

Utilities Department

Pluris Wedgefield Water & Wastewater System Update Discussion Item

April 8, 2025



Presentation Overview

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- Purpose
- Background
- Negotiation Updates
- Community Meetings Feedback
- Options
- Summary
- Board Direction





Presentation Overview

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Purpose

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- Provide background, updates on negotiations, and feedback from community meetings since the July and October 2024 BCC updates
- Support policy discussion on potential public benefits and costs
- Options
- Summary
- Board Direction

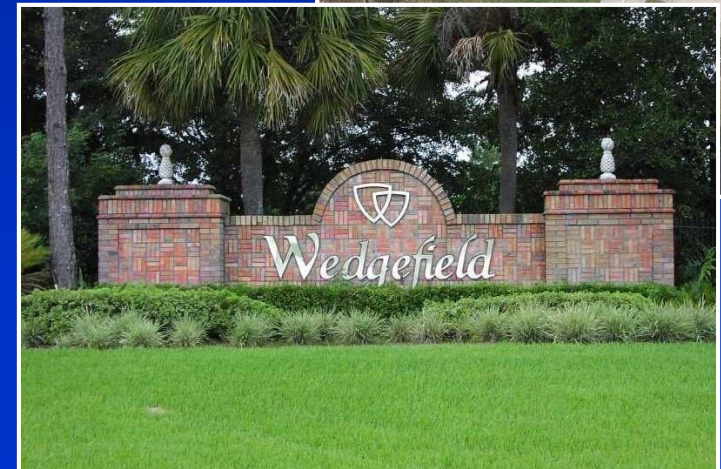




Presentation Overview

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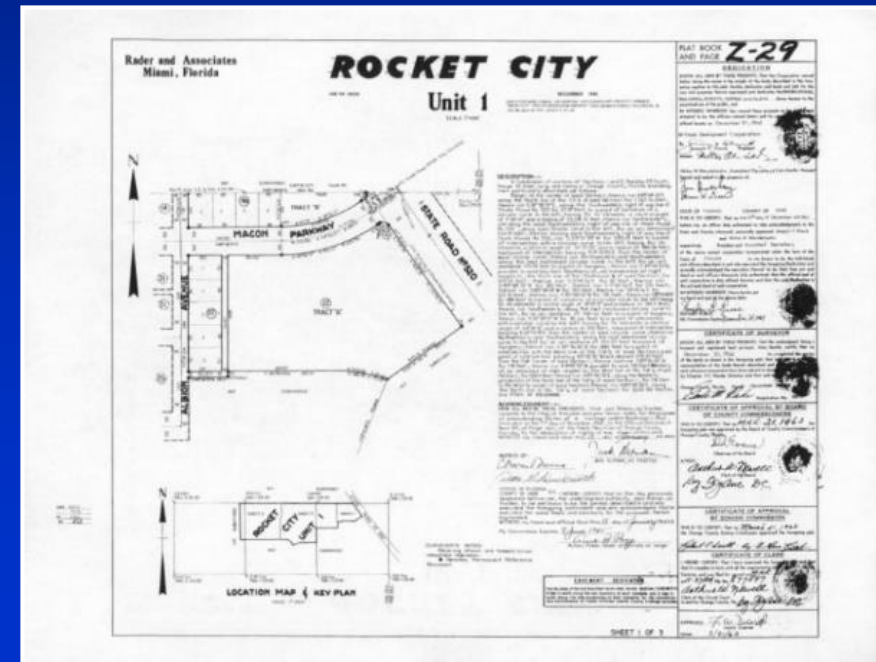
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Background

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- **Rocket City** – started by All State Development Corp. in 1962
 - Billed as a 20,000-acre development that would supply housing for Kennedy Space Center staff
- **Utilities privately owned since inception**
 - Early 1960s – Econ Utilities Corp.
 - 1996 – Wedgefield Utilities, Inc.
 - 2009 – Pluris Holdings, LLC
 - 2018 – Pluris Wedgefield, LLC



Background

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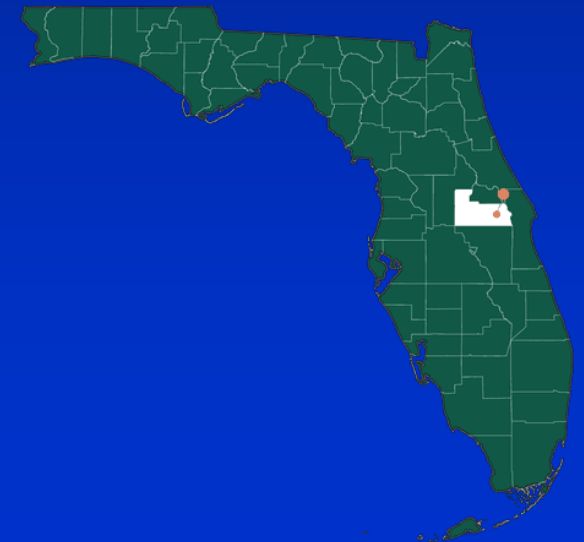
■ Pluris Wedgefield, LLC

- Water and wastewater services to 1,766 parcels
- **Orange County has no regulatory oversight**
 - Rates – Florida Public Service Commission (FPSC)
 - FPSC approved return on equity – over 8%
 - Water Quality/Ops – Florida Dept. of Environmental Protection



