



Annual Operating and Capital Budget

Budget Year 2019

Executive Summary

Gainesville Regional Utilities' (GRU) proposed fiscal year 2019 capital and operating budget presents a framework for providing safe, reliable, competitively priced utility services in an environmentally responsible manner that contributes to the quality of life in our community.

During last year's budget process, GRU was negotiating the purchase of Gainesville Renewable Energy Center (GREC) and elected not to speculate on potential savings. In November 2017, GRU purchased GREC – now the Deerhaven Renewable Generating Station (DHR) – and terminated the 30-year Power Purchase Agreement (PPA), profoundly improving fiscal year 2018 budget projections and further diversifying the utility's energy portfolio.

As a result of the purchase, GRU significantly lowered electric bills in February 2018 for residential and non-residential customers, continuing a downward trend started in fiscal year 2015. These savings notwithstanding, GRU continues to face pressures such as increasing operations and maintenance costs combined with flat revenue growth.

For fiscal year 2019, GRU staff has presented a budget that supports the utility's vision of continuous improvement and optimizing all aspects of the organization for the benefit of its customers and the community at large. Two critical components of this vision are GRU's Enterprise Resource Plan (ERP), which will help modernize the utility and improve the customer experience and the Total Rewards Study, which will help GRU retain qualified staff critical to maintaining reliability across all systems.

To achieve these goals, GRU staff recommends a 3.1 percent increased revenue requirement for the electric system in the proposed fiscal year 2019 budget. (The impact to a monthly residential electric bill will be determined when the City Commission votes on a tier structure this July. The chart below assumes an 850 kWh break.) Staff also recommends a 2.4 percent increased revenue requirement for the wastewater system. A monthly wastewater bill, based on the standard industry comparison of 7,000 gallons (7 kgal) per month, will increase from \$53.20 to \$54.50.

Staff recommends no revenue requirement increases for the water and natural gas systems.

As always, GRU's chief priorities are maintaining financial strength, sustaining and enhancing system reliability and improving both customer service and employee engagement.

Challenges

As with most utilities, GRU will continue to be challenged by ongoing regulatory pressure in all systems. These pressures include additional costs in the electric system associated with increased compliance for North American Electric Reliability Corporation (NERC) standards and U.S. Environmental Protection Agency (EPA) rules regulating the disposal of coal combustion residuals.

GRU's biggest challenge will be its transformation into a modern utility determined to adopt a private-industry model of efficiency. While GRU already provides a value-added service, the organization must reach beyond the meter to provide additional benefits such as real-time pricing, alternative energy choices and smoother customer interactions.

The proposed fiscal year 2019 budget reflects staffs' best efforts to balance the direction of the City Commission and the challenges confronting the utility across all systems.

Systems

Total electric energy sales through May 2018 are in line with projections. Staff is recommending a 3.1 percent increase in the revenue requirement and is proposing a rate increase for the electric system in fiscal year 2019. This increase is due largely to costs associated with overall increased operating costs and continued efforts to implement customer-focused advances under the Enterprise Resource Planning (ERP) umbrella.

In FY19, biomass is expected to satisfy 18 percent of total system load, coal is estimated to satisfy approximately 29 percent and natural gas 45.4 percent, as detailed in the following section. The remainder will be satisfied by a variety of sources, including alternative fuels such as solar and landfill gas.

The electric system's proposed FY19 budget includes approximately \$51.5 million for capital improvement projects related to the overall maintenance and reliability of our system, in addition to technological upgrades related to ERP. Approximately 14.5 million is set aside for the ERP, which will ultimately bring more control to our customers through advances such as smart meters.

Energy Supply proposes a \$9.4 million increase in non-labor expenditures due primarily to costs associated with the purchase of DHR (\$8.8 million) (these expenditures were previously part of a larger fuel budget).

For Energy Delivery, the Deerhaven Generating Station receives the bulk of an \$8.2 million proposed capital budget request, the largest portion of which (\$3.7 million) is dedicated to improvements on Unit 2. The J.R. Kelly Generating Station receives \$2.1 million for parts needed to ensure continued reliability. Any capital investments in the SEC, including a

potential \$4 million backup generator expansion, are recouped through an agreement with UF Health.

Natural Gas

GRU is recommending no natural gas rate increases for fiscal year 2019. Natural gas generation is estimated to satisfy 43 percent of total system load in FY19 and 45.4 percent in FY20.

After a mild winter in FY17, natural gas sales have been more in line with budget projections in FY18 and are forecast to continue increasing at an annual rate of .45 percent through FY27. The number of retail gas customers is forecast to increase at an annual rate of .92 percent over the next 10 years.

Additionally, the gas system will continue to improve the efficiency and reliability of its arterial system through projects focused on satisfying increased demand and meeting the needs of customers in new and existing developments. To meet these needs, the gas department has requested approximately \$1.7 million in its Capital Projects budget for main line extensions and improvement projects. The department also has requested approximately \$1.3 million in its Capital Projects budget for ERP-related expenses.

Water/Wastewater

Staff is recommending no base rate revenue requirement increase for the water system in FY19. The number of total water customers is forecast to increase at an average annual rate of .094 percent over the next 10 years, and water sales to retail customers are forecast to increase at an average annual rate of .71 percent through FY27.

Staff recommends a 2.4 percent increased revenue requirement for the wastewater system to maintain its long-term reliability and improve customer-focused technologies. As a result of this increased revenue requirement, a monthly wastewater bill will increase from \$53.20 to \$54.50 based on a standard industry comparison of 7,000 gallons (7 kgal) per month.

To accomplish the projects necessary to maintain or improve systems, the Wastewater Department is requesting \$20.4 million for capital projects. Approximately \$5 million of the requested funds are dedicated to maintenance and infrastructure improvements at water reclamation facilities and approximately \$5.9 million is requested for infrastructure rehabilitation projects that restore the life of deteriorating pipes and reduce inflow and infiltration.

GRUCom

GRUCom's continued expansion is a key factor to achieving GRU's strategic initiatives, specifically the integration of Enterprise Resource Planning for all systems. Maintaining and expanding GRUCom with a model of right-sizing and right-placing external resources to maximize value to GRU operations – simultaneously maximizing value to all GRU customers – will effectively transform GRU into one of the most innovative and financially stable utilities in the country. GRUCom's principal value to GRU, and therefore all GRU customers, is as the information technology backbone of both GRU and the City of Gainesville.

Summary

The chart below illustrates the residential price changes recommended by staff and described previously. These changes use the standard industry compares for a residential customer for fiscal year 2018 and fiscal year 2019. About 70 percent of customers receive three services (electric, water and wastewater) and about 30 percent receive all four services.

System	Usage	July 2018 Bill	Base Rate Change	Fuel Change	Change to Bill	Proposed FY19 Bill
Electric	1,000 kWh	\$121.00	\$3.26	-	\$3.26	\$124.26
Gas	25 therms	\$ 32.64	No change	-	-	\$ 32.64
Water	7 kgal	\$ 30.50	No change	na	-	\$ 30.50
Wastewater	7 kgal	\$ 53.20	\$1.30	na	\$1.30	\$ 54.50
Total		\$237.34	\$4.56	-	\$4.56	\$241.90
Residential electric 850 kWