

Fort Pierce WRF Relocation The Journey and Plan

May 2nd, 2022



Fort Pierce Momentum

- St. Lucie County is the 5th fastest growing county in Florida
 - System expansion to grow the City (i.e. annexation)
 - Technological advances (AMI)
 - Digital Divide and internet access (fiber, Smart City)
- Wastewater Plant needs to be moved off the Indian River Lagoon
 - Environmental – waterfront utility risks sea level rise and natural disasters
 - Regulatory – Florida Department of Environmental Protection pressure
 - FDEP required plan for relocation – possible precursor to relocation mandate
 - Renewed interest in the waterfront property for development



This Presentation

1. History of the WRF Relocation Process and Investment
2. Update Since 2021 Re-commitment to Move the IWRF
3. FPUA Staff Research for Current WRF Relocation Path
 - Cost Matrix
 - Design Matrix
 - Speed Matrix
 - Intangibles Matrix
4. For Your Information: A timeline and overview of the breadth of our communications with Aqualia
5. The Public Model Benefits Our Community



WRF Considerations Over Time

- 2004: Historic growth in FP leads to FDEP necessity to move WRF off island
- 2006: A wastewater plant design is completed but city growth halts
- 2008: Recession results in tabling plan (interest rates at 6% in Dec. 2008)*
- 2014: FPUA Resolution 2014-01 expressing support for moving the WRF again.
- 2016: Perceived high cost and poor rate strategy results in tabling plan*
- 2017: Staff begins developing interlocal agreement with SLC for regional plant
- 2020: Historic low interest rates
- 2021: FPUA bond debt matures, allowing for new low interest bond issuance
- 2021: Joint Meeting: Board and City charge staff with WRF relocation again.

***Ongoing: staff invested in future WRF relocation**



Investment So Far

• Purchased Property For Plant Site	\$1.1 M
• Constructed 24” FM Along Jenkins Road (2005)	\$1.8 M
• Constructed 2 Deep Injection Wells (conjunction with TCEC 2006)	\$12.5 M
• Plant Designed (2006)	\$2.2 M
• Purchased Property for Master Repump (2008)	\$0.5 M
• Emergency Generator (2019)	\$1.5 M
• Orange Ave Force Main (FY 19-20)	\$1.7 M
• Downtown Force Main (FY22-23)	\$2.5 M
• <u>30% Plant Design (2022)</u>	<u>\$2.5 M</u>
• Total Investment	\$26.3M

In addition to All Master Planned Wastewater System (bi-directional) ongoing effort.



Update Since 2021 Recommitment

- June 2021 – Joint Meeting: FPUA Board and City Commission recommitted to moving the plant with emphasis on the following:
 - ✓ Speed (a primary priority)
 - ✓ Cost
 - ✓ Reliability
- The following slides show staff’s research leading to the current WRF Relocation path



Cost Matrix

	Municipal Bonds (current path)	Municipal Bonds With Deferred Interest	Private Lenders (Deferred Interest)
True Interest Cost <i>(distinguished from simple interest rate)</i>	4%	4%	Est. 6% taxable borrowing +12% on equity investors (equity typically 20-30%)
FPUA Future Bond Rating	No Impact	No Impact	Could Impact Rating Negatively
FPUA Future Borrowing Capability	No Impact	No Impact	Higher Interest Rate
Total Estimated Cost	Lowest total cost	Higher total cost due to Deferred Interest (\$25M)	Highest total cost due to higher interest rates and deferred Interest (\$168M)
Total Estimated Principal and Interest Costs	\$181 million	\$206 million	\$350 million



Treatment Design Matrix

Treatment Designs Evaluated

1. Three-Stage BNR with Densification
2. Three-Stage BNR
3. AquaNereda
4. Conventional SBR
5. Oxidation Ditch-BNR
6. IFAS
7. Membrane Reactor (MBR)
8. Membrane Reactor (MaBR)
9. MOB
10. Biomag

	Three-Stage Biological Nutrient Removal (BNR)	Three-Stage BNR w/Densification	Three-Stage BNR w/Densification - Modified	AquaNereda (current path)
Phase 1 (8-mgd) Capital Cost	\$59.2 M	\$57.3M	\$57.6M	\$50.2M
Phase 2 (10-mgd) Capital Cost	\$16.3M	\$14.4M	\$8.4M - \$11.3M	\$13.5M
O&M, 20-year NPV	\$16.8M	\$17.2M	\$17.2M	\$14.8M
Life Cycle	\$92.3M	\$88.9M	\$83.2M - \$86.1M	\$78.5M



Speed Matrix

	Proceed As-Planned (current path)	Go Back Out To Public Request for Qualifications- Request for Proposals
Competitive Procurement Process	Completed	+12 months
Final Agreement Drafting	Completed	May 2023 at the earliest
Lock In Interest Rate*	May 24, 2022	May 2023 at the earliest
Construction to Begin	January 2023	January 2024
Estimated Date of Completion (start of operation)	Fourth Quarter of 2024	Fourth Quarter of 2025

*Interest rates have increased by 1.44% in last 12 months, with an average 0.2% increase per week this month. Further increases are expected.



A Note on Speed and Interest Rates

- Interest rates have increased by 1.44% in last 12 months, with an average 0.2% increase per week this month. Further increases are expected.
- For comparison
 - December 2008 – 6% interest rate, WRF Relocation tabled
 - Today – 3.5% interest rate but climbing
- May 24, 2022 is the most important date – the date we lock in interest rates



Important Considerations

	Proceed As-Planned (current path)	Alternate Path
Accountability and Control	FPUA Board & Ratepayers	Private Shareholders, FPUA Board, & Ratepayers
Asset Ownership	FPUA	FPUA
Local Labor	Yes	Yes
FPUA Employees	Yes	Yes
Florida/USA Water & Wastewater Experience	Yes (FL HQ, 19 U.S. & 5 int'l offices)	No
Timing for Partners	Beneficial	Not Beneficial
Future Borrowing Position	No Impact	Reduced
Non-Profit	Yes	No



FYI: FPUA-Aqualia/POWaterways Comms.

Date	Communications/Meeting
March 1, 2017	FPUA staff gave Aqualia representatives and engineers a tour of the WRF and discussed P3 models.
March 17, 2017 (resp. Apr 13)	Upon FPUA reminder, Aqualia requested detailed information as follow-up from tour (location of new site, preliminary sketch, influent, flows, scada protocols, dimensions of wells, all O&M information for existing plant.) <i>FPUA provided all requested information. Public Records Request #1.</i>
October 15, 2018 (resp. Oct. 17)	Aqualia requested additional detailed information about the deep injection wells. <i>FPUA provided all requested information.</i>
August 29, 2019	FPUA staff meet with Aqualia representative Richard Pinsky to discuss WRF path forward and progress.
Sept. 24, 2020	Aqualia submitted first “unsolicited bid” (very broad review of their qualifications)
Sept. 29, 2020	FPUA invited Aqualia to meet, and requested an actual proposal.
Oct. 9, 2020	Aqualia sent updated “unsolicited bid” (still a very broad review of quals, plus 3D renderings of architecture of building)



FYI: FPUA-Aqualia/POWaterways Comms.

Date	Communications/Meeting
March 23, 2021 (Resp. 4/15, 6/4)	Aqualia requested detailed information (substantial) including all designs as-yet conducted by FPUA and contractors of the new WRF. <i>FPUA provided all requested information.</i> Public Records Request #2, including design to date.
May 7, 2021	Aqualia submitted another “unsolicited bid” (similar to before with some added details).
June 15, 2021	FPUA staff (Bo Hutchinson) provided comprehensive P3 overview and options presentation to FPUA Board.
June 22, 2021	Joint FPUA-Commission meeting solely to discuss Aqualia’s unsolicited bid.
July 31, 2021 and August 2, 2021	FPUA publicly announced project to accept proposals on website and newspaper for public response. Aqualia did not respond.
Nov. 18, 2021	FPUA again publicly announced project with amendments to accept proposals on website for public response. Aqualia did not respond.
March 17, 2022	FPUA staff (Bo Hutchinson and Rachel Tennant) met with Charlie Wilson of Protect Our Waterways Inc who expressed concern about the development of the existing WRF site.
March 31, 2022	FPUA staff (Javier Cisneros and Bo Hutchinson) met with Eva Arnaiz of Aqualia.
April 20, 2022	Charlie Wilson of Protect Our Waterways requested substantial detailed information, including all correspondence to or from key FPUA and City staff members, board members, commissioners and administrators that mention, among other things “Aqualia,” “unsolicited bid,” and anything relating to the WRF relocation (this includes all design communications). Public Records Request #3, which includes design to date.



The Public Model – Local Choice

- Local choice gives people, communities and local government control.
- Utilities owned by – and accountable to – the people they serve are driven by the needs and concerns of those people.
- Accountability is ensured at the ballot box. **Business is conducted transparently, in the open,** and is subject to local scrutiny.