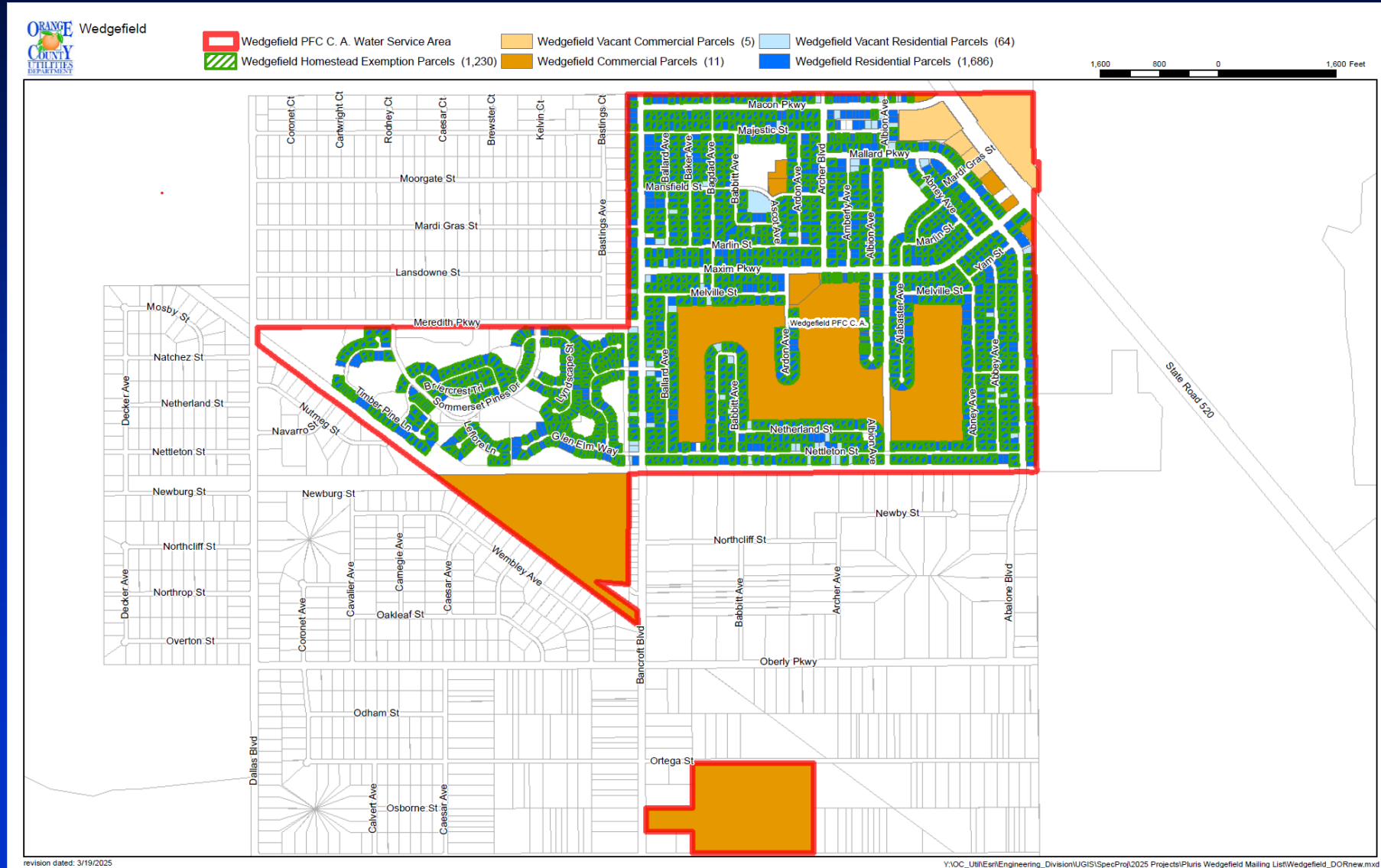
■ Historic concerns voiced by Wedgefield residents:

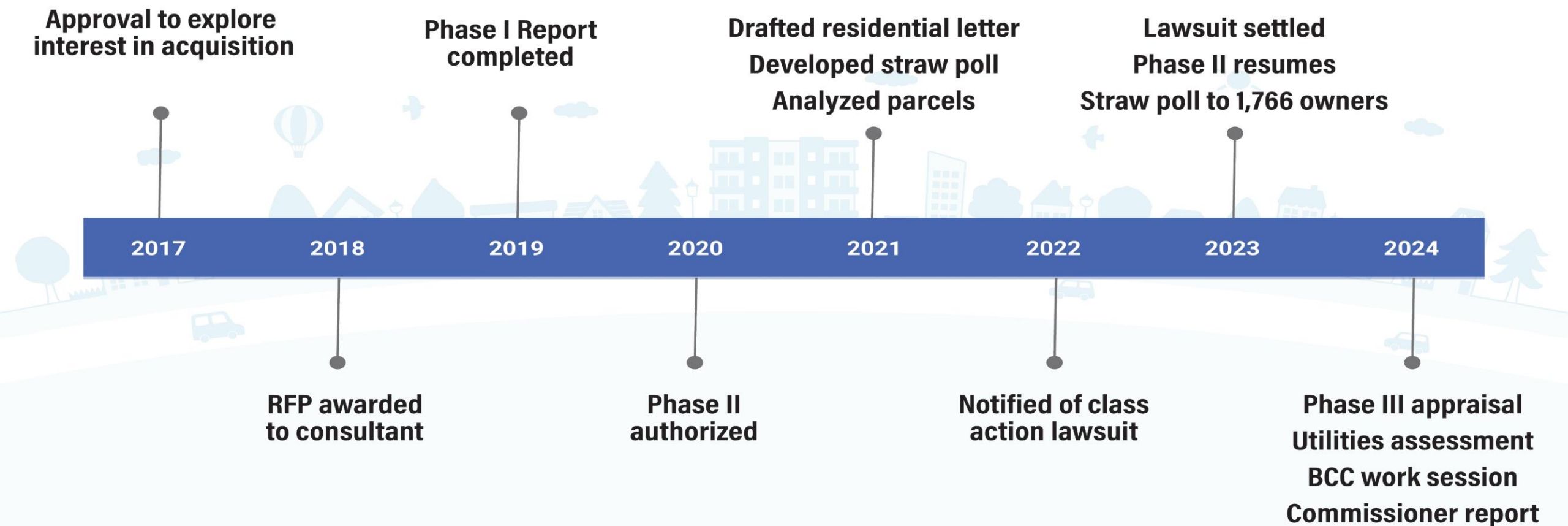
- Lack of responsive customer service
- Water quality
- Water aesthetics
- **High rates**





