

City of Gainesville

*City Hall
200 East University Avenue
Gainesville, Florida 32601*



Meeting Agenda

May 9, 2018

5:30 PM

MODIFIED

City Hall Auditorium

Utility Advisory Board

*Mary Alford
Michael Selvester
David Denslow
Wendell Porter
Wes Wheeler
Barry Jacobson*

Persons with disabilities who require assistance to participate in this meeting are requested to notify the Office of the Equal Opportunity at 334-5051 or call TDD phone line at 334-2069 at least two business days in advance.

CALL TO ORDER**ROLL CALL****ADOPTION OF CONSENT ITEMS**[171091.](#)**Approval of UAB April 12, 2018 Meeting Minutes (B)****RECOMMENDATION**

Approve the minutes of the April 12, 2018 UAB meeting as drafted.

[171091 UAB 4.12.18 Meeting Minutes 20180509](#)

[171081.](#)**Annual Contract for HVAC Services at GRU Facilities (B)**

Explanation: Heating, ventilation and air conditioning (HVAC) preventive maintenance and repair services are required at GRU facilities to ensure continuous operation of HVAC equipment. The facilities house essential utility operations including the GRU Administration Building, Eastside Operations Center, Springhills Service Center, Deerhaven and Kelly Generating Stations, Deerhaven Renewable, Kanapaha and Main Street Water Reclamation Facilities, Murphree Water Treatment Plant, Boulware Springs, electric substations and radio towers. These facilities contain essential electronic systems and equipment which must be continually cooled in order to operate properly. Failure of HVAC units can cause electronic equipment to quickly overheat leading to costly equipment repair or replacement.

The contract focuses on preventive maintenance to reduce the potential for unforeseen equipment downtime. However, in the event of an emergency, the contract requires a two hour response time to quickly address the urgent situation and minimize the cost impact to operations. The contract's provisions ensure that requested annual price adjustments will not exceed the Consumer's Price Index (CPI) for each year of the contract.

Invitations to Bid were sent to thirteen (13) prospective HVAC companies and the bid was posted on the GRU website. A mandatory pre-bid meeting and walk-through of the facilities was held with eight companies in attendance. Five bids were received, two as no bids. Bids were evaluated based on pricing, bidder certification, qualifications, experience, office location, and local preference. A tabulation of the bids received is attached for your reference.

Fiscal Note: The annual contract is proposed to be awarded for \$685,225. Funds are available in GRU's FY 2018 budget and will be requested in subsequent

year budgets.

RECOMMENDATION

Staff recommends that the City Commission: 1) authorize the General Manager, or his designee, to execute a four-year contract with Johnson Controls, Inc., subject to approval by the City Attorney, for HVAC preventative maintenance services and repairs, equipment replacement and installation at GRU facilities; 2) approve the issuance of purchase orders for these services to Johnson Controls, Inc., in amounts not to exceed \$685,225 per year subject to approval by the City Attorney as to form and legality, and the final appropriation of funds for these services in each fiscal year of the agreement.

[171081 Bid Evaluation Form 20180509](#)

[171081 Award Letter 20180509](#)

[171081 Bid Record 20180509](#)

[171081 HVAC Bid Doc 20180509](#)

[171081 HVAC Master Equipment List 20180509](#)

[171081 HVAC Contract Bid Addendum #1 20180509](#)

[171081 HVAC Contract Bid Addendum #2 20180509](#)

[171081 HVAC Bid Updated Master Equipment List 20180509](#)

[171081 HVAC Vendor List Summary 20180509](#)

ADOPTION OF THE AGENDA

CITIZEN COMMENT - For Items not on the Agenda. Limited to three minutes per citizen.

STATE OF THE UTILITY

[171100.](#)

GRU Operational Update for April 2018 (B)

RECOMMENDATION

Receive a report on GRU's operations for the month of April 2018.

[171100 Ops Update April 2018 - All Depts. 20180509](#)

OLD BUSINESS

NEW BUSINESS

[170451.](#)

Update on Engineering Services for the Wastewater Collection System

Assessment to Target Inflow & Infiltration (I&I) Reduction Measures (B)

Explanation: GRU provides wastewater service to approximately 200,000 people. The GRU wastewater collection system includes over 1,100 miles of piping, 15,500 manholes, 170 lift stations, and 64,000 customer connections. The system receives and treats over 6 billion gallons of wastewater per year and beneficially returns clean water back to the environment. GRU uses best utility practices in operating and maintaining its system.

