fort Pierce must be the Applicant

- **Appropriation Requests by Local Legislators**
 - Senator Harrell
 - Representative Trabulsy
 - Representative Overdorf
 - Requests Due by October
 - Submitted to Legislators First Day of Session, January 10th

- **South Florida Water Management District**
 - Water Quality Grant
 - Elimination of Floridian Aquifer Withdrawal

Other Work on Parallel Path

- **Conveyance System – Get Wastewater to MWRf**
 - Negotiating w/ Prequalified PDB Contractor for 30% Design
- **Marketing – Public Outreach & Education – (Rachel Tennant Lead)**
 - VancoreJones Communications Inc.
 - Redtail Design Group - Series of Commercials for Social Media
- **Wastewater Collections Department Facility**
 - Facility Assessment
 - Location
 - Site Planning, Facility Design
- **MWRf Land Preparation**
 - Exotic Removal - Underway
 - DIW Testing & Pond Construction
- **Approve Rate Sufficiency**



IWRF Relocation Customer Approval Poll

- **Methodology background:**
 - Sample of 300 Fort Pierce active utility customers
 - Fielded 2/21– 2/23
 - Balanced by gender, age, and region
 - Margin of error of +/- 6.0%

Respondent Demographics

46% **54%**



- 20%** Northeast
- 20%** Northwest
- 20%** Southeast
- 20%** Southwest
- 20%** Island

41% **59%**

Under 50 years
50 years and up

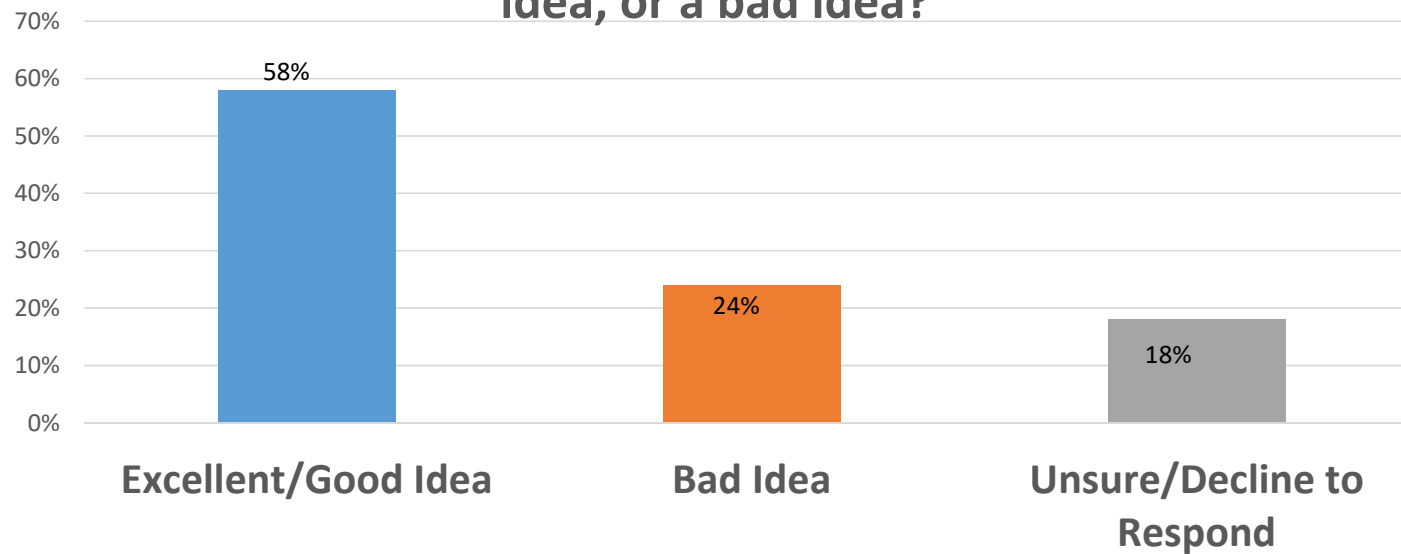
- 17%** Less than \$20,000
- 28%** \$20,000-\$50,000 (M is \$35,198)
- 25%** \$50,000-\$100,000
- 21%** More than \$100,000
- 9%** Unsure/declined to respond

Right Direction/Wrong Track

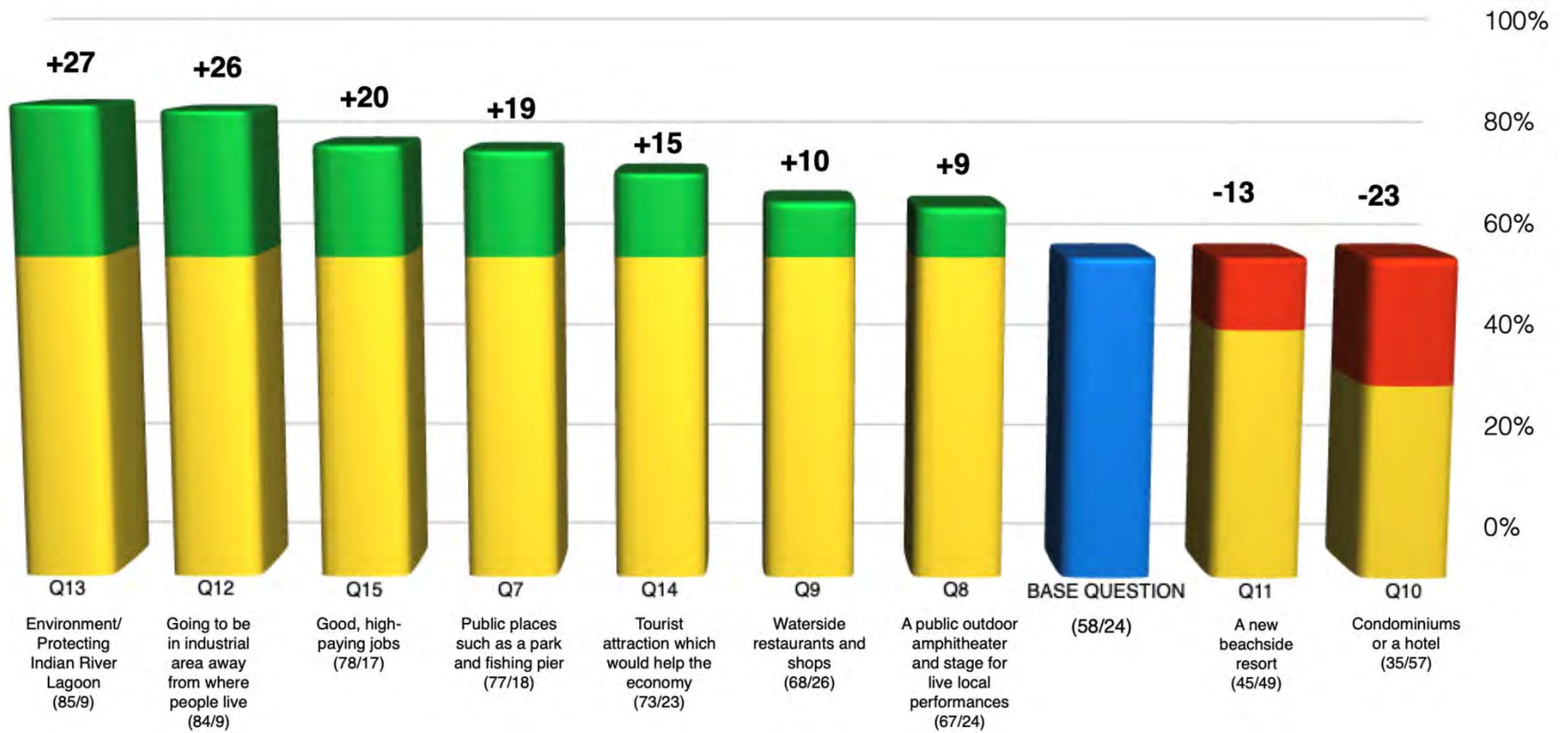
- **Very happy with current state of things**
 - 60% think Fort Pierce going in the right direction
 - 78% happy with Fort Pierce
 - 67% happy with FPUA
- **Willing to invest in moving the wastewater plant**

Base Question

Generally speaking, do you thinking moving the sewer treatment plant is an excellent idea, a good idea, or a bad idea?