The Public Model – Not-for-profit

- Not-for-profit operations serve customers best and re-invest in communities, not shareholders.
- The value from the utility stays in the community.
- **Revenues stay in the community** and are invested in system improvements and utility reserves, **shared with local government, or returned to the customer in the form of lower rates.**

Questions





Fort Pierce Utilities Authority IWRF Relocation Funding Opportunities

Initial Funding Sources Evaluated



Bipartisan Infrastructure Law (BIL)

CWSRF



Resilient Florida

BRIC

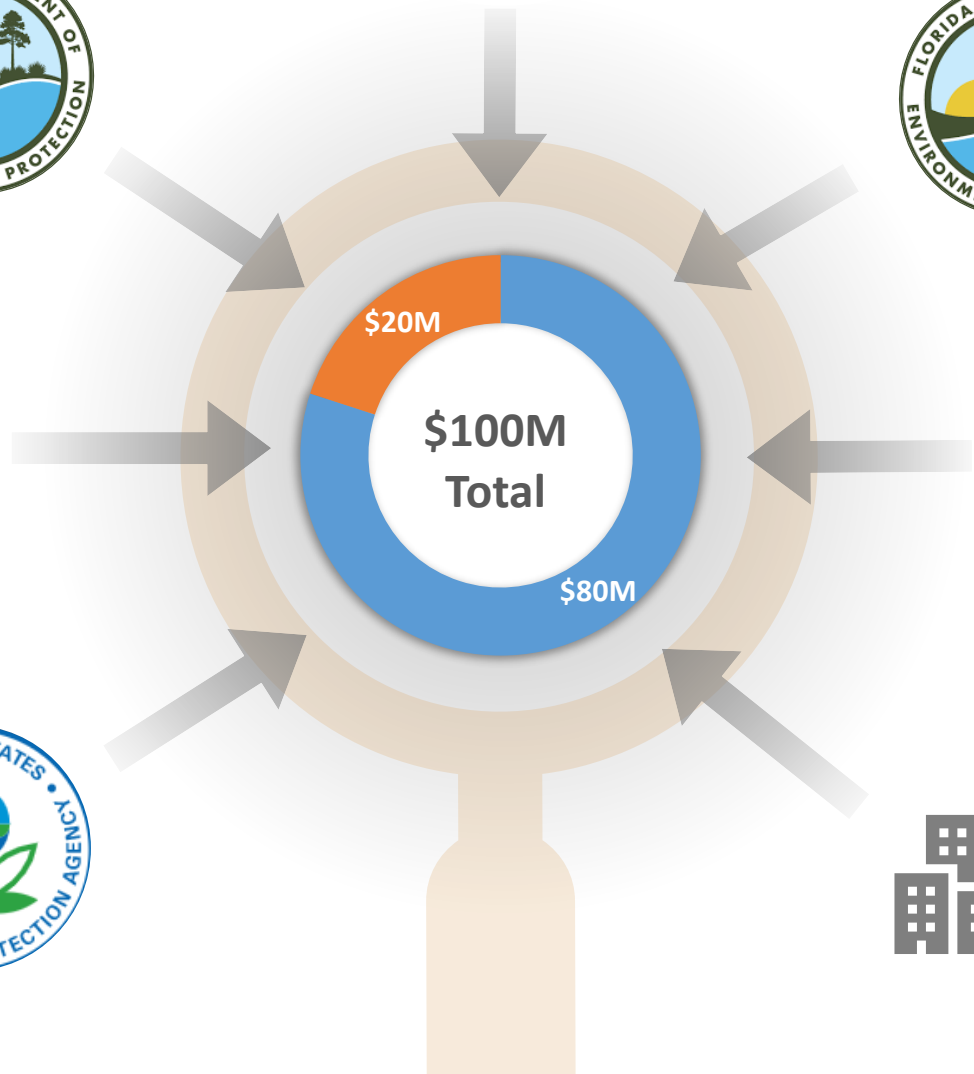


Wastewater Grant Programs

WIFIA



Municipal Bond



Factors Considered When Evaluating Funding Options

- Timing
- Funding thresholds
- Eligibilities
- Compare proportional total cost, cashflow, risks and benefits
- Provide preliminarily recommendations on alternatives that appear most viable/attractive
- Develop implementation plan

Current Funding Pursuits



Legislative Appropriations

- Working with team to develop talking points to facilitate discussions with key Legislators
- Potential State or Federal Legislative funding



South Florida Water Management Districts

- Working with team to develop talking points to facilitate discussions with key Governing Board Members
- Application cycles starts in December



Resilient Florida Grant Program

- Working with the City of Fort Pierce to develop a collaborative application for the project
- Application cycle starts in July