Like other utilities, we have challenges with portions of our system that are aging and with sanitary sewer overflows (SSOs). The majority of SSOs are related to customers flushing grease and “non-flushable” toiletries into the sewer system. Other causes include wet weather events, infrastructure failures, and third party damage. GRU has several programs to prevent and respond to SSOs including customer education, commercial grease program, construction design standards, system maintenance, and storm response. GRU staff responds to SSOs and other emergencies on a 24/7/365 basis.

Aging infrastructure leads to inflow and infiltration which reduces the capacity of the collection system and treatment plants. GRU has been proactive in addressing aging infrastructure, and has further increased these efforts over the last two years. We have increased our programs for sewer cleaning and inspection, smoke testing, and system monitoring. We have increased our wastewater collection system renewal, replacement, and rehabilitation program to \$7 to \$9 million per year. This program is critical to extending the life of our facilities, recovering system capacity, and reducing the risk of system failures and SSOs. Addressing aging infrastructure requires a substantial sustained long-term investment. GRU recognizes the need for a comprehensive assessment of the collection system in order to ensure that we are spending the right amount of money on the right things at the right time.

At their November 16, 2017 regular meeting, the City Commission received a presentation from staff regarding Engineering Services for the Wastewater Collection System Assessment to Target Inflow & Infiltration (I&I) Reduction Measures project. The Commission approved staff's recommendation to initiate contract negotiations with the top ranked firm in accordance with the Consultants' Competitive Negotiation Act (CCNA). At the time of the presentation, staff estimated that the cost of the project would be \$750,000 over three fiscal years. During the development of the scope, staff continued to expand their knowledge on ways to address aging infrastructure and received valuable input and expertise from the qualified firm. Additionally, needs for the project were identified from the lessons learned after Hurricane Irma and the 2017 wet season. As such, it was determined to modify the scope to include additional services and utilize more of the contractor resources.

Stormwater can have a significant impact on our wastewater collection system as was experienced during Hurricane Irma. Heavy rainfall and

unprecedented flooding caused a substantial amount of inflow to enter the collection system which, in return, caused wastewater releases. The project will incorporate surface inflow source analysis that will identify areas that have higher inflow potential. The results of this analysis will be incorporated into the recommendations for prioritizing I&I reduction efforts.

Value was added to the field investigation portion of the project by implementing a find-and-fix program. While contractors are inspecting and locating defects in the wastewater collection system, they will fix the easy-to-fix defects along with way. These fixes include such things like replacing cleanout caps and installing manhole rain pans. This find-and-fix program will expedite the reduction of inflow experienced in the system.

Excessive I&I cause operational challenges and reduce the available capacity of the wastewater system. The project will determine the GRU collection system's current level-of-service and provide up to three scenarios, including estimated rehabilitation costs, to increase the collection system's level-of-service.

Through the project scope development it was determined that the flow monitoring effort needed to be expanded to acquire additional information in order to make meaningful recommendations for prioritizing I&I reduction efforts. Additionally, GRU personnel will be assisting with components of the project (e.g. hydraulic modeling, field inspections) that is more than what was originally proposed in the initial project cost estimate.

Fiscal Note: The original cost of the project was estimated at \$750,000. The updated project cost includes additional staff time and additional items to the scope of work, such as the find-and-fix program, that was not included in the original cost estimate. The updated project cost is \$1,800,000 over FY 2018 through FY 2021, which includes both contractor and internal resources. The updated project cost is included in the proposed Water/Wastewater Capital Improvements budget.

RECOMMENDATION

The UAB recommend that the City Commission authorize the General Manager, or his designee, to execute a contract not to exceed \$1,500,000 with the top ranked firm, Jones Edmunds, for professional engineering services for the Wastewater Collection System Assessment to Target Inflow & Infiltration (I&I) Reduction Measures project, subject to approval of the City Attorney as to form and legality, and final appropriation of funds for each year of the project.

[170451 WWW Collection System Assessment 20171109](#)

[170451 Eval Tabulation 20171116](#)

[170451 Update on I-I Reduction Measures Project 20180510](#)

[171087.](#)

Resolution Related to the Issuance of Additional Series C Commercial Paper (B)

Explanation: During last year's budget process the City Commission approved a Capital Improvement Program (CIP) financing plan which called for issuing commercial paper every year and every third year issuing fixed rate bonds to take out the commercial paper issued in the two preceding years. This financing plan was designed to offer GRU maximum financial flexibility while accessing the capital markets at the lowest effective interest rates.

Consistent with this plan, the proposed resolution amends and supplements the City's Second Supplemental Subordinated Utilities System Revenue bond resolution. This resolution:

- Authorizes issuance of \$40 million in commercial paper to fund capital projects in 2018
- Increases the authorized line of credit under the commercial paper program from \$85 million to \$125 million. This increase in the authorized line will provide capacity for the utility to issue further commercial paper in 2019 in line with the approved CIP financing plan, as well as providing additional liquidity to meet reserve requirements
- Extends the commercial paper program for an additional 30 years to 2048
- Clarifies for future amendments to these amendments that bondholder consent is not required

In conjunction with the resolution several other documents are proposed for amendment:

- The paying agent agreement with U.S. Bank is amended to provide for the increase in the authorized commercial paper line from \$85 million to \$125 million.
- The credit agreement with Bank of America is amended to
 - o Extend the current liquidity facility to 2021. In negotiation with Bank of America associated with these proposed changes, Bank of America has agreed to extend the current agreement, which expires in November of 2018, to 2021 with no change in fees
 - o Provide for the increase in the authorized commercial paper line from \$85 million to \$125 million
- The dealer agreement with Goldman Sachs is amended to provide for the increase in the authorized commercial paper line from \$85 million to \$125 million.

Fiscal Note: The proposal will allow the utility to implement the CIP financing program approved by the City Commission as part of the 2018 budget process.

RECOMMENDATION

The UAB recommend that the City Commission:

- 1) approve the Fourth Amendment of the Second Supplemental Resolution and Supplemental Resolution authorizing issuance of Additional Series C Commercial Paper and;
- 2) approve the forms of the paying agent agreement with U.S. Bank, credit agreement with Bank of America, and dealer agreement with

Goldman Sachs, and authorize the execution and delivery thereof, subject to approval of the City Attorney as to form and legality.

[171087 Resolution with Exhibits A through E 20180509](#)

[171089.](#)

Resolution Authorizing the Issuance of Variable Rate Subordinated Utilities System Revenue Bond, Series 2018A (B)

Explanation: The Supplemental Subordinated Utilities System Revenue Bond Resolution authorizes the sale of the 2018 Series A Bonds to STI Institutional & Government, Inc. (SunTrust) in the amount of not to be outstanding in excess of \$25 million. The 2018 Series A Bonds represent a revolving line of credit which will provide the utility with a low-cost source of additional liquidity to fund capital projects and assist in financial management in the event of unforeseen events.

Fiscal Note: Other than an initial minimal draw to validate the 2018 Series A Bonds as a tax-exempt offering, it is not anticipated that this line of credit will be utilized outside of unexpected financial circumstances. The recurring cost of the unused line of credit is 25 basis points or one-quarter of one percent.

RECOMMENDATION

The UAB recommend that the City Commission approve the Supplemental Subordinated Utilities System Revenue Bond Resolution and thereby approve the issuance and sale of the 2018 Series A Bonds to STI Institutional & Government, Inc., approve the form of the Purchase Contract, and authorize the execution and delivery thereof subject to approval of the City Attorney as to form and legality.

[171089 Resolution with Exhibits A B and C 20180509](#)

[171090.](#)

Prospective Amendments to the Second Amended and Restated Subordinated Utilities System Revenue Bond Resolution (B)

Explanation: In conjunction with the issuance of the 2017 Series A, B, and C Bonds in November of 2017, the City adopted springing amendments to the senior Utilities System Revenue Bond Resolution in order to modernize certain provisions of the Resolution and provide the City with greater future financing flexibility. The amendments will become effective upon receiving majority consent of the senior Bondholders and certain other conditions being satisfied.

This item proposes amending the Second Amended and Restated Subordinated Utilities System Revenue Bond Resolution in order to make changes to the Subordinated Resolution consistent with those made in November of 2017 to the senior bond resolution, and clarifies

certain provisions to allow for greater flexibility in the use of lines of credit. Additionally it authorizes the mandatory tender of the Variable Rate Utilities System Revenue Bonds, 2007 Series A in order to obtain majority consent of the prospective amendments to the senior bond resolution and approves the form of the Reoffering Memorandum used in connection with the remarketing of the 2007 Series A Bonds.

Fiscal Note: Amending the Subordinated Utilities System Revenue Bond Resolution will modernize the Resolution and provide the City with future financing flexibility. The mandatory tender of the 2007 Series A Bonds will allow for majority consent of the springing amendments to the senior bond resolution.

RECOMMENDATION The UAB recommend that City Commission approve the adoption of the Resolution.

[171090 Cover Resolution for Second AR Subordinated Resolution with Exhibits](#)

[170989.](#)

Gainesville Regional Utilities Unaudited Internally Prepared Financial Statements for the Period Ended December 31, 2017 (B)

Explanation: The following item is presented for review:
Unaudited Internally Prepared Financial Statements for the Period Ended December 31, 2017, including management's discussion and analysis

Fiscal Note: Unaudited Internally Prepared Financial Statements

RECOMMENDATION The Audit and Finance Committee has reviewed and recommends the City Commission accept the GRU Unaudited Internally Prepared Financial Statements for the period ended December 31, 2017. The documents are now presented to the UAB for informational purposes.

[170989 Interim Financial Statements - Unaudited - Period Ended 12.31.17 2018](#)

[170990.](#)

Gainesville Regional Utilities Internally Prepared Actuals to Budget for the Period Ended December 31, 2017 (B)

Explanation: The following item is presented for review:
Actuals to Budget for the period ended December 31, 2017, internally prepared, including management's discussion and analysis

Fiscal Note: Internally prepared Actuals to Budget

RECOMMENDATION The Audit and Finance Committee has reviewed and recommends the City Commission accept the GRU Internally Prepared Actuals to Budget for the year ended December 31, 2017. The documents are now presented to the UAB for informational purposes.

[170990 GRU Budget to Actual Comparison Period Ended 12.31.17 20180510](#)

[170991.](#)

Gainesville Regional Utilities Internally Prepared Supplementary Data for the Period Ended December 31, 2017 (B)

*Explanation: The following item is presented for review:
Supplementary Data for the period ended December 31, 2017, internally prepared*

Fiscal Note: Internally prepared Supplementary Data

RECOMMENDATION

The Audit and Finance Committee has reviewed and recommends the City Commission accept the GRU Internally Prepared Supplementary Data for the year ended December 31, 2017. The documents are now presented to the UAB for informational purposes.

[170991 Supplementary Data Period Ended 12.31.17 20180510](#)

[171009.](#)

Gainesville Regional Utilities Fiscal Year 2017 Audited Financial Statements, Auditors' Reports, and Auditors' Communication to Those Charged with Governance and Management (B)

Explanation: In accordance with the City's contract for external auditing services with Baker Tilly Virchow Krause, LLP, the following reports are presented for review by the Audit and Finance Committee: The Financial Statements, Supplementary Information and Independent Auditors' Report of Gainesville Regional Utilities for the Fiscal Year Ended September 30, 2107;

In the opinion of the independent auditors, the financial statements referred to in the item above, present fairly in all material respects, the financial position and changes in financial position of GRU for the year ended September 30, 2017, in accordance with accounting principles generally accepted in the United States of America.

As part of the audit process the independent auditors issue a report on internal control over financial reporting and on compliance with certain provisions of laws, regulations, contracts and grant agreements. These reports are presented within the item above.

The auditors' communication to those charged with governance and management, and internal control report over financial reporting related to Gainesville Regional Utilities indicate that there were no recommendations in the current year.

In accordance with Section 8(b) or Resolution 151027, City Auditor

Responsibilities and Administrative Procedures, the City Auditor has review the attached statements and reports to ensure that contractual terms have been fulfilled and transmits these reports with a recommendation for City Commission acceptance.

RECOMMENDATION

The Audit and Finance Committee recommends that the City Commission accept the subject financial statements, auditors' reports, auditors' communication to those charged with governance and management, and management's representations. This item is now presented to the UAB for informational purposes.

[171009A Gainesville Regional Util. 2017 Report to Management and Governing](#)

[171009B Gainesville Regional Utilities FS 2017 Final 20180510](#)

MEMBER COMMENT

CITIZEN COMMENT

NEXT MEETING DATE

June 14, 2018

ADJOURNMENT