Elevators and Anchors



Willingness to Invest

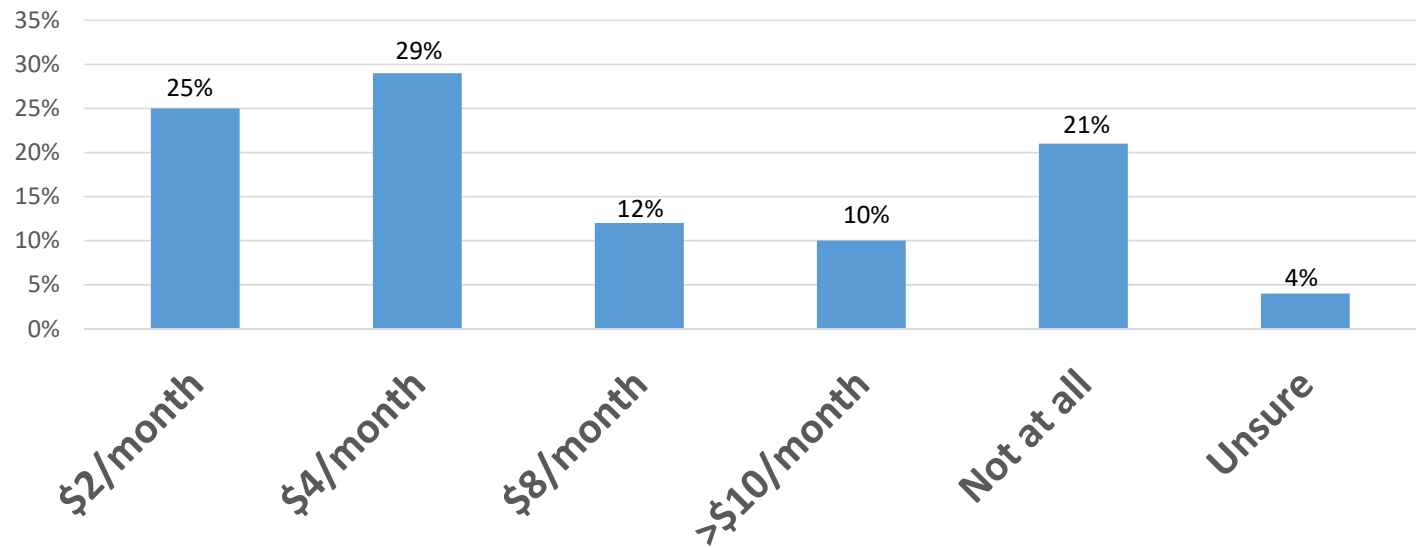
76%

Willing
to invest at
varying price
points

21%

Unwilling
to invest

Which of the following would be an acceptable increase to your monthly utility bill?



Main Takeaways

- **On moving the plant: begins with majority support**
- **Support grows when they know:**
 - It will be located far from residents.
 - It will protect the Indian River Lagoon.
 - It will bring good, high-paying jobs.
 - It will create public spaces, parks, restaurants/shops.



Intermission

8.95 Minutes



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FPUA

Revenue Sufficiency Analysis

In support of the Proposed Series 2022 Revenue Refunding and Revenue Bonds

Presented on March 22, 2022



Study Objectives / Tasks

- Update the Financial Forecast from FY 2022 - 2027
 - › Component of FPUA's long-range financial plan
 - › Evaluate revenue sufficiency by utility systems
 - › Fund operating and capital-related costs on a system-wide basis
 - › Phase in rate adjustments to the extent possible

- Analyze existing operations
 - › Customers, sales and revenues
 - › Net Revenue Requirements (as defined in Bond Resolution)
 - Operating Expenses
 - Capital Improvement Requirements & Funding
 - Payments on Existing and Proposed Debt
 - Distribution to the City
 - › Adequacy of existing rates

Discussion Topics

Historical and Projected Customer Growth

Strategic System Expansion Projects

Projected Revenues Under Existing Rates

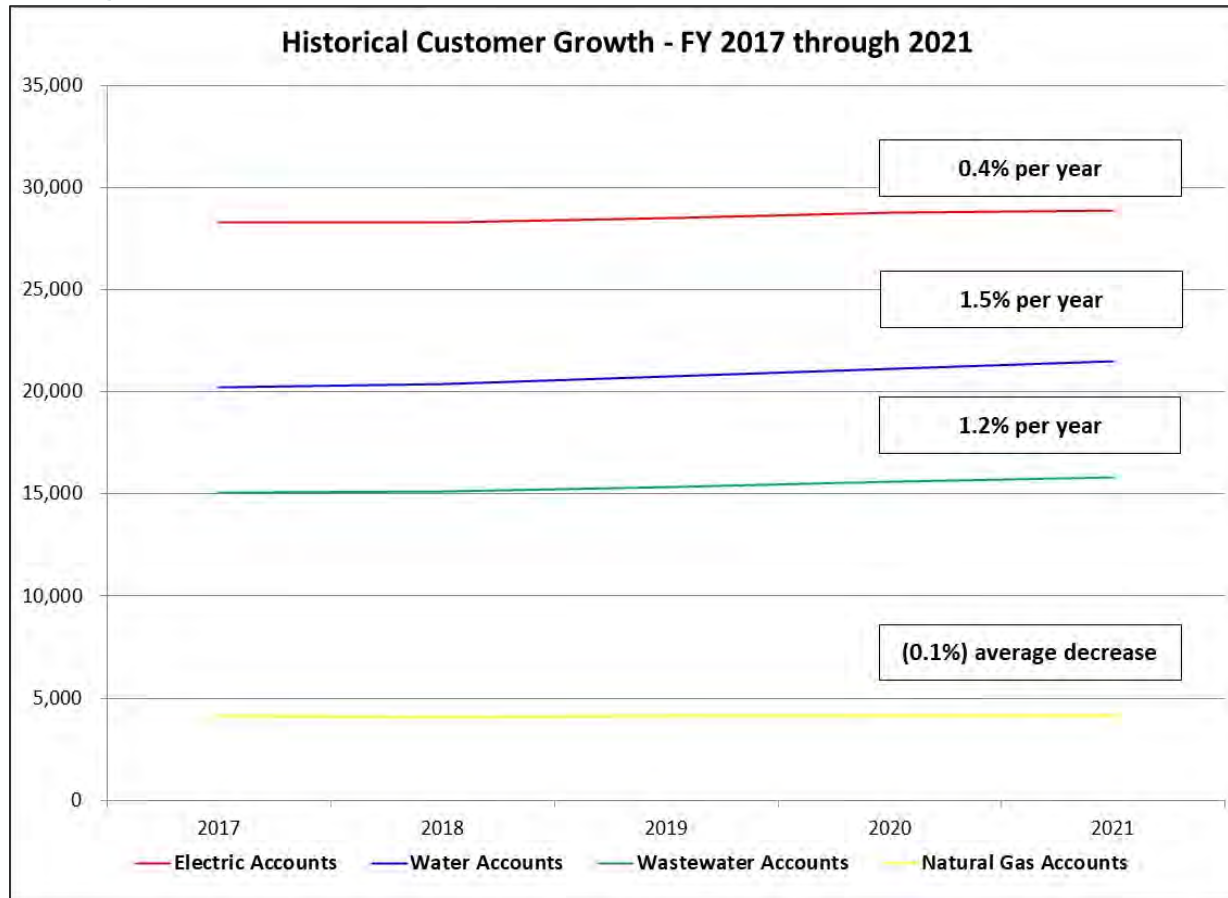
Major Study Assumptions / Projected Expenditures

Adequacy of Existing Monthly Service Rates

Evaluation of Scenario Results



Recent System Growth



Projected Customer Growth Assumptions

- Based on discussions with FPUA staff, historical customer growth rates within the electric, water, and wastewater service areas are assumed to continue over the study period
 - › In addition, the natural gas system expects a 7% increase in large user sales for increased service to Citrus Extracts
- Over the past several years, FPUA's management team has been developing a comprehensive plan to expand utility services to add new customers to the system
 - › During FY 2021, FPUA engaged its financial advisor, bond counsel, and other professional consultants to explore options to fund the proposed expansion program, in addition to financing investments in advanced metering infrastructure (AMI)

Financing Strategy for System Expansion Projects and AMI

- FPUA's outstanding Series 2009 Bonds in the amount of approximately \$28 million are proposed to be refinanced over the remaining (existing) term of the bonds, but at a lower interest rate that is estimated to provide a net cash flow savings of approximately \$8.1 million (a present value of \$7.4 million) through FY 2029
- By refinancing the Series 2009 Bonds, FPUA can use the cash flow savings to borrow an additional \$28.8 million to fund approximately \$26.9 million in AMI and system expansion projects and to reimburse the system in the amount of \$1.9 million for approved project expenditures through September 30, 2021
- When considering the recommended financing strategy for these proposed projects (the "Base Case"), FPUA's existing principal and interest payments would not increase above the current annual amount due

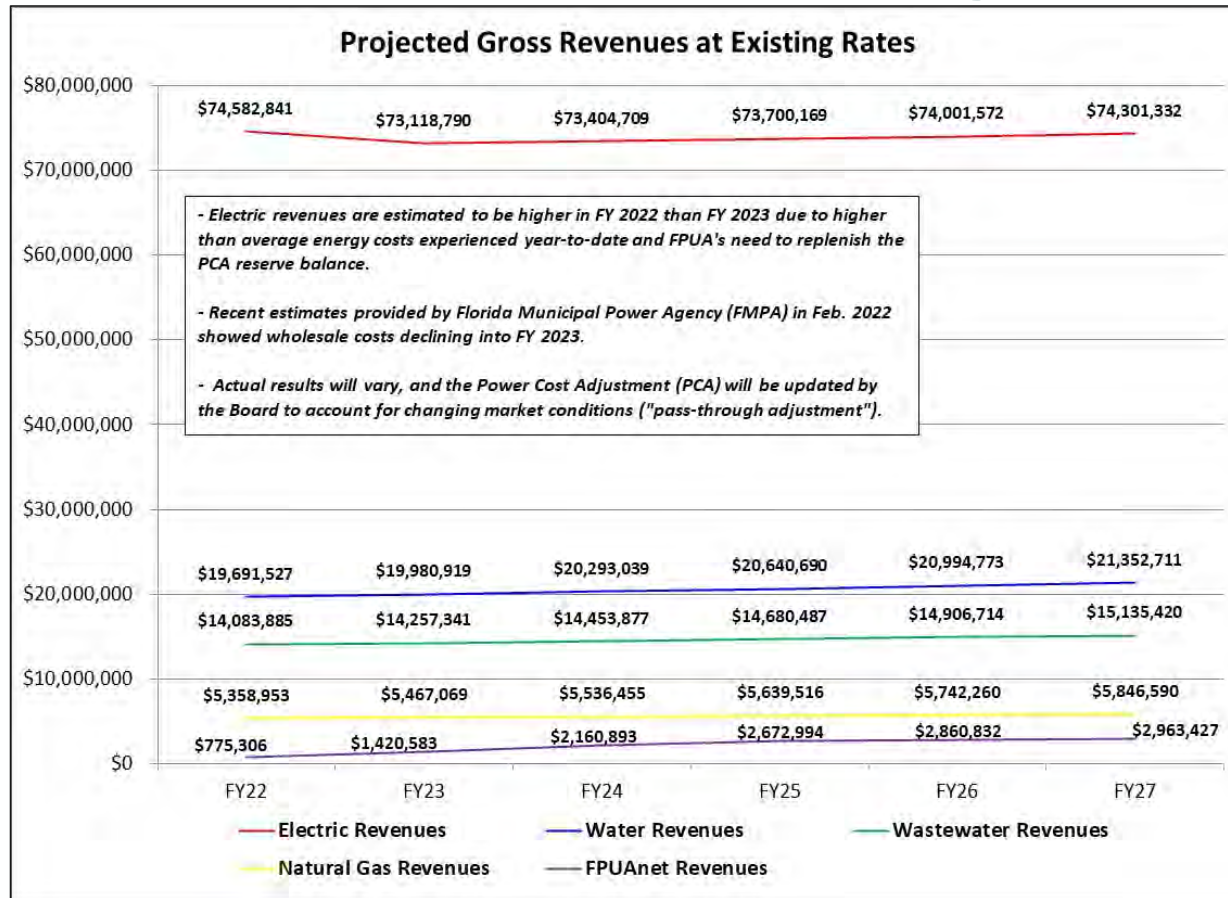
System Expansion Projects

- Water and Wastewater Systems
 - › Planned investments of \$10.8 million in approximately 20 neighborhoods providing up to 1,000 new water and 1,800 new wastewater connections over ten and twenty years
 - Based on historical connection rates, approximately 350 additional water and wastewater customers are assumed to connect to the system through FY 2027
- Natural Gas System
 - › Planned investments of \$7.2 million in the Lakewood Park service area where approximately 5,000 residential homes already exist and 3,500 new properties are planned
 - There are also opportunities to connect existing and future small commercial accounts
 - › FPUA staff have estimated that approximately 1,700 of the existing and 3,000 of the future residential properties may connect to the gas system over ten years
 - Based on the planned construction schedules, we have assumed that 1,900 new retail accounts will connect through FY 2027
 - › This plan also includes the addition of one (1) Distribution Mechanic in FY 2023 at an annual average cost of approximately \$75,000 per year

System Expansion Projects (cont.)

- FPUAnet Communications System
 - › Planned investments of \$2.8 million to expand its service offerings to retail residential and commercial customers reaching approximately 1,100 new customers over ten years
 - Based on FPUA’s anticipated connection rate for the project, 80% of the new customers are assumed to connect through FY 2027, or approximately 900 accounts
 - › This project also assumes the addition of eleven (11) new employee positions through FY 2025 in order to meet the service requirements of the expanded system
 - When compared to FPUAnet’s existing operating budget, this expansion project adds approximately \$650,000 in labor and benefit costs by FY 2025 as new employee positions are assumed to be added
 - › If the expansion project is successful, the projected revenues under the existing fees should be adequate to cover all costs and expenses of the project, including long-term financing costs

Projected Revenues at Existing Rates



Summary of Major Study Assumptions

Projected Expenditures

Projected Operating Expenses

- Amounts initially based on the adopted FY 2022 budget
 - › 56% of the annual expenses are specifically related to purchased power and gas costs that are managed through periodic adjustments to the Power Cost Adjustment (PCA) and Purchased Gas Adjustment (PGA)
- The remaining expenses (44%) were increased beyond FY 2022 based on estimated inflationary adjustments as follows:
 - › Labor: 3% per year
 - › Employee Insurance: 5% per year
 - › Property & Liability Insurance: 5% per year
 - › Repairs and Maintenance: 3% per year
 - › Consumer Price Index (CPI): 2.5% per year
 - › Variable Expenses: Combined system growth and CPI
- When considering FPUA's expenses, the projected annual average increase is estimated at 3.2% per year through FY 2027

Projected Capital Needs: Base Case

- Total capital needs FY 2022 - 2027: \$124.5 million
 - › \$26.4 million funded from developer contributions, capital improvement charges, and grants
 - › \$26.9 million funded through the proposed Series 2022 Bonds for the AMI and system expansion projects
 - › \$71.2 million of the plan funded from monthly service rates
 - Annual recurring cost of approximately \$11.9 million per year on average
- Major projects in the adopted plan include:
 - › Advanced Metering Infrastructure (AMI)
 - › System Expansion Projects (W&S, Gas, FPUAnet)
 - › Water and Wastewater Line Replacement
 - › Service Reliability / Storm Hardening
 - › City Roadway Projects
 - › Government and Other Required

Additional Funding for MWRF: Scenario 1

- In addition to the approved capital expenditures under the Base Case, FPUA has evaluated the feasibility of moving the Island Water Reclamation Facility (IWRF) to the mainland site at the Treasure Coast Energy Center (MWRF)
 - › An approved engineering study is approaching a 30% design level
 - › Planning is ongoing to determine the proposed treatment capacity of the MWRF and to identify capital improvements necessary to reroute the collection system
 - › The requirements of the project may also be influenced by continued negotiations with St. Lucie County Utilities related to the County's needs
- To meet the projected wastewater service requirements of FPUA's customers, the total cost of the MWRF is estimated to be approximately \$118.0 million

Additional Funding for MWRF: Scenario 1 (cont.)

- Operation of the proposed MWRF is projected to reduce operating expenses initially by \$75,000 per year and avoid major capital repairs and improvements at the IWRF that would be required to keep the existing plant in service
 - › Construction is assumed to begin Jan. 2023 and end Mar. 2025
 - › FPUA estimates new (additional) revenues of \$1.35 million per year resulting from increased leachate disposal and cooling tower revenues from the TCEC
- To fund the estimated \$118.0 million cost, FPUA staff proposes a two-phased approach including:
 - › Phase 1: 85% or \$100.0 million through the proposed Series 2022 Bonds
 - › Phase 2: 15% or \$18.0 million through a future bond issue (Series 2024)
 - Phase 2 will continue to be evaluated over time as the design concludes, and as grant opportunities or additional funding sources may be identified

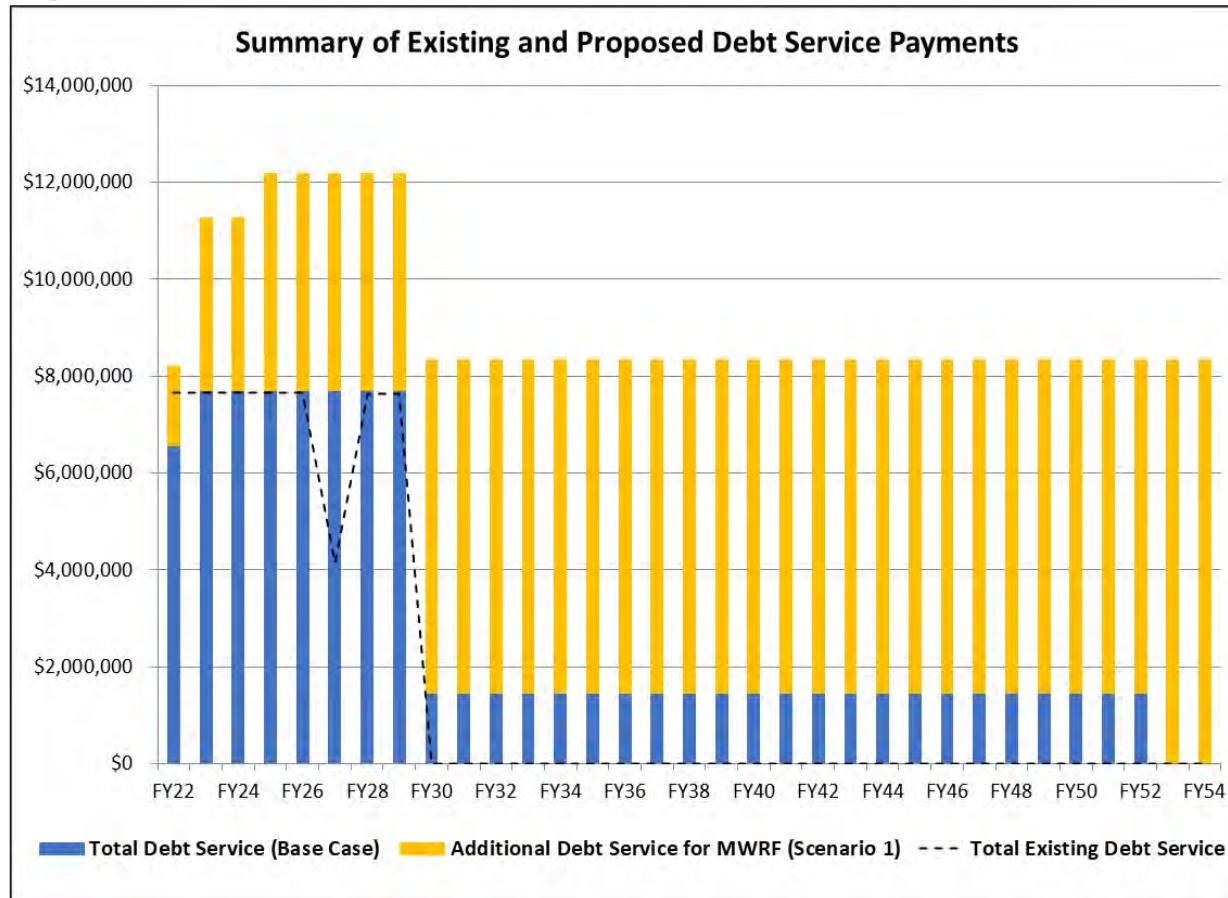
Why Finance MWRP Now?

- Accelerated project schedule
 - › In FY 2021, FPUA appropriated approximately \$2.5 million towards advancing the design of the MWRP project
 - › FPUA staff plan to begin issuing bids for the project later this year with construction beginning Jan. 2023
- Interest rates have increased recently, and current economic conditions suggest they will continue to rise
 - › Borrowing 85% now helps to reduce the interest rate risk for the total project

Why Finance MWRF Now? (cont.)

- Combining this project with the proposed Series 2022 Bonds allows for a lower principal and interest payment for the next seven years
 - › As a separate bond series, the annual average debt service payments associated only with the MWRF could be as much as \$6.4 million per year, but combining the project costs with the Series 2022 Bonds reduces the average amount by \$2.0 million per year for FY 2023 through 2029
 - The initial annual payments associated only with the MWRF are estimated at \$4.4 million per year through 2029, which will then increase to approximately \$6.9 million per year until such bonds retire in FY 2054
 - This approach allows FPUA the opportunity to phase in rate adjustments over time
 - While debt service payments associated with the MWRF would be increasing approximately \$2.5 million per year in FY 2030, the total debt service under the Base Case declines \$6.3 million per year at the same time resulting in a (net) \$3.8 million decrease in future annual payments as shown on the next slide

Existing and Proposed Bonds



Other Study Considerations

- The proposed rates should meet the following criteria:
 - › Fully fund the operating and capital requirements of the system over the study period
 - › Maintain a minimum of 45 days cash on hand as required by FPUA's bond covenants to provide:
 - Adequate working capital to meet the operating needs of the system
 - A contingency to respond to natural disasters or other unforeseen events
 - › Provide net revenues sufficient to maintain a strong debt service coverage margin to help ensure a better credit rating and lower borrowing costs
 - › Avoid unnecessary “rate shock”
 - Rate adjustments should be phased in over time to the extent practicable
- Recognizing that FPUAnet is expanding into new retail services, no adjustments to the currently adopted fees are proposed
- The results of the Base Case and Scenario 1 are examined on the next slides

Base Case without MWRf - Summary of Cost Recovery Strategy

Description	2022	2023	2024	2025	2026	2027
Proposed increases to FPUA "Base Rates"	Mid-year	Actual Index	Projected Index: Congressional Budget Office			
Electric System	5.00%	4.53%	2.40%	2.20%	2.20%	2.10%
Water System	5.00%	4.53%	2.40%	2.20%	2.20%	2.10%
Wastewater System	5.00%	4.53%	2.40%	2.20%	2.20%	2.10%
Natural Gas System	5.00%	4.53%	2.40%	2.20%	2.20%	2.10%
FPUAnet Communications System	N/A	N/A	N/A	N/A	N/A	N/A
Effective Date	Jul. 1, 2022	Oct. 1, 2022	Oct. 1, 2023	Oct. 1, 2024	Oct. 1, 2025	Oct. 1, 2026
Annual Average Increase in Total Revenue	2.6%	2.4%	1.3%	1.2%	1.2%	1.1%
<u>Projected Cash Flow at Proposed Rates</u>						
Combined Annual Surplus / (Deficiency)	(\$5,150,905)	(\$1,470,446)	\$1,232,979	\$3,532,125	\$4,658,976	\$2,379,267
Percent of System Revenues	(4.6%)	(1.3%)	1.0%	2.9%	3.7%	1.8%
Projected Debt Service Coverage - Calculated	321%	333%	351%	368%	382%	394%
Debt Service Coverage - Minimum Required	125%	125%	125%	125%	125%	125%
<u>Projected Cash Balances at Proposed Rates</u>						
Unrestricted Fund Balance	\$15,606,887	\$14,136,441	\$15,369,420	\$18,901,544	\$23,560,521	\$25,939,787
Days of O&M - Calculated	60	54	57	69	84	91
Days of O&M - Minimum	45	45	45	45	45	45
Debt Service Reserve Fund Balance	\$1,977,000	\$1,977,000	\$1,977,000	\$1,977,000	\$1,977,000	\$1,977,000
Emergency Reserve Fund Balance	\$900,000	\$900,000	\$900,000	\$900,000	\$900,000	\$900,000
Renewal and Replacement Fund Balance	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000

Scenario 1 with MWRF \$118.0 million (No Grants) - Summary of Cost Recovery Strategy

<u>Description</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Proposed Increases to FPUA's "Base Rates"	Mid-year	Proposed	Projected Index: Congressional Budget Office			
Electric System	5.00%	4.53%	2.40%	2.20%	2.20%	2.10%
Water System	10.00%	10.00%	2.40%	2.20%	2.20%	2.10%
Wastewater System	10.00%	10.00%	2.40%	2.20%	2.20%	2.10%
Natural Gas System	5.00%	4.53%	2.40%	2.20%	2.20%	2.10%
FPUAnet Communications System	N/A	N/A	N/A	N/A	N/A	N/A
Effective Date	Jul. 1, 2022	Oct. 1, 2022	Oct. 1, 2023	Oct. 1, 2024	Oct. 1, 2025	Oct. 1, 2026
Annual Average Increase in Total Revenue	4.1%	4.2%	1.3%	1.2%	1.2%	1.2%
<u>Projected Cash Flow at Proposed Rates</u>						
Combined Annual Surplus / (Deficiency)	(\$6,392,900)	(\$1,260,573)	\$1,390,605	\$3,630,581	\$5,585,610	\$3,420,318
Percent of System Revenues	(5.7%)	(1.0%)	1.1%	2.9%	4.3%	2.6%
Projected Debt Service Coverage - Calculated	261%	261%	275%	272%	288%	297%
Debt Service Coverage - Minimum Required	125%	125%	125%	125%	125%	125%
<u>Projected Cash Balances at Proposed Rates</u>						
Unrestricted Fund Balance	\$14,364,892	\$13,104,320	\$14,494,925	\$18,125,506	\$23,711,116	\$27,131,434
Days of O&M - Calculated	55	50	54	66	85	96
Days of O&M - Minimum	45	45	45	45	45	45
Debt Service Reserve Fund Balance	\$1,977,000	\$1,977,000	\$1,977,000	\$1,977,000	\$1,977,000	\$1,977,000
Emergency Reserve Fund Balance	\$900,000	\$900,000	\$900,000	\$900,000	\$900,000	\$900,000
Renewal and Replacement Fund Balance	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000

Summary of Electric and Natural Gas Systems - Projected Monthly Residential Bill Comparison

Description	Existing	07/01/2022	10/1/2022	10/1/2023	10/1/2024	10/1/2025	10/1/2026
<u>Electric System</u>							
Total Residential Bill - 1,000 kWh (\$0.0180 PCA)	\$134.84	\$136.70	\$138.47	\$139.46	\$140.38	\$141.33	\$142.25
Amount of Annual Increase per Month	N/A	\$1.86	\$1.77	\$0.99	\$0.92	\$0.94	\$0.92
Percent Increase in the Bill	N/A	1.4%	1.3%	0.7%	0.7%	0.7%	0.7%
<u>Natural Gas System</u>							
Total Residential Bill - 13 CCF (-\$0.02 PGA)	\$33.73	\$35.09	\$36.41	\$37.17	\$37.91	\$38.66	\$39.40
Amount of Annual Increase per Month	N/A	\$1.36	\$1.32	\$0.76	\$0.74	\$0.75	\$0.74
Percent Increase in the Bill	N/A	4.0%	3.8%	2.1%	2.0%	2.0%	1.9%

Detailed Residential Rate Comparisons shown on Slides 29 - 32

Summary of Water and Wastewater Scenarios - Projected Monthly Residential Bill Comparison

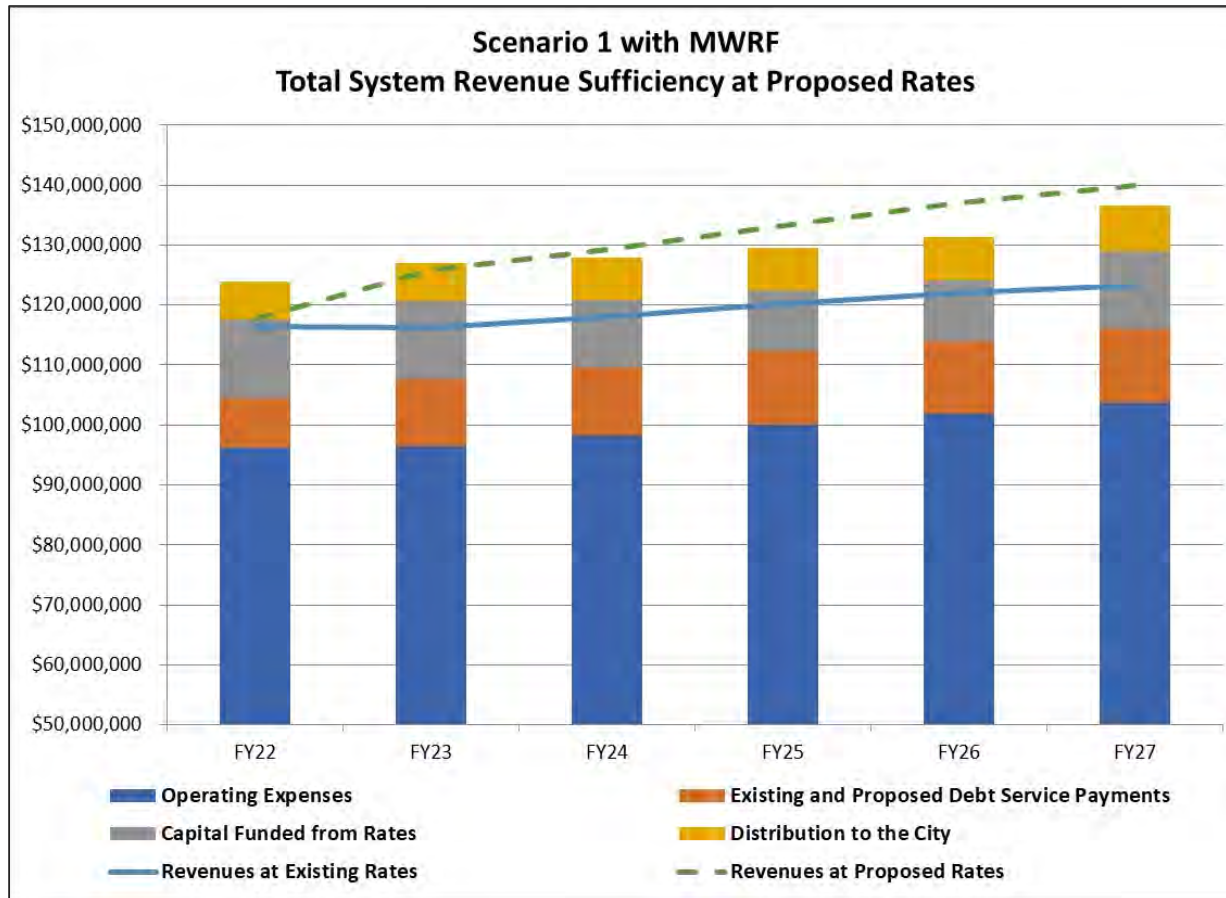
<u>Description</u>	<u>Existing</u>	<u>07/01/2022</u>	<u>10/1/2022</u>	<u>10/1/2023</u>	<u>10/1/2024</u>	<u>10/1/2025</u>	<u>10/1/2026</u>
<u>Water and Wastewater System (Base Case)</u>							
Total Residential Bill - 6,000 Gallons	\$89.38	\$93.82	\$98.07	\$100.40	\$102.61	\$104.90	\$107.11
Amount of Annual Increase per Month	N/A	\$4.44	\$4.25	\$2.33	\$2.21	\$2.29	\$2.21
Percent Increase in the Bill	N/A	5.0%	4.5%	2.4%	2.2%	2.2%	2.1%
<u>Water and Wastewater System (Scenario 1 with MWRF)</u>							
Total Residential Bill - 6,000 Gallons	\$89.38	\$98.33	\$108.20	\$110.79	\$113.26	\$115.75	\$118.22
Amount of Annual Increase per Month	N/A	\$8.95	\$9.87	\$2.59	\$2.47	\$2.49	\$2.47
Percent Increase in the Bill	N/A	10.0%	10.0%	2.4%	2.2%	2.2%	2.1%
<u>Increased Cost of MWRF Under Scenario 1</u>							
Projected Cumulative Increase per Month	N/A	\$4.51	\$10.13	\$10.39	\$10.65	\$10.85	\$11.11
Cumulative Percent Increase in the Bill	N/A	4.8%	10.3%	10.3%	10.4%	10.3%	10.4%

Detailed Residential Rate Comparisons shown on Slides 29 - 32

Why the need for rate increases?