Total
1,766 parcels





■ Estimated Acquisition Costs – Phase III with 5-year CIP

Description	Estimate (2024)
Purchase Price – from Phase III Consultant Report	\$ 25,900,000
Transactional Cost*	\$ 430,000
Financing Cost	\$ 750,000
Renewal & Replacement Fund	\$ 1,500,000
Rate Stabilization Fund	\$ 250,000
Transitional Cost	\$ 200,000
Working Capital	\$ 400,000
Five (5) Year CIP	\$ 58,768,000
Deferred Maintenance	\$ 100,000
Debt Service Reserve Fund	\$ 2,500,000
Total Estimated Acquisition Cost	\$ 90,798,000
*Phases I-V costs are included here	

OCU assessment completed

- Consultant System Condition Ratings (Best to Worst)
 - New
 - Very Good
 - Good
 - Average
 - Fair
 - **Poor**

← 5-year CIP - OCU Assessment

▪ OCU Assessment Scope

- Water treatment plant, wastewater treatment plant, all 10 pump stations
- Gravity and force main systems
- Reclaimed water infrastructure, cross connection control inspections
- Rear-lot wastewater collection system
- Fire hydrants
- Full engineering assessment not recommended due to time and cost
 - Estimated to take 13 months at a cost of \$1.1M
- Approximately 700 hours of staff/consultants/equipment effort totaling \$104,000
 - Evidence of significant and prolonged deferred maintenance
 - No CIP program

■ OCU Assessment Findings

Cost Estimates (Millions)	Factor	Plants		Distribution & Collection					TOTAL
		Pluris WTP	Pluris WWTP	Water Mains & Fire Hydrants	Pump Stations	Gravity Collection System	Force Main System	Rear WW Collections Relocations	
Subtotal		\$ 5.5	\$ 10.6	\$ 5.6	\$ 5.2	\$ 3.2	\$ 0.5	\$ 12.9	\$ 43.5
Engineering	0.15	\$ 0.8	\$ 1.6	\$ 0.8	\$ 0.8	\$ 0.5	\$ 0.1	\$ 1.9	\$ 6.5
Contingencies*	0.20	\$ 1.1	\$ 2.1	\$ 1.1	\$ 1.0	\$ 0.6	\$ 0.1	\$ 2.6	\$ 8.7
TOTAL		\$ 7.5	\$ 14.3	\$ 7.5	\$ 7.0	\$ 4.3	\$ 0.7	\$ 17.4	\$ 58.8

* Not including likely cost escalations over multiple year projects.

Phase III plus funding, w/o CIP \$ 32.0M

Assessed 5-yr. CIP \$ 58.8M

Total Acquisition Cost \$ 90.8M

■ Options

1. Do not purchase the Pluris Water & Wastewater System

2. Purchase the Pluris Water & Wastewater System

- A. Wedgefield affected property owners fund total acquisition costs via MSBU
- B. OCU customers subsidize unfunded acquisition balance via rate increases
- C. Orange County subsidizes unfunded acquisition balance via General Fund
- D. Orange County subsidizes unfunded acquisition balance only if significant grants or other public funds become available



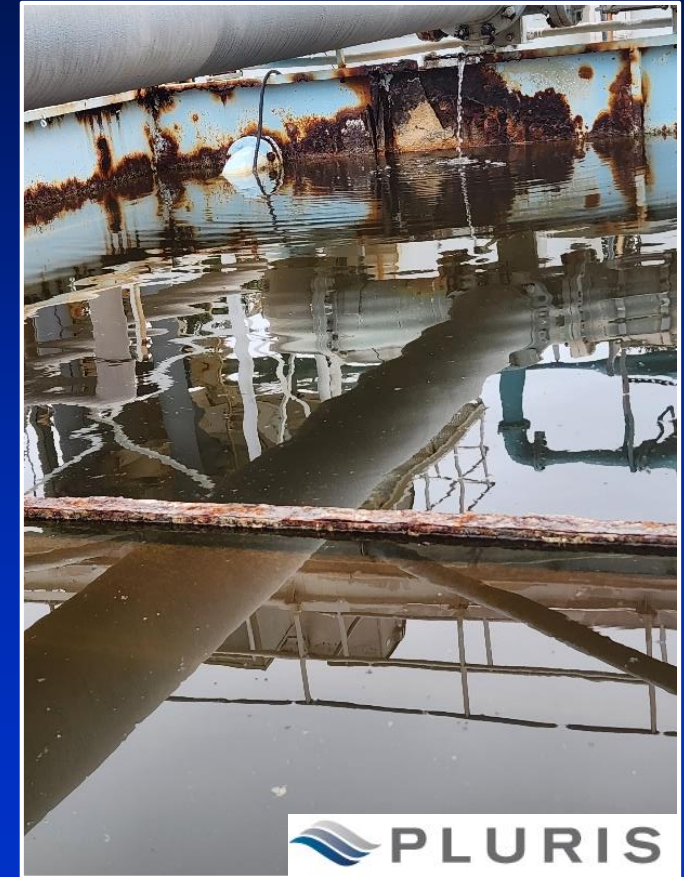
Background

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▪ OCU Retrofit Policy

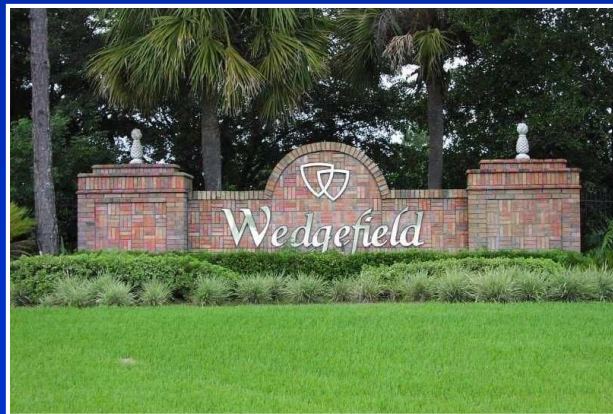
- Applicable for new utilities to existing developments
- New customers bear cost of connecting to OCU systems
 - OCU is an enterprise fund, funded by customer rates/fees for utility services provided
 - Policy ensures equity with customers who paid for construction and connection to new infrastructure through the development process
- Property owners polled via ballot to determine if project proceeds
 - **Approval threshold for retrofit policy is 67% (1,183) of all ballots**
 - Specifically for the Septic Tank & Private Well Retrofit Program when there is 50% or more of public funding the threshold for approval is 67% of returned ballots

