

**SEMINOLE COUNTY GOVERNMENT
AGENDA MEMORANDUM**

SUBJECT: Florida Water Services Acquisition

DEPARTMENT: County Manager **DIVISION:** _____

AUTHORIZED BY: _____ **CONTACT:** J. Kevin Grace **EXT.** 7211

Agenda Date <u>5-11-04</u> Regular <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Work Session <input type="checkbox"/> Briefing <input type="checkbox"/> Public Hearing – 1:30 <input type="checkbox"/> Public Hearing – 7:00 <input type="checkbox"/>

MOTION/RECOMMENDATION:

Conceptual approval by the Board of County Commissioners to proceed with the acquisition process and to schedule a public hearing for May 25, 2004 at 1:30 PM.

BACKGROUND:

As previously discussed, staff has been exploring the potential acquisition of portions of the Florida Water Services (FWS) utility system within Seminole County. This effort has been carried out over the past several months in conjunction with the City of Altamonte Springs. The City has a "right of first refusal" agreement related to 7 of the 10 FWS systems in Seminole County and has agreed to cooperate with the County in exploring the potential acquisition. Florida Water Services has announced that they have reached an agreement to sell their remaining systems in the state of Florida to Aqua America, Inc. FWS has recognized the City of Altamonte Springs' right of first refusal and has forwarded a copy of the agreement between Aqua America, Inc. and FWS regarding the seven systems related to the right of first refusal. Florida Water Services has offered to sell these systems to the City/County under the same contract terms as the agreement with Aqua America. The seven utility systems included in the proposal are shown on the attached map.

You will also find attached a table which outlines the number of customers associated with each of the systems and some information regarding the estimated value of the systems. Last fall the County and City contracted Hartman and Associates to perform an analysis of the FWS systems and to provide us with an estimated value of each. This information is included in the table along with the rate base value for each system as determined by the Florida Public Service Commission.

Reviewed by:
Co Atty: _____
DFS: _____
Other: _____
DCM: _____
CM: <u>[Signature]</u>
File No. <u>RCM 01</u>