- Maintain high quality and reliable service that safeguards the health and welfare of the community
- Keep up with inflation to maintain and improve the service level standards that benefit FPUA's customers
- Comply with existing and evolving regulations
- Extend high quality services to new customers
- Protect against sea level rise while eliminating discharges into waterways
- Retain adequate cash reserves to address working capital needs
- Comply with the City Charter and the authorizing Bond Resolution

Projected Results Under Proposed Rates



Subsequent Events

- St. Lucie County Utilities provided notice on April 2, 2013 to terminate the existing bulk water and wastewater agreement effective April 3, 2028, which is just beyond our study period
 - › On and after April 3, 2028, the net operating losses (present value) are estimated as follows:
 - Water System: \$2.0 million per year or 11% of projected water revenues
 - Wastewater System: \$0.7 million per year or 5% of projected wastewater revenues
 - › Based on the proposed rates, including the ongoing implementation of FPUA's annual index, net revenues are estimated to remain adequate beyond FY 2028 to meet the minimum debt service coverage obligation and to maintain adequate reserves
 - But these assumptions will need to be updated as negotiations with the County continue

Summary of Observations & Conclusions

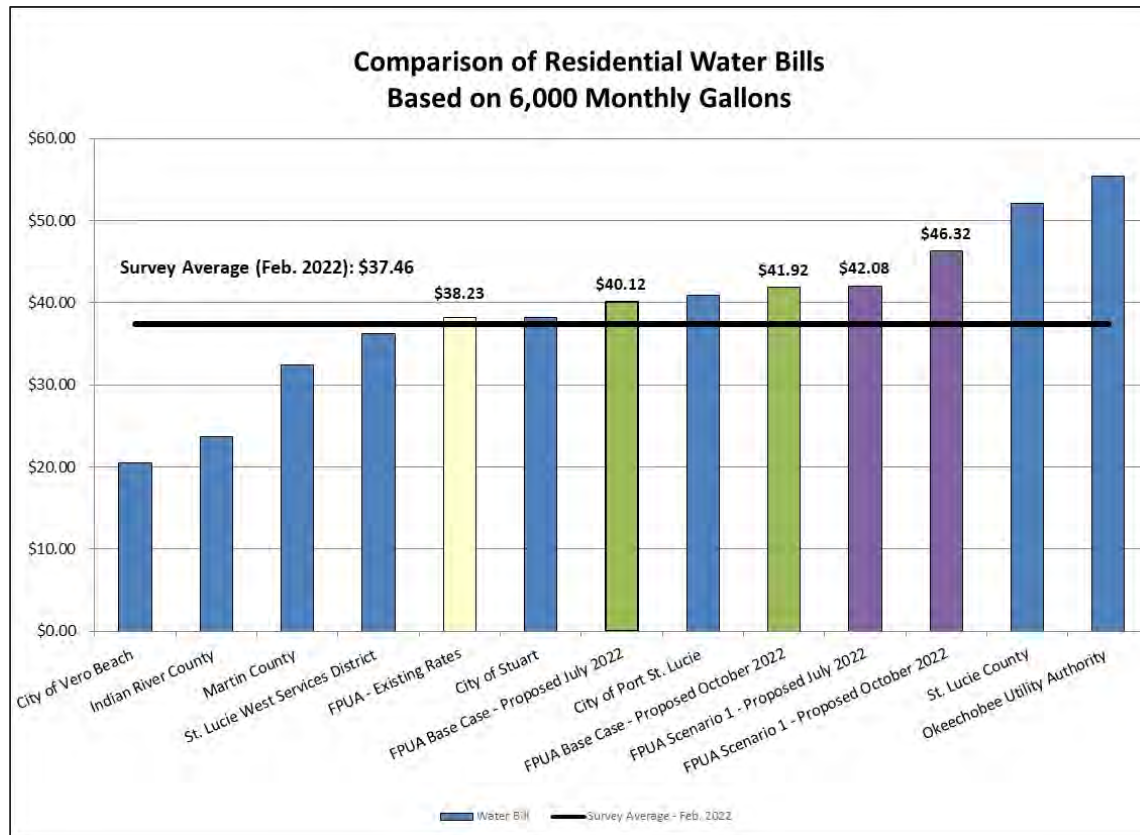
- FPUA’s existing electric, water, wastewater, and natural gas rates are not adequate to meet the projected revenue requirements of the system under existing operating conditions
 - › The adopted FY 2022 Budget of \$115.0 million was based on the accrued expenses for the year
 - After adjusting for the approved cash expenditures, the revenue requirements for FY 2022 total approximately \$120.5 million
 - › To maintain adequate reserve fund balances over the study period, a minimum 5% system-wide “Base Rate” adjustment is proposed on or before July 1, 2022, with continued implementation of the annual index in each year thereafter
 - The published index on and after October 1, 2022 (FY 2023 only) is 4.53%
 - › When considering the estimated costs of the MWRF, the proposed water and wastewater rate adjustments are increased to 10% on or before July 1, 2022, and 10% for FY 2023
 - The water and wastewater rates should then be indexed each year beyond FY 2023

Summary of Observations & Conclusions (cont.)

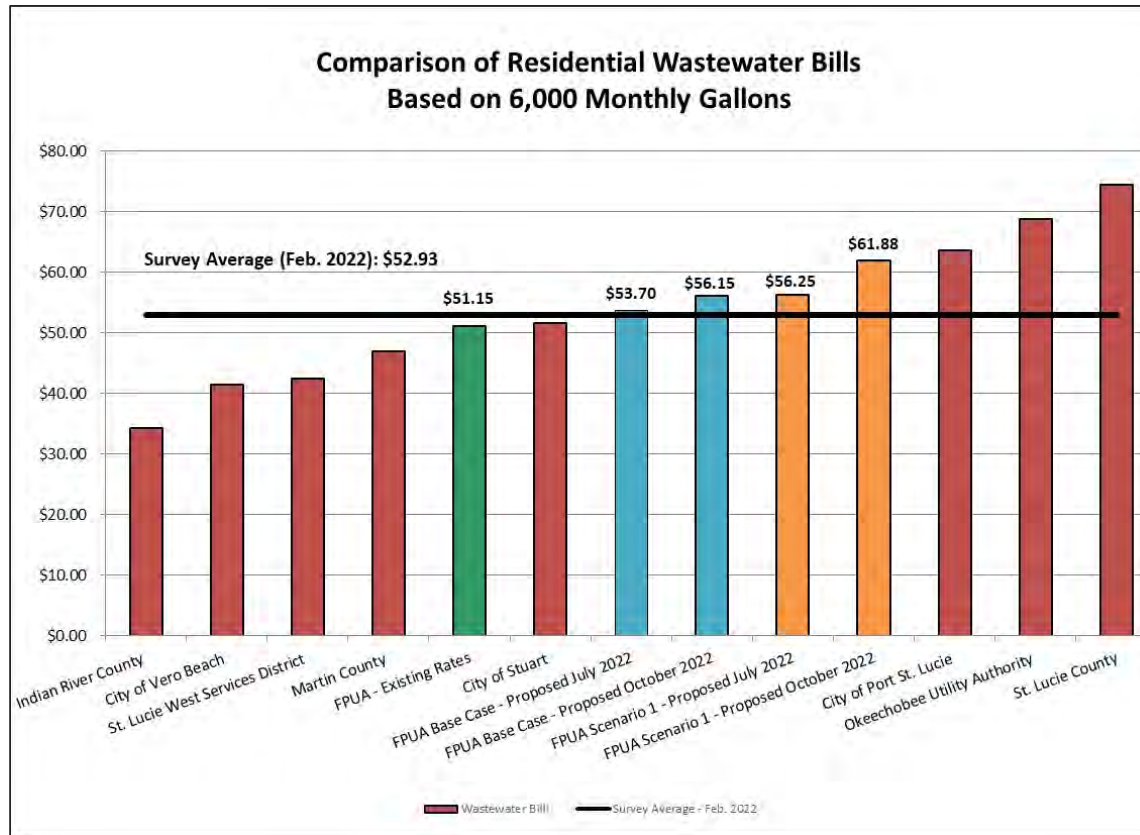
- The cumulative water and wastewater increase by FY 2027 associated with the MWRf (Scenario 1) when compared to the Base Case is approximately \$11.11 more per month for the typical residential customer using 6,000 monthly gallons
 - › Preliminary results of the MWRf project costs completed Dec. 2021 estimated a \$24.58 increase in monthly water and wastewater bills through FY2027, above any other required increase or adjustment
 - › The revised results are 55% less than the previous estimate primarily due to the strategic financing strategy available under the proposed Series 2022 Bonds