- **Board Direction from 7/30/24 Work Session**
 - No funding scenario where Orange County is a partner without fair contribution by the affected property owners toward the total acquisition price
 - No support for subsidizing acquisition through rate increases to current OCU customers or through General Fund
 - Property owners to garner community support and determine a fair amount to contribute toward the total acquisition price of the Pluris system
 - Meetings with community and Florida Governmental Utilities Authority (FGUA)



■ Meetings with Community

- Three public meetings at Wedgefield School - 8/21, 9/19, and 10/2
- Four sunshine meetings at 201 South Rosalind – 8/8, 8/12, 9/4, and 10/7
- Meeting feedback suggests affected property owners favor Orange County option over remaining with Pluris or FGUA option
- Community feedback as of July 2024 was purchase price offer not to exceed \$10M



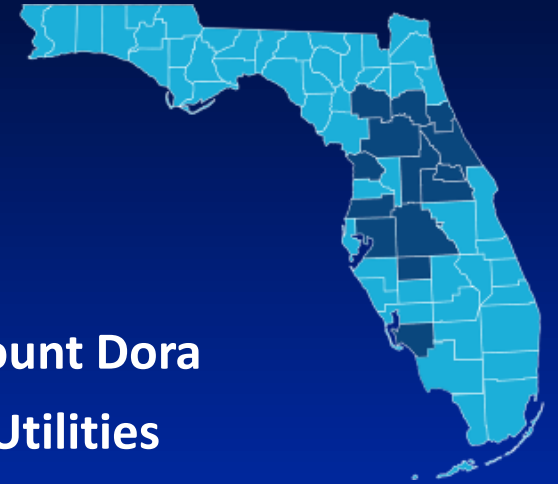


Background

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■ Meetings with FGUA

- Founded in 1999
- Currently own over 98 systems in 14 Florida counties
- Approximately 120,000 customer connections
- One in Orange County – Tangerine where they serve water to 321 residents in Mount Dora
- Resolution and Agreement approved by BCC in 2012/13 for purchase from Aqua Utilities
- FGUA Board made up of 8 utility professionals
- Executive Director is Utility Director at Polk County
- Would require their interest and subsequent due diligence
- Negotiations with Pluris for an acquisition
- Same purchase/no purchase decision
- Would require Orange County to approve the purchase similar to the Tangerine system in Mount Dora

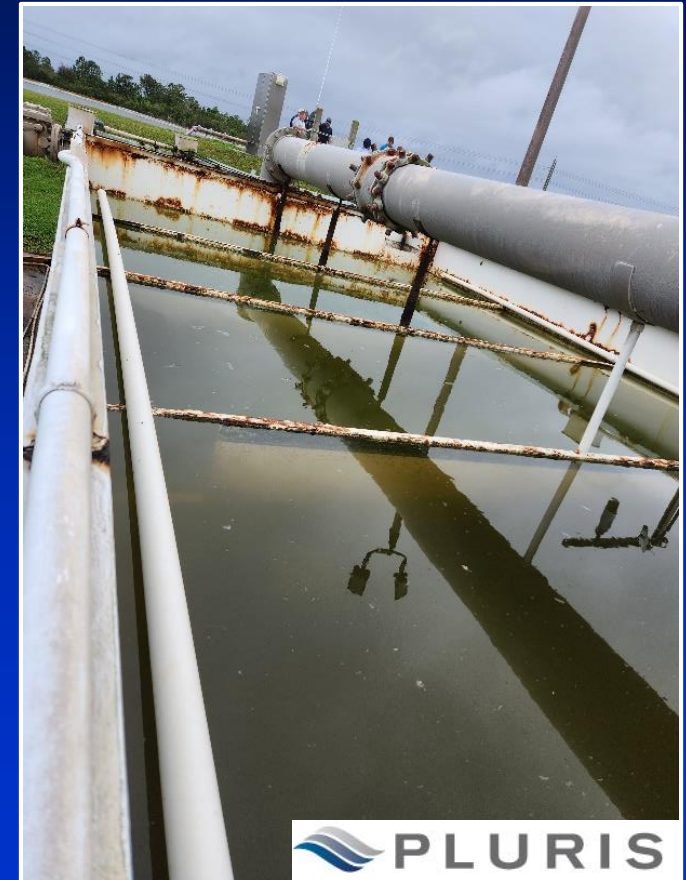


■ Meetings with FGUA

- FGUA acquisition could be viable option
- Legal provided guidance on the statute (Section 163.1)
 - With agreement, Orange County provided optional FGUA board seat
- FGUA needs 90-120 days for assessment to determine financial feasibility of acquisition
 - Acquisition costs would be paid by FGUA, no MSBU like County options
 - Rates may or may not increase to support acquisition and CIP needs
 - FGUA limits rate increase to not more than 75% of Consumer Price Index
 - Positive track record for securing funding for CIP
- System could be purchased by Orange County in the future, usually after 5-10 years of FGUA ownership
 - Purchase price from FGUA would be based only on remaining debt

▪ Board Direction from 10/8/24 D5 Commissioner's Report

- No funding scenario where Orange County is a partner without fair contribution by the affected property owners toward the total acquisition price
- No support for subsidizing acquisition through rate increases to current OCU customers or through General Fund
- Motion to allow FGUA to conduct due diligence for purchase of system failed
- Meet with Pluris to negotiate a purchase price for their water/wastewater systems

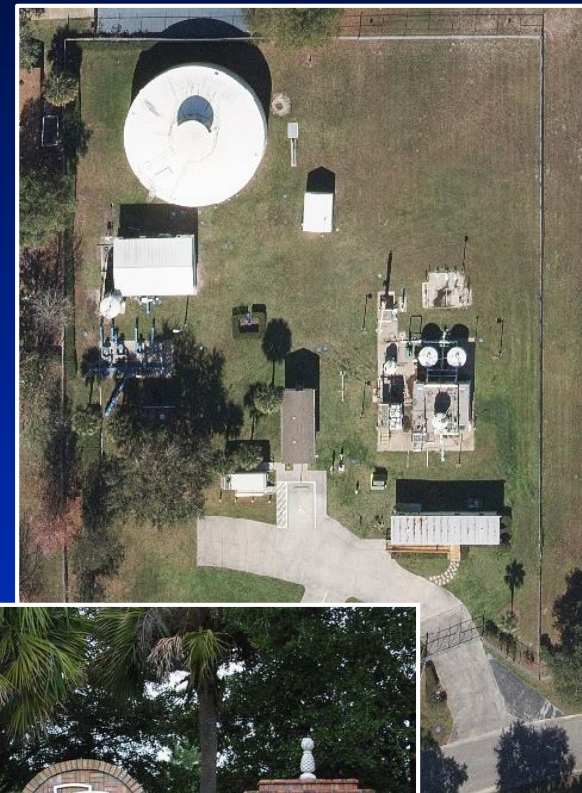




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- **Negotiation Updates**
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Negotiation Updates

