

# City of Gainesville

City Hall  
200 East University Avenue  
Gainesville, Florida 32601



## **Meeting Agenda - Final**

**July 9, 2018**

**5:30 PM**

**Joint City Commission/Utility Advisory Board Special Meeting**

**City Hall Auditorium**

### **City Commission**

***Mayor Lauren Poe (At Large)***

***Commissioner Helen Warren (At Large)***

***Commissioner Gail Johnson (At Large)***

***Commissioner Gigi Simmons (District 1)***

***Commissioner Harvey Ward (District 2)***

***Commissioner David Arreola (District 3)***

***Mayor-Commissioner Pro Tem Adrian Hayes-Santos (District 4)***

***If you have a disability and need an accommodation in order to participate in this meeting, please contact the Office of Equal Opportunity at (352)334-5051 at least two business days in advance. TTY (Text Telephone Telecommunication Device) users please call 711 (Florida Relay Service). For Speech to Speech (STS) relay, please call 1-877-955-5334. For STS Spanish relay, please call 1-877-955-8773. For STS French Creole relay, please call 1-877-955-8707.***

**CALL TO ORDER****AGENDA STATEMENT**

*"Citizens are encouraged to participate in City of Gainesville meetings. In general, speakers will be limited to 3 (three) minutes per agenda item. Additional time may be granted by the Mayor or by the City Commission as directed. The City of Gainesville encourages civility in public discourse and requests that speakers limit their comments to specific motions and direct their comments to the Chair. Signs or Props are not permitted in the meeting room. Citizens are encouraged to provide comments in writing to the Clerk of the Commission before meetings and/or during meetings for inclusion into the public record. Citizens may also provide input to individual commissioners via office visits, phone calls, letters and e-Mail, that will become public record. In some instances, i.e., Quasi-Judicial Hearings, these particular contacts may be prohibited.*

**ROLL CALL****ADOPTION OF THE AGENDA****DISCUSSION ITEMS**

[180140.](#)

**Enterprise Resource Planning Update: Customer Care & Service, Enterprise Asset Management and Advanced Metering Infrastructure (B)**

*Explanation: On November 6, 2014, the City Commission authorized GRU to transition the Financial Management Information System (FMIS) and the Customer Care & Service (CCS) to the current product version. This transition was necessitated by the legacy system being unsupported and still unable to communicate across modules. The Commission approved staff's cost estimates of \$6,000,000 for FMIS and \$8,000,000 for CCS. These cost estimates were based on discussions/ recommendations directly from SAP sales representatives with the intent of moving to the new generation of the SAP application suite, the enterprise resource planning (ERP) concept.*

*The ERP concept uses a suite of applications to communicate as one system. The estimate for the new ERP system included the available hardware, software (licensing), and proposed implementation costs only. No consideration for application maintenance, data migration, training, Advanced Metering Infrastructure (AMI), enterprise asset management (EAM) or compatibility/ communications between applications was given, due to the fact that GRU staff was still collecting information about benefits and potential risks associated with the different systems.*

*CCS is used by GRU to bill utility services as well as to bill for Storm Water and Solid Waste services on behalf of General Government. CCS*

*manages the following:*

- Customer Data*
- Service Data*
- Address Data*
- Usage History*
- Billing Data*
- Service Orders*

*EAM consists of asset register, work order management, and inventory and procurement functions in an integrated business software package. EAM manages inventory and operation service requests.*

*In June/July of 2016, the Utility Advisory Board (UAB) and City Commission approved revised estimates that were based on more detailed information received to implement FMIS, along with placeholders for estimated Capital Expenditure (CapEx) deployment costs for CCS and EAM, resulting in \$10.8M for FMIS, \*\$10M for CCS, and \*\$10M for*

*EAM. At that time, the \$20M placeholder for CCS and EAM was based on what GRU staff had learned to that point about ERP interoperability. GRU was/is still in the process of gathering information about AMI from other utilities and consulting resources to deliver realistic expectations of what these integrated applications would mean to GRU and its customers as an AMI-powered utility.*

*Through this process, staff has completed a business case and acquired outside consultants who specialize in AMI deployments. Staff now knows that it is essential to include integration technologies that power ERP communications and allows connectivity between ERP applications. This allows GRU to take full advantage for customer service and billing, work and outage management, all tied to financials, as the keystone of our operations. After discussing GRU's options and considering the above, a plan was developed to select and deploy components which did not present "blocking strategies" in the form of compatibility or business outcome limitations. During the budget planning discussions in June 2018 at a joint UAB / city commission workshop, staff shared the initial revised request of \$35.4M in CapEx, adjusted from the original placeholder estimate of \$20M. To be respectful of the original request based on the limited knowledge at that time, AMI compatibility, licensing, implementation costs, quality assurance / quality control, data structure requirements, call center software, and mobile equipment as well as training were not considered part of that original \$20M CapEx placeholder.*

*Adjustments to the original CapEx request are based on all of the above to include the AMI system compatibility requirements, which have significantly impacted the version of CCS and necessary updates to the FMIS system.*

*It is staff's intent to share the information with the respective governing bodies as to any adjustments needed to the original placeholders and the*

anticipated roadmap revisions. This roadmap includes the installation of the complete CCS, EAM, and AMI components.

For this workshop, the City Commission asked staff to provide information about AMI in reference to its benefits, deployment options, and envisioned timeline. The AMI initiative over the last year has led to GRU contracting services for a business case and AMI management consultants to begin the meter selection, communication canopy build, and meter data management (MDM), and staff have released an Invitation to Negotiate (ITN) for these services. Based on the business case for AMI, GRU is back with information for both the UAB and the city commission as to the benefits of the individual systems (CCS, EAM, and AMI) as well as the technology needs and integration necessary for compatibility.

*Fiscal Note:* This update will discuss the original \$20,000,000 request for CCS and EAM, including what these systems effectively do, and the changes caused by requirements for a fully integrated AMI deployment.

**RECOMMENDATION**      The City Commission and Utility Advisory Board approve the increased CapEx from \$20M to \$35.4M for both CCS & EAM ERP component to be budgeted across FY2019-FY2021.

[180140 ERP Presentation 20180709](#)

## [180141.](#)

### **Advanced Metering Infrastructure (AMI) Update (B)**

*Explanation:* Advanced Metering Infrastructure has quickly become one of the top initiatives for utilities around the U.S. Advanced metering infrastructure (AMI) is an integrated system of smart meters, communications networks, and data management systems that enable two-way communication between utilities and customers. These systems provide a number of important functions that were not previously possible or had to be performed manually, such as the ability to automatically and remotely measure consumer consumption, connect and disconnect services, detect meter tampering, identify and isolate outages, and monitor voltage.

AMI technology offers utilities valuable information about customer usage, including consumption behavior, effects of external variables and outages. Both the customer and the utility are able to find out how energy is used within the home. The knowledge of the customer's usage improves the customer service representatives' ability to work with a customer to understand his or her bill, which in turn increases customer confidence in the billing process. Additionally, the consumer will have the ability to monitor and change their usage, which could result in a lower energy bill. The overall results are better customer interaction, improved quality of service and shortened response times to outages.

In 2014, as AMI started to become a household name in the industry,

GRU decided to rollout a small pilot program. An Invitation to Negotiate (ITN) was issued and an AMI vendor was awarded the opportunity to participate. This vendor provided an AMI solution that gave us the ability to investigate functions of smart meters, head end system software, and various types of communication protocols. This pilot program was rolled out strategically over a four-year period and the tests consisted of automated internal controls, meter to cash integrations (AMI meter data combined with billing system requirements equals billing statement), and various backhaul solutions and data analytic programs (communication efforts). This pilot proved successful and gave the utility confidence, and a good look inside what it would take to not only deploy, but also maximize the potential benefits of an AMI system. With knowledge from the pilot system, as well as multiple visits with other organizations that were using AMI, we moved forward in 2017/18 by bringing in two reputable consultants along with Gartner to conduct the business case as well as the gap analysis, assessment, and feasibility study for AMI. The business case gave us a better look at how we do business and the effects that an AMI system could have in terms of costs and benefits. With the data collection and partnerships we have produced, we feel confident to move forward with AMI as a part of our global enterprise resource planning initiative. We have initiated ITNs to deliver meter technology options, software compatibility options, and communication options along with a plan and budget to complete the AMI initiative. Based on this recent progress, GRU is back with information for both the UAB and the city commission as it pertains to the AMI project as well as recommendations for next steps.

We are working to develop a staging strategy for AMI deployment which will minimize rate impacts based on the return on investment documented through several business cases, as well as several consultants. If approval is given we look forward to returning with firm numbers from the ITNs that are currently out for proposal.

*Fiscal Note:* We are estimating an overall \$51 million investment for the deployment of AMI as a part of the ERP implementation. Leidos projected a simple payback of 53 months on annual savings of over \$9,000,000. UtiliWorks projected an internal rate of return of 16.3 percent and a simple payback of nine years. Both projects exceed our internal hurdle rate of 10 percent.

**RECOMMENDATION**

The City Commission and UAB approve moving forward with the process of AMI as part of the ERP system.

[180141 AMI Presentation final 20180709](#)

[180142.](#)

**GRU FY19 Budget - Rate Tier Options (B)**

*Explanation:* At a joint meeting of the Utility Advisory Board and the City Commission on April 10, 2018, staff was directed to generate data on four separate electric rate tiering structures:

- Single tier
- Two tiers with a break at 750 kWh
- Two tiers with a break at 850 kWh
- Two tiers with a break at 1,000 kWh

*The four rate structures have been developed based on the General Manager's recommendation of a proposed budget including baseline expenses, 2% pay increases, six additional full time equivalent positions, ERP expenses associated with an enterprise asset management program and upgraded customer care system, and one million dollars per year related to the upcoming Total Rewards Study. This proposal results in a projected 3.1% electric rate increase in FY19.*

*Fiscal Note: None*

**RECOMMENDATION**

*The City Commission provide direction on the electric rate tier to be utilized for the upcoming Fiscal Year 2019 budget.*

[180142 Proposed Rate Changes 20180709](#)

[180142 Annual Operating and Capital Budget FY19 v2 20180709](#)

## **ADJOURNMENT**