Q&A

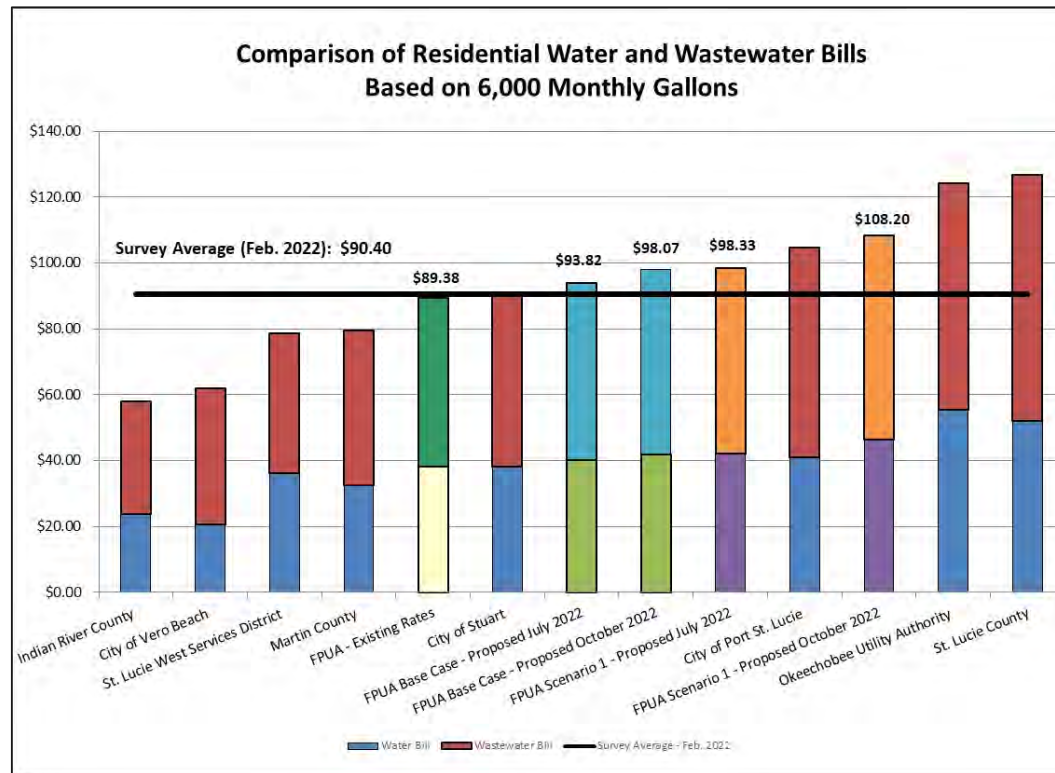
Existing and Proposed Water Rates



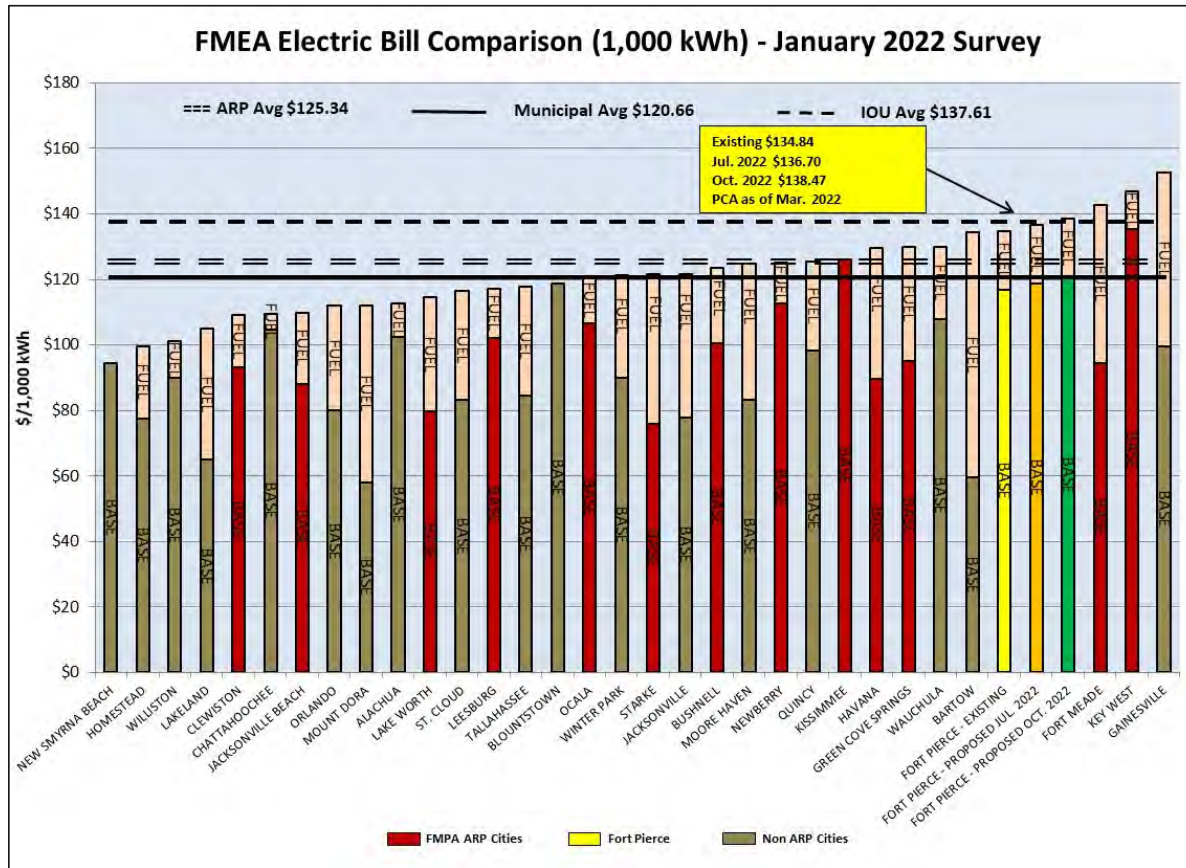
Existing and Proposed Wastewater Rates



Existing and Proposed Water and Wastewater Rates



Existing and Proposed Electric Rates





Thank you!

Contact: Henry Thomas and Murray Hamilton
407 628 2600



Schedule – Key Dates

Fort Pierce Utility Authority, Florida
Utilities Refunding and Revenue Bonds, Series 2022
Preliminary Timetable
2/16/22

Month	Day	Function
December 1, 2020		Bond Presentation to Board (4:00 pm)
Week of Feb 7, 2022		Distribute Updated Master Resolution
Week of Feb 14		1. Provide Master Resolution to AMBAC 2. Distribute Draft RFP for Underwriter 3. Provide Comments on RFP for Underwriter
Monday, Feb 21		1. Publish First Advertisement in the St. Lucie News-Press 2. Release RFP for Underwriter
Monday, Feb 28		Publish Second Advertisement in the St. Lucie News-Press The Bond Buyer
Week of March 7		Distribute Draft Supplemental Resolution
Week of March 14		1. Distribute Preliminary Proposed Utility Rate Increase 2. Receive Approval for Master Reso Changes from Board 3. RFP for Underwriter Due 4. Provide Comments on Resolution
Tuesday, March 22		Joint FPUA and City Workshop on Utility Rate Increase Capital Plan
Week of March 28		1. Distribute Draft of Engineer's Report 2. Provide Summary of Underwriter Proposals 3. FPUA ACFR Posted
Week of April 4		1. Distribute First Draft of POS, Revised Resolution Feasibility Study 2. Provide Comments on Engineer's Report 3. Agenda Deadline for Approval of Underwriters
Week of April 11		1. Provide Comments on POS, Reso and Financial Feasibility 2. Distribute Updated Engineer's Report