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- **Four OCU requests to Pluris to engage in negotiation meetings**
 - **10/18/24, 10/25/24, 10/31/24, and 11/08/24**
 - Four responses from Pluris were refusal to meet without an offer from County
 - **11/27/24 – Provided purchase price offer of \$8M contingent on successful MSBU vote and BCC approval**
 - **01/08/25 – Sent follow up email with counteroffer deadline of 01/13/25**
 - 01/09/25 – Email response from Pluris without a counteroffer
 - 01/22/25 – Email from Pluris attorney to meet with CA and OCU staff
 - 02/03/25 - Email from Pluris attorney to meet with CA and OCU staff
 - **02/04/25 – Email to Pluris attorney stating we are expecting a counteroffer from their client to move forward**



Negotiation Updates

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- 02/04/25 – Response from Pluris was counteroffer of \$20.5M purchase price and that they need time to focus on completion of FDEP required repairs prior to moving further
- **02/06/25 – Email to Pluris to provide anticipated date of completion for FDEP required repairs**
- 02/10/25 – Email response from Pluris providing mid-March for FDEP required work completion
- **02/11/25 – Provided purchase price offer of \$10M contingent on successful MSBU vote and BCC approval**
- 02/13/25 – Response from Pluris was counteroffer of \$19.5M



Negotiation Updates

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■ Estimated Total Acquisition Costs – **with \$19.5M counteroffer**

Description	Estimate (2025)
Purchase Price – Pluris 02/13/25 counteroffer	\$ 19,500,000
Transactional Cost*	\$ 430,000
Financing Cost	\$ 750,000
Renewal & Replacement Fund	\$ 1,500,000
Rate Stabilization Fund	\$ 250,000
Transitional Cost	\$ 200,000
Working Capital	\$ 400,000
Five (5) Year CIP	\$ 57,768,000
Deferred Maintenance	\$ 100,000
Debt Service Reserve Fund	\$ 2,500,000
Total Estimated Acquisition Cost	\$ 83,398,000
*Phases I-V costs are included here	

OCU assessment completed

- Consultant System Condition Ratings (Best to Worst)
 - New
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 - **Poor**

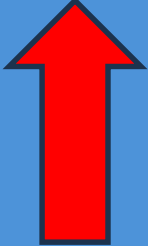


← **5-year CIP - OCU Assessment minus ≈ \$1M in FDEP - required repairs**



Negotiation Updates

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■ Financial Impacts to Affected Property Owners – **\$83.4M**

	MSBU	20-years	\$80,594.40
		Annually	\$4,029.72 would be added to tax bill
		Monthly	\$335.81
	OCU BILL	20-years	OCU - \$68.72* - Saving \$27,799.20
		Annually	OCU - \$68.72* - Saving \$1,389.96
		Monthly	OCU - \$68.72* - Saving \$115.83
	OVERALL	20-years	\$52,795.20
		Annually	\$2,639.76
		Monthly	\$219.99

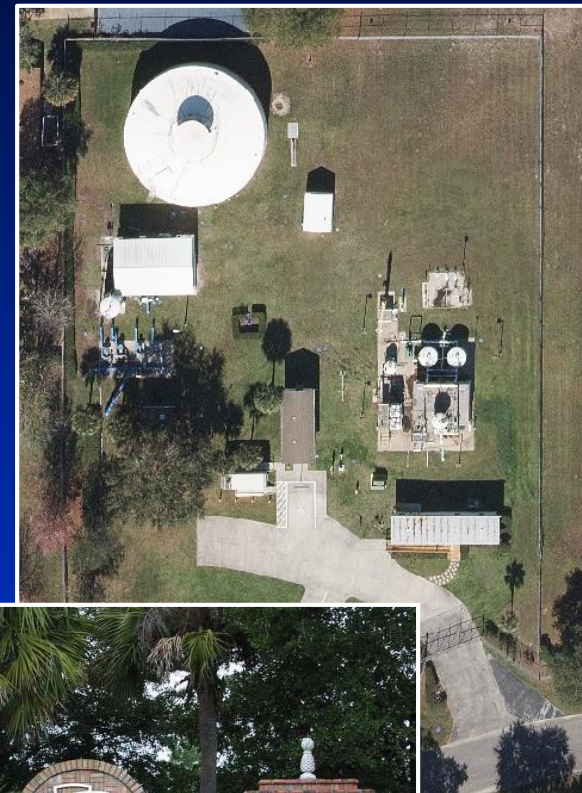
* Reflects OCU's current 5 Kgal water/wastewater rates + 15%
20-year MSBU @ 5.9% interest for 1,765 affected property owners
Pluris current monthly bill of \$184.55 @ 5Kgal



