



April 12, 2022

Sunset Advisory Commission
c/o Mr. Darren McDivitt, Project Manager
Attn: TWDB and SWIFT
P.O. Box 13066
Austin, Texas 78711

Via: darren.mcdivitt@sunset.texas.gov

Re: Comments regarding the Texas Water Development Board Sunset Review

Dear Mr. McDivitt,

We have read with interest the self-evaluation report prepared by the Texas Water Development Board (TWDB) and the staff report prepared by the Sunset Advisory Commission. We write today to express support for the continuation of the TWDB as you undergo the agency's Sunset review. We commend TWDB for its growth and the responsibilities it has taken on and discharged since 2013, as noted in the staff report.

Please provide our comments to the Sunset Commission as it continues its deliberations relative to the TWDB's Sunset review.

Anser Advisory was founded on a simple but powerful idea: to be an employee-centric firm home to world-class talent. Our personnel collectively provide ideas, insights, and outcomes to owners of essential infrastructure and their mission-critical projects and programs. With a diverse staff of over 800 professionals, we are proud to be ranked 17th in the Top Program Management Firms in the United States according to Engineering News Record 2021, and a Top 50 Professional Services Firm nationwide according to Great Place To Work™ 2021. We have a particular focus on the water sector nationwide, as well as transit authorities, airports, energy infrastructure, education facilities, and some of our nation's most prestigious national defense and intelligence agencies, including work at the Pentagon and the White House.

We note the comment in the staff report regarding the needed additional authorization, capacity and flexibility for the TWDB to adopt alternative project delivery mechanisms. While we recognize that the comparison was made between typical public procurement and Construction Manager at Risk (CMAR), we recommend that the Sunset Commission consider additional cost-effective ways to deliver and manage projects. Through its Government Services Group subsidiary, Anser has a track record in the delivery of innovative water infrastructure solutions. One example of relevance to TWDB is the successful Florida Governmental Utility Authority (FGUA) model.



The FGUA was formed in 1999 via Interlocal Agreement by six local governments in Florida to transfer from private ownership to local government control of water/wastewater systems in six jurisdictions. The local governments were experiencing system deterioration, marginal water quality, customer dissatisfaction, staff recruitment and retention, and high rate increases. By creating the FGUA they brought these systems into single ownership and transparency. To ensure the maximization of operational efficiency and customer responsiveness they created a Board of the local governments to direct the operation of the multi-jurisdictional water and wastewater utility. They also choose to utilize industry experts in the management and operation of these municipal utilities. Since 1999, the FGUA has grown to serve over 130,000 customers in fourteen counties in Florida. The FGUA has an annual operating budget of over \$100 million plus a five-year Capital Improvement Program of more than \$160 million.

Under the leadership of its local government Board members, FGUA carries out its mission with no full-time employees. Since its inception it has utilized private sector professionals for all management, operations, engineering, legal and financial support. The results of this decision and the history of its successes have made the FGUA the “go-to” solution in Florida for troubled local water/wastewater systems facing regulatory, operational, financial, and human capital challenges. This model has allowed local governments that became part of the FGUA to reduce operating costs through shared resources, improve each system’s financial position, and approach capital investments collaboratively instead of individually. This last benefit has resulted in the FGUA achieving millions of dollars of additional funding from the State and Environmental Protection Agency for troubled systems. In addition to being the recipient of federal and state grants, the FGUA’s reputation in the bond market makes its bonds highly sought after. The FGUA has gone to the tax-exempt bond market for over \$1.4 billion for acquisitions, new investments, and refinancing. The capabilities provided by the FGUA model enable regional water solutions and provide economies of scale without infringing on government-owned utilities. These capabilities could help Texas water entities become sustainable while also maximizing the benefits from current funding opportunities, such as those available through the Infrastructure Investment and Jobs Act (IIJA).

Finally, to prove the efficiency and effectiveness of this model, the FGUA was selected by the Department of Defense through a national procurement as their preferred owner and operator of all water/wastewater assets at MacDill Air Force Base, Tampa under a 50-year contract based on cost and quality of service. The FGUA is currently in final negotiations to provide similar services at Mayport Naval Base, the second largest in the United States. Negotiations to introduce similar approaches for Patrick Air Force Base and Cape Canaveral will commence in 2023.



For these reasons, and in keeping with Sunset staff recommendation to find efficiencies in project delivery, cost containment and provide for predictable rate increases, we recommend that the Sunset Commission:

1. Include in the reauthorization bill for the TWDB, legislative authority to incorporate alternative project delivery mechanisms, to include special-purpose government structures similar to the GUA model that Florida has implemented, and;
2. Authorize local utilities that wish to benefit from these economies of scale cost saving efforts to form and participate in special-purpose government structures like the GUA model that Florida has implemented.

Thank you for your consideration of our suggestions. We look forward to the opportunity to discuss these in greater specificity with you.

Sincerely,

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