Working Group
 FPUA: Fort Pierce Utilities Authority
 SICDC: Bond Counsel/Disclosure Counsel – BFC
 FA: Financial Advisor – RBC Capital Markets
 LW: Underwriter – TBD
 E: Engineer – Dewberry
 FC: Financial Feasibility Consultant – Rafter

Fort Pierce Utility Authority, Florida
Utilities Refunding and Revenue Bonds, Series 2022
Preliminary Timetable
2/16/22

Date	Function	Responsible Party
Week of April 18	1. Distribute Updated POS, Reso and Financial Feasibility Study 2. Provide Documents to Rating Agencies	DC, FC FA
Tuesday, April 19	1. FPUA Board Meeting - Approval of Underwriters (Consent Agenda) 2. FPUA to Publish Advertisement for Notice of Public Hearing for Utility Rate Increases	FPUA, FA FPUA
Week of April 25	1. Provide Comments on All Documents 2. Conference Calls with Rating Agencies	All All
Tuesday, April 25	FPUA Agenda Deadline for Public Hearing for Utility Rate Increases	FPUA
Tuesday, May 3	FPUA Board Meeting - Public Hearing for Utility Rate Increases	FPUA, FC
Friday, May 5	City Agenda Deadline for Approval of Rate Increases, Waive 30 Day Period for Disapproval	FPUA
Week of May 9	Receive Ratings	FPUA, FA
Tuesday, May 10	FPUA Agenda Deadline for Adoption of Bond Resolution	FPUA
Friday, May 13	Due Diligence Call with Underwriters	All
Monday, May 16	City of Fort Pierce Meeting – Approve Rate Increases, Waive 30 Day Period for Disapproval	FPUA, FC
Tuesday, May 17	FPUA Board Meeting - Adoption of Bond Resolution	FPUA, BC, FA
Wednesday, May 18	Post POS	DC
Tuesday, May 24	1. Price Bonds 2. Execute Bond Purchase Agreement	FPUA, FA, LW FPUA, UW
Week of May 30	Finalize OS and Distribute Draft Closing Documents	BC, DC
Week of June 6	Pre-closing (Sign Documents)	All
Thursday, June 9	Closing	All

*Assumes City 30 day period for disapproval waived. If not, closing will be pushed back to June 18.

- March 22 – Joint Workshop
- April 19 – Underwriter Approval (FPUA)
- May 3rd – Rate Increase Public Hearing (FPUA)
- May 16th – Rate Increase Approval (COFP)
- May 17th – Adoption of Bond Resolution (FPUA)
- May 18th – Post POS
- May 24th – Price Bonds
- May 30th – Distribute Draft Closing Documents
- June 6th & 9th – Pre-closing & Closing



Questions





Agenda

- Time: 9:00 – 12:00
- Schedule
 - Introductions (10 Minutes)
 - Resolution 17-R17 “CRC” Recommendation(s) – FPUA & City to meet annual in a mandatory Joint Session
 - Overview of Capital Plan (60 Minutes)
 - Overview of Rate Study for Self Sufficiency, Refinancing & New Debt (60 Minutes)
 - Overview of Finance Feasibility Report for Refinancing & New Debt (30 Minutes)
 - Upcoming Schedule (5 Minutes)
 - **Roundtable (10 minutes)**
 - Lunch

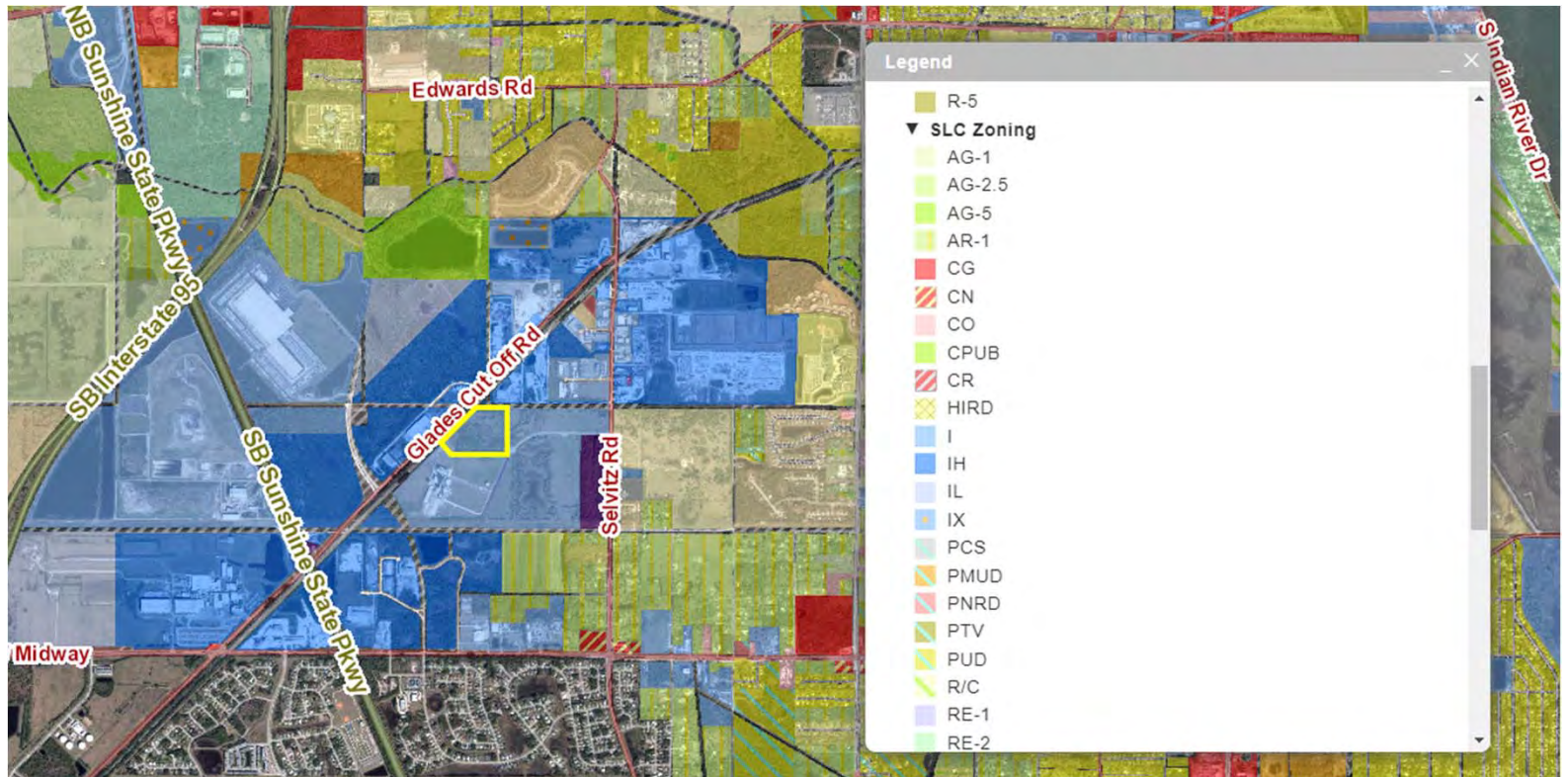


Bonus Slides

New Location Site Map

Yellow boundary is new location

Blue background is FP and SLC Industrial Zoning





Steps Taken Towards the MWRF

Well Positioned for Relocation

- Purchased Property for Plant Site \$ 1.1 M
- Purchased Property for Master Repump \$.5 M
- Constructed 2 Deep Injection Wells \$12.5 M
- Plant Designed \$ 2.2 M
- Constructed 24" FM Along Jenkins Road \$ 1.8 M
- Emergency Generator (FY 19) \$3.2 M \$ 1.5 M
- Orange Ave. Force Main (FY 19-20) \$ 1.7 M
- Downtown Force Main (FY 21-22) \$ 2.5 M*
- All Master Planned Wastewater System Components Are Designed to Go Both Ways

Total Investment \$23.8 M

Proposed/Ongoing Projects*