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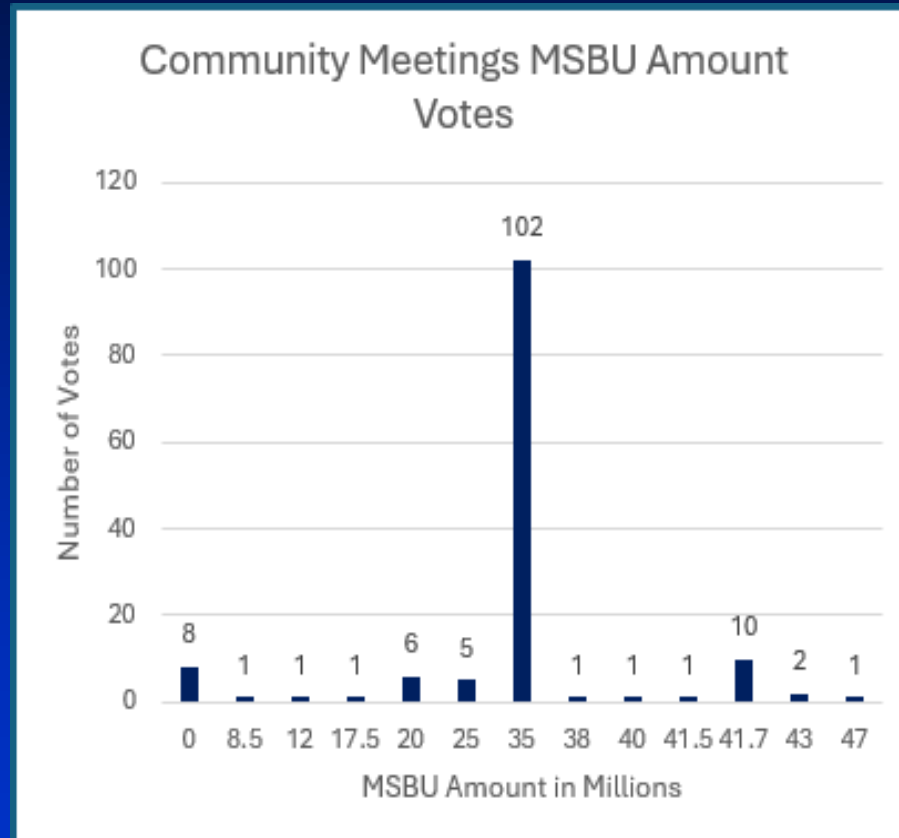




Community Meetings Feedback

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- Wedgefield Community Meeting #1 – 3/12/25
- Wedgefield Community Meeting #2 – 3/13/25
 - 220 total attendees
 - 197 affected property owners representing 140 parcels
- Meeting feedback continues to suggest that affected property owners don't want Pluris as provider and strongly favor Orange County option first, with FGUA option second
- Community leaders and small sample (140) from majority of attendees reflects MSBU amount for affected property owner support at \$35M

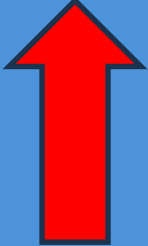






Community Meetings Feedback

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■ Financial Impacts to Affected Property Owners – **\$35M MSBU**

	MSBU	20-years	\$33,823.20
		Annually	\$1,691.16 would be added to tax bill
		Monthly	\$140.93
	OCU BILL	20-years	OCU - \$68.72* - Saving \$27,799.20
		Annually	OCU - \$68.72* - Saving \$1,389.96
		Monthly	OCU - \$68.72* - Saving \$115.83
	OVERALL	20-years	\$6,024.00
		Annually	\$301.20
		Monthly	\$25.10

* Reflects OCU's current 5 Kgal water/wastewater rates + 15%
20-year MSBU @ 5.9% interest for 1,765 affected property owners
Pluris current monthly bill of \$184.55 @ 5Kgal



Community Meetings Feedback

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▪ Financial Impacts to Affected Property Owners – **\$35M MSBU**

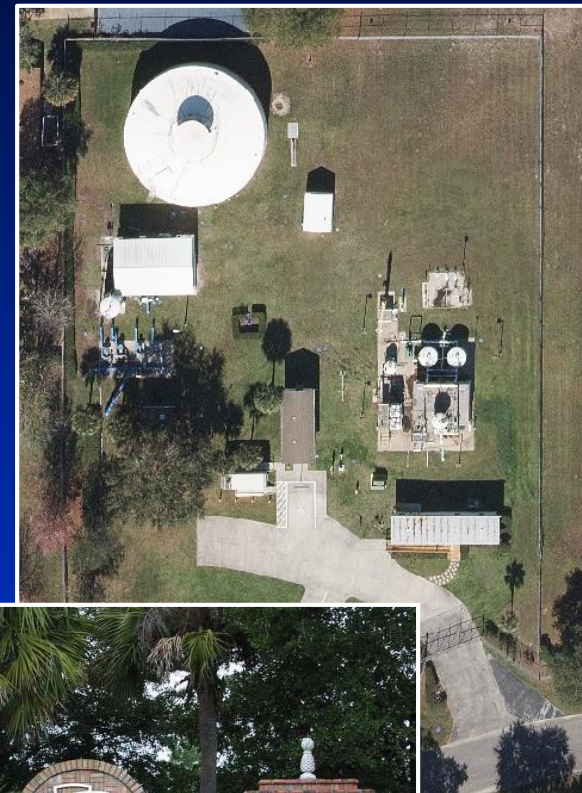
Purchase Price – Pluris Counteroffer (2/13/25)	\$	19,500,000
10 Buckets of Funding	\$	6,100,000
Capital Improvement Program	\$	57,800,000
Total Acquisition Cost	\$	83,400,000
Property Owner Contribution – 42%	\$	(35,000,000)
Unfunded Acquisition Balance	\$	48,400,000



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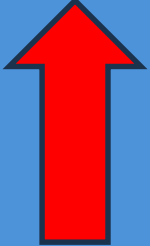

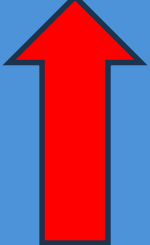
3. FGUA option



Options – 2A – Full Cost

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Financial Impacts to Affected Property Owners – \$83.4M

	MSBU	20-years	\$80,594.40
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		Annually	OCU - \$68.72* - Saving \$1,389.96
		Monthly	OCU - \$68.72* - Saving \$115.83
	OVERALL	20-years	\$52,795.20
		Annually	\$2,639.76
		Monthly	\$219.99

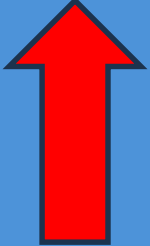

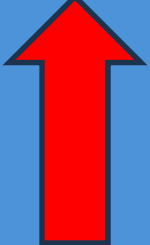
* Reflects OCU's current 5 Kgal water/wastewater rates + 15%
20-year MSBU @ 5.9% interest for 1,765 affected property owners
Pluris current monthly bill of \$184.55 @ 5Kgal