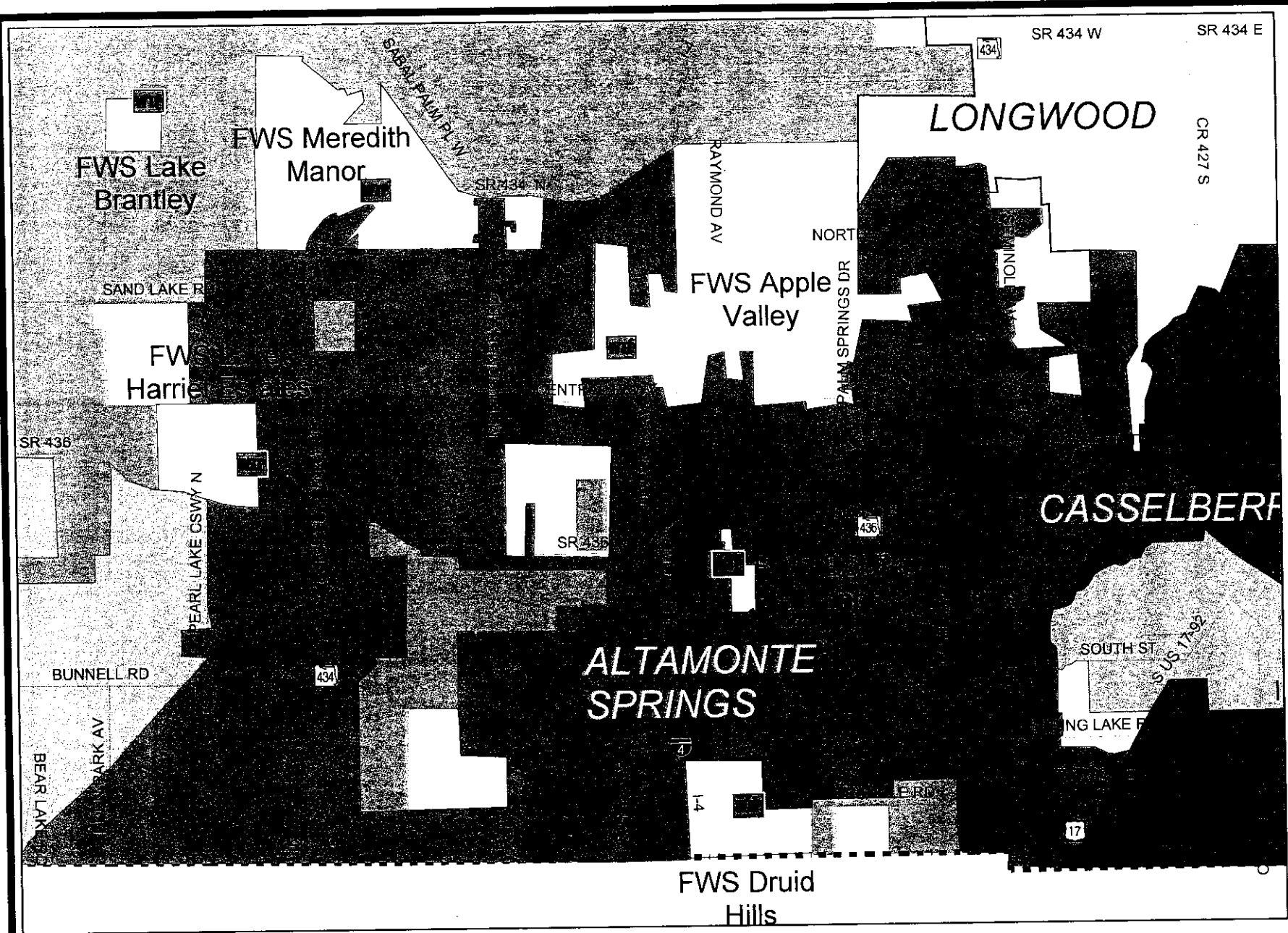
Hartman estimated the value of these seven systems at \$4,239,798, and the combined rate base value is \$4,040,051. It is important to note that the Hartman analysis was based upon 2002 financial data and is currently being reevaluated based upon 2003 information. Based upon this preliminary analysis, it is staff's determination that the FWS requested price of \$4,180,000 appears to be fair and reasonable. If the County proceeds with the acquisition, it is anticipated that the acquisition price would be paid from capital reserves. The County may need to complete bond financing at a later date in order to replace this funding to complete the capital improvements program.







Based upon the evaluations conducted thus far, it is staff's recommendation that the Board:

1. Conceptually approve proceeding with the acquisition of these seven FWS systems; and
2. Authorize the scheduling of a public hearing for May 25, 2004 at 1:30 PM to consider final action on the purchase.

Due diligence is currently being performed on various legal, engineering and environmental issues.

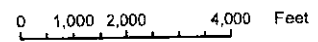
A more thorough review of the proposed acquisition will be presented to the Board at the May 25th public hearing.



-  CITY OF ALTAMONTE SPRINGS
-  FLORIDA WATER SERVICES
-  CITY OF CASSELBERRY
-  SEMINOLE COUNTY UTILITIES
-  CITY OF LONGWOOD
-  UTILITIES INC.

FLORIDA WATER SERVICE AREAS

Produced by: Seminole County Environmental Services 4/24/2003.



**SEMINOLE COUNTY FLORIDA
DEPARTMENT OF ENVIRONMENTAL SERVICES
SUMMARY OF PROPOSED FLORIDA WATER SERVICES UTILITY ACQUISITIONS
MAY 11, 2004**

Facility	Service Connections	Rate Base Value	Engineering Valuation *
APPLE VALLEY	1143	\$ 2,298,709	\$ 3,542,552
DOL RAY MANOR	60	83,892	(95,637)
DRUID HILLS	253	259,414	518,786
LAKE BRANTLEY	71	131,605	(52,922)
LAKE HARRIET	300	332,774	170,888
MEREDITH MANOR	687	698,000	730,360
FERN PARK	186	235,657	(574,229)
Totals	2700	\$ 4,040,051	\$ 4,239,798

* Provided by Hartman and Associates November 13, 2003