

ITEM #080961 - APRIL 16, 2009

DATE: March 10, 2009
TO: Honorable Mayor and Members of the City Commission
FROM: Robert E. Hunzinger, General Manager
SUBJECT: Annual Performance Review

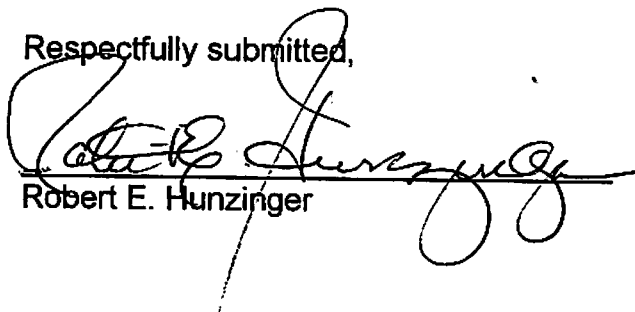
First and foremost, I want to thank you for the opportunity to work as the General Manager for GRU. My first year anniversary of March 3rd arrived quickly. Our family has very much enjoyed Gainesville during this period.

I have been fortunate to work with our dedicated and talented GRU employees and many others within the general government. I have enjoyed working with you and getting to know each of you on a personal level also. I much appreciate the confidence you have shown in allowing staff and me to operate the utility.

I understand this job carries with it a tremendous public responsibility and strive to represent GRU in a professional manner at all times. I look forward to your input and discussion in our individual meetings.

Attached please find detailed information relative to activities over the past year. Please advise if I can provide further information.

Respectfully submitted,



Robert E. Hunzinger

Attachment

REB:jjh

GRU General Manager
March 3, 2008 – March 2, 2009 Summary

Introduction

This information is furnished for your consideration in the annual process of providing feedback related to my performance for the initial year of employment with Gainesville Regional Utilities. Due to my nature, I find it difficult to extol individual accomplishments in a team oriented organization, but will do my best to provide a brief summary of the pertinent items for the past year.

Any accomplishments listed are a result of all of the employees at GRU. We are fortunate to have approximately 850 dedicated employees who work to provide and maintain services in electric, water, wastewater, natural gas, and GRUCom with total organizational budgeted revenues for Fiscal Year 2009 of \$431 million.

Purpose

I believe the main role of this job is to provide the leadership to leverage the technical knowledge and expertise of the organization as input to the city commission in recommending and developing the strategic direction for the utility, and then to implement this strategic direction and communicate it to all employees and the community we serve in a consistent manner. Certainly on a daily basis there is much more involved to accomplish this.

Organizational Issues

As a result of my management style and some sage advice prior to beginning the job from many of the GRU Assistant General Managers, I chose to spend a significant period (6 months plus) observing and learning about GRU internally and our involvement in the community as opposed to implementing major changes initially. I have found that in total GRU is a well run utility, but we can and do have areas to improve upon. I also wanted to sharpen GRU's strategic focus, which was accomplished through and with the support of our AGM level management team and City Commission.

We now have a good basis for consideration of longer-term organization efficiencies and improvements that will be implemented as opportunities arise within business and employee constraints and openings. A brief summary of key organizational items follows:

- The GRU strategic planning process was reviewed and revisions were made with input from senior management staff and the City Commissioners
- The GRU mission statement was affirmed and work is progressing on adjustments to our future vision
- A plan to address employee diversity issues within GRU has been developed and will begin to be implemented

- Key management staff hires were made in Community Relations (Nona Jones) and Energy Supply (John Stanton)
- Worked with the AGM / management team to revise organizational success indicators from the balanced scorecard to more easily understood Key Performance Indicator report that reflects our mission statement and values

Accomplishments

I will use the GRU mission statement to help summarize the many accomplishments of the past year by expounding on the major elements.

GRU Mission Statement

To provide safe, reliable, competitively priced utility services in an environmentally responsible manner to enhance the quality of life in our community.

Customer Service

This is a linchpin of my view of why a municipal utility exists. We must strive to provide exceptional customer service levels. We live and work in the community, and we owe our customers, who are our owners, the very best service levels. Listed below is a brief summary of key customer service initiatives:

- Initiated an employee team (Total Service Excellence) to target improvement in monthly customer satisfaction scores by emphasizing to our management group and all employees the importance of customer service
- GRU initiated over 30 remote payment centers throughout the community by partnering with Fidelity Express and local businesses to make it more convenient for customers to pay bills. We expect the number to continue to grow.
- GRU expanded its lobby and drive through hours by optimizing existing staff
- A team was initiated to review and recommend changes to our monthly bill format
- A team was formed to redesign the GRU bill so that it will be more easily understood and customer friendly
- A number of community meetings have been conducted with customers to help explain various bill payment assistance and conservation programs

Reliable Services

Service reliability is often taken for granted, especially in our production or processing plants, as this is typically not visible to customers unless a major outage or service disruption occurs. We monitor and benchmark our plant availability and distribution service reliability against industry standards, and our own history for improvement. Listed below is a brief summary of major projects initiated or completed during this period.

- Construction of additional filter capacity at the Murphree water treatment plant
- Completion of the South Energy Center – a combined heat and power plant that will service Shands at UF Cancer Hospital
- Annual overhaul of Deerhaven 1, including turbine and generator
- Plant maintenance and upgrades at the Main Street and Kanapaha treatment plants
- Normal system expansion and maintenance (replacement and upgrades) for all of the operating systems
- Continuation of our systematic trimming program to reduce electric system outages

Safety / Employees

As mentioned above, our employees at GRU are vital to a successful organization. We want to ensure that employees enjoy their work, receive the proper training, and can work in a safe and open environment. A key part of this is working safely to protect themselves, coworkers, and the general public. We must also provide the proper communication channels to promote and foster a good working environment.

- Initiated and placed emphasis on a target of zero lost time accidents
- Instilling local community involvement and values with employees at all times, not just those hours active at GRU
- Participate in interactive monthly breakfast meetings that include all employees over the course of a year
- Meet with expanded management group on a bi-monthly basis
- Monthly sales and revenue information made available to all employees
- Making a concerted effort to improve communication and management trust with employees by visiting and engaging employees in their workplaces

Environmental

GRU has long been a leader in various aspects of environmental responsibility within the community. This is a constantly changing regulatory arena at the national, state, and local levels. There is a delicate balance between the level of environmental responsibility and ultimate end use costs to customers. A few of the projects are listed below:

- The City Commission approved the proposed biomass plant and authorized GRU to initiate negotiations
- GRU became the first utility in the nation to offer a Solar Feed in Tariff
- The Deerhaven 2 retrofit (NO_x, SO₂, baghouse) project made great progress and is scheduled for tie in beginning Spring 2009
- The GRU conservation and efficiency programs continue to expand and deliver returns for our customers and the utility that exceed targets

- Various in depth tests were conducted in association with the GRU land application of biosolids with positive results. We continue to work to find the best overall solution
- Great strides were made to prepare for the actual soil removal and remediation of the Depot Park former manufactured gas remediation site with the state of Florida
- The Paynes Prairie sheet flow restoration project continues to progress – various grants were received toward this project
- GRU continues to be a key participant with the EPA clean up activities associated with the Koppers Superfund site
- GRU staff, in conjunction with general government employees, developed a brochure that summarizes the City of Gainesville's progress and goals toward meeting the Kyoto environmental goals by 2013

Financial Strength / Competitive Rates

GRU has worked diligently to achieve a rating of financial strength in the public power arena that is shared by only a handful of other municipal utility entities. This financial position allows GRU to benefit from reduced borrowing and other related costs. GRU also provides a significant benefit and return to the City of Gainesville through the generous magnitude of the General Fund Transfer (GFT). Listed below are a few of the financial challenges and opportunities managed last year.

- GRU maintained its prestigious AA financial bond rating
- GRU staff, along with Mayor Hanrahan made a successful presentation to both Moody's and Standard and Poor's rating agencies
- Fiscal responsibility has been stressed to all employees through revised budget expense targets for FY 09 and FY 10 and through the message that we must keep our rates competitive
- The City Commission approved the third and final year of planned rate increases to continue to improve the GRU financial position and metrics
- GRU absorbed unprecedented fuel price volatility and increases (coal and natural gas) while attempting to minimize as much as possible the impact on customers
- A significant GFT continues to be transferred to the City's general fund. Discussions with General Government staff and the Regional Utilities Committee were initiated regarding the future format of the GFT
- The Lease In Lease Out (LILO) arrangement with the Deerhaven power plant was terminated as a consequence of the financial and economic conditions impact on the third party credit entity
- The Financial Management Information System is near completion and should "go live" by June, 2009
- GRU received good news relative to the GRUCom lawsuit, as the courts ruled that we are not subject to property taxes on our facilities (\$2 million cumulative savings)

Personal Activities

GRU has an excellent reputation within the public power community at the state and national levels. We are often requested to give presentations in various seminars and conferences around the country. Over the past year I have assumed membership or have been involved in the following:

- The Energy Authority Board (GRU is an equity owner)
- Coelectric Board member (GRU is a participatory member)
- Florida Reliability Coordinating Council Board Member
- Florida Municipal Power Agency Board Member
- GRU was invited as a charter member of the advisory committee for the Municipal Clean Energy Project (now Clean Energy Efficiency Project) sponsored by the American Public Power Association (APPA) and the Alliance to Save Energy – I serve on this ad-hoc board
- Speaker at the APPA 2008 national conference regarding GRU efficiency and conservation programs

Looking Forward

In addition to continuing all of the activities and strategies mentioned above, the next year will present unique challenges and opportunities.

We are all aware of the present and near-term business and consumer challenges resulting from the financial and economic crisis. GRU has experienced reduced unit sales (and revenues) in our utility services and expect this to continue. Early on, we realized and anticipated that sales levels would likely be impacted by the economic crisis, and we began taking steps to reduce expenses.

We will continue to implement operating, capital and administrative efficiencies and cost reduction options in the next year to help minimize the impact on our customers while maintaining service reliability, financial, and customer service levels. It will be a continuing challenge to balance all of these factors in the proper manner.

We expect the traditional areas of GRU growth (electric, water, wastewater, and natural gas) to slow, but there may be opportunities in non-traditional utility areas such as GRUCom or other businesses to be developed.

It will be even more important to be transparent in our communication of GRU services, values, and plans to our employees and customers going forward. Areas that I want to dedicate time to over the next year include:

- Continue Strategic Planning process for GRU
- Utilize the resources of GRU to help promote Economic Development in the community and region
- Analyze and develop new business and growth opportunities for GRU

- Leverage GRU involvement with Solar and Biomass (renewables) to provide local economic opportunities
- Given the economic conditions, target zero to minimal rate increases
- Become more active within the Gainesville community through strategic service and network connections
- Become more active within the utility industry with state and national groups
- Centralize the GRU state and national legislative tracking