Options – 2A – Community Proposed

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Financial Impacts to Affected Property Owners – \$35M MSBU

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		Annually	\$1,691.16 would be added to tax bill
		Monthly	\$140.93
	OCU BILL	20-years	OCU - \$68.72* - Saving \$27,799.20
		Annually	OCU - \$68.72* - Saving \$1,389.96
		Monthly	OCU - \$68.72* - Saving \$115.83
	OVERALL	20-years	\$6,024.00
		Annually	\$301.20
		Monthly	\$25.10

* Reflects OCU's current 5 Kgal water/wastewater rates + 15%
20-year MSBU @ 5.9% interest for 1,765 affected property owners
Pluris current monthly bill of \$184.55 @ 5Kgal



Options – 2A – Community Proposed

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▪ Financial Impacts to Affected Property Owners – **\$35M MSBU**

Purchase Price – Pluris Counteroffer (2/13/25)	\$	19,500,000
10 Buckets of Funding	\$	6,100,000
Capital Improvement Program	\$	57,800,000
Total Acquisition Cost	\$	83,400,000
Property Owner Contribution – 42%	\$	(35,000,000)
Unfunded Acquisition Balance	\$	48,400,000



Options – 2B

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- **OCU customers subsidize acquisition through rate increase**
 - OCU CIP needs are currently placing upward pressure on OCU rates. If existing customers subsidize the acquisition, it will compound this prevailing issue.
 - **Unfunded acquisition balance paid for by approximately 220,000 existing OCU-served parcels**
 - \$48.4M/220,000 customers = \$220.00 per OCU customer
 - Over 10-year period, would be approximately \$1.83 per month, per OCU customer
 - Approximately 3%
 - No current identifiable public benefit for current OCU customers
 - Would require identification of prioritized and budgeted OCU CIP projects to delay



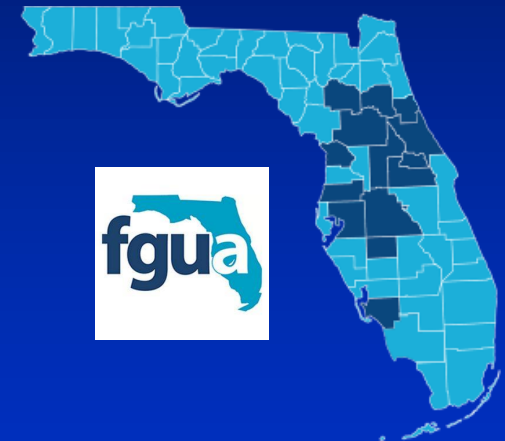
Options – 2C & 2D

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- **Orange County subsidizes unfunded acquisition balance via General Fund**
 - Significant financial impact to general fund of \$48.4M
 - Impact of competing priorities and other financial demands need consideration
 - Funded priorities may need to shift to accommodate this significant unfunded cost
- **Orange County subsidizes acquisition only if significant grants or public funds become available**
 - 02/14/25 – Submitted Florida House of Representatives appropriations project request for FY25-26
 - 03/05/25 – Submitted Florida Senate local funding initiative request for FY 25-26
 - Reduced or limited grant funding likely in upcoming fiscal year

■ FGUA

- Prior to their due diligence, execute resolution and agreement similar to the Tangerine Water System in Mount Dora
- FGUA needs 90-120 days to determine financial feasibility of acquisition
- Acquisition costs would be paid by FGUA, not MSBU like County options
- Rates may or may not increase to support acquisition and CIP needs
- FGUA limits rate increase to not more than 75% of Consumer Price Index
- Positive track record for securing funding for CIP
- FGUA will adopt Orange County construction standards for future projects
- FGUA assumes all risk for a system that OCU has assessed and categorized as poor
- System could be purchased by Orange County in the future, usually 5-10 years after FGUA takes ownership
- Purchase price from FGUA would be based only on remaining debt

