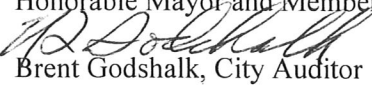


City of
Gainesville

Inter-Office Communication

June 19, 2014

TO: Honorable Mayor and Members of the City Commission
FROM: 
Brent Godshalk, City Auditor
SUBJECT: Proposed Ranking of Requests for Proposals for an External Investigative Review of Gainesville Regional Utilities

Recommendation

The City Commission:

- 1) Approve the ranking of the proposals received for an external investigative review of Gainesville Regional Utilities (GRU),
- 2) Identify funding and establish a budget for the investigative review,
- 3) Authorize the City Auditor to execute a professional services contract with the top ranked firm, subject to approval of the City Attorney as to form and legality, and
- 4) Direct all charter officers and their staff to participate fully with the firm selected and to provide immediate and full access to all relevant records at their disposal.

Explanation

On December 5, 2013, the City Commission referred the issue of a special audit of GRU to the Audit, Finance and Legislative Committee (AFLC). On January 29, 2014 the AFLC met and discussed this item. The Committee received extensive public input focused on numerous issues of concern related to past management practices and business decisions primarily related to the multi-year development and implementation of the Power Purchase Agreement (PPA) between Gainesville Renewable Energy Center (GREC), LLC and the City of Gainesville d/b/a Gainesville Regional Utilities (GRU) dated April 29, 2009 and approved by the City Commission on May 7, 2009. There was also considerable discussion regarding the background and financial impact of the "Equitable Adjustment for Change of Law" agreement dated March 16, 2011. Committee discussions focused on possible actions that could be taken from a management, legal, financial, policy and control perspective to prevent reoccurrence of the actions involved in implementing the GREC PPA and to positively affect the financial outlook of GRU, especially in the area of energy supply and energy delivery.

Committee members reported to the City Commission on February 6, 2014 a joint recommendation for the City to move forward with an external review focusing primarily on GRU past management practices and business decisions related to the implementation and any amendments to the GREC PPA, and including a forward focus on recommendations having positive financial impacts on GRU energy supply

and delivery. After Commission discussion and additional citizen input, the City Commission authorized the City Auditor to prepare a Request for Proposals (RFP) for an external review to address:

- 1) Opportunities for financial and operational benefit to GRU related, but not limited to the GREC PPA; and
- 2) Recommendations of institutional controls that can be implemented that would help avoid the management discrepancies of the past and help strengthen the working relationship between GRU management and the City Commission.

On March 5, 2014, the AFLC discussed proposed RFP language, received extensive public input, provided detailed input to the City Auditor regarding desired clarifications in RFP language, and recommended the City Commission approve the modified RFP language and recommended process. This recommendation was adopted by the City Commission on April 3, 2014 after being continued from the March 20, 2014 City Commission meeting.

On April 10, 2014, an RFP for an External Investigative Review of GRU was issued by the General Government Purchasing Department. The City received three proposals by the due date of May 8, 2014, which were then evaluated according to the City's standard practice for professional services proposals. Based on the evaluated technical qualifications, written proposals, fees related to each proposal and oral presentations from the three proposers, proposals have been ranked first, second and third, as provided in the attached proposal evaluation.

Accordingly, it is recommended that the City Commission approve the ranking of the proposals received, identify funding and establish a budget for the investigative review, authorize the City Auditor to execute a professional services contract with the top ranked firm, subject to approval of the City Attorney as to form and legality, and direct all charter officers and their staff to participate fully with the firm selected and to provide immediate and full access to all relevant records at their disposal. If, for any reason, an agreement with the selected proposer cannot be reached, the City Auditor will initiate negotiations with the second ranked firm, continuing through the rankings until an agreement is reached or all proposals are rejected.