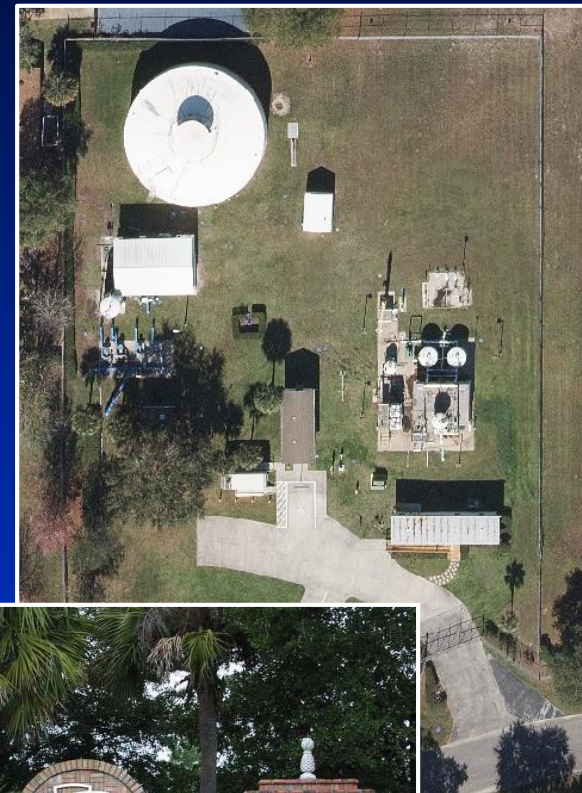




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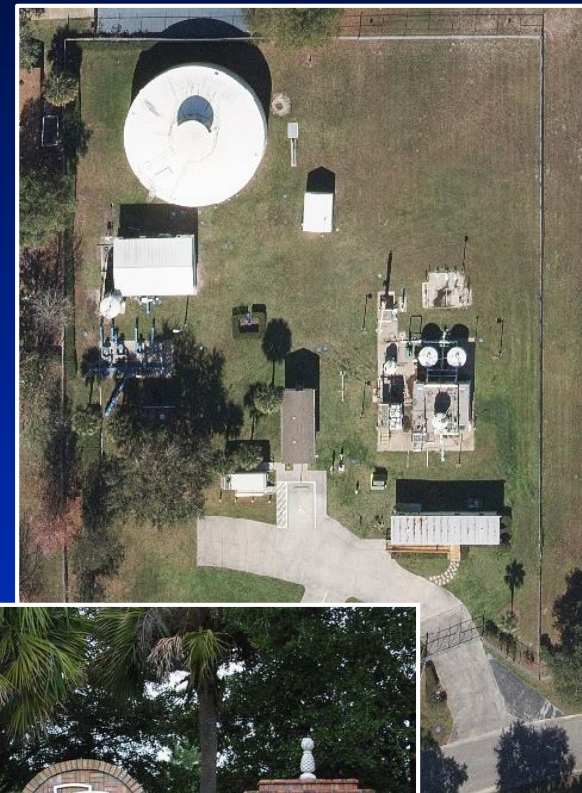
- Acquisition efforts initiated due to historic citizen concerns about water quality, aesthetics, customer service, and high rates
- System condition is indicative of prolonged deferred maintenance with little redundancy – OCU ownership comes with significant risks
- Current purchase price and funding of approximately **\$25.6M**, with **\$57.8M** in unfunded CIP costs for needed upgrades for a total estimated acquisition cost of **\$83.4M**
- Almost all options will require significant outside funding to garner required community support
- From an OCU business perspective, acquisition not recommended without significant funding from others



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Board Direction

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- Is there interest in acquisition of the Pluris Water & Wastewater Systems?
- If yes, \$83.4M total acquisition cost needs funding sources identified

100% funded by affected Wedgfield Property Owners via MSBU

- ◆ Results in net monthly increase of approximately \$220
- ◆ 67% "Yes" balloting result highly unlikely given \$84.3M total cost
- ◆ No financial impact to current OCU customers or General Fund

Community Option \$35M MSBU (or some other amount)

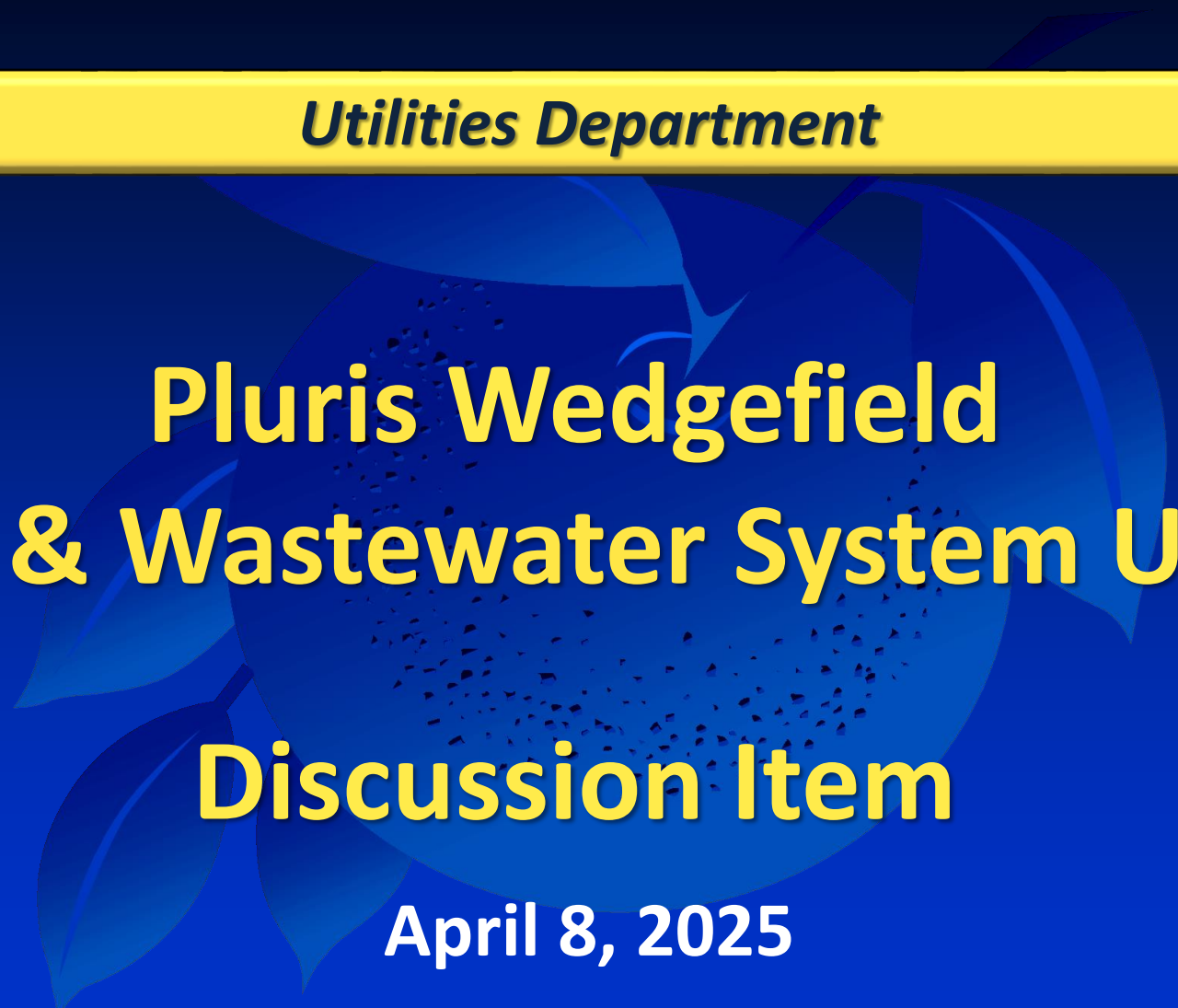
- ◆ Results in net monthly increase of approximately \$25
- ◆ Affected property owner support for final amount would need to be confirmed via balloting
- ◆ Unfunded balance (\$48.4M) becomes County obligation upon acquisition



- ◆ Given significant MSBU amount, staff recommends 67% of all ballots for approval threshold per current retrofit policy
- ◆ Absent significant grants or General Fund contribution, OCU rates will be affected

- Without required community support, FGUA option should be considered

Utilities Department



Pluris Wedgefield Water & Wastewater System Update Discussion Item

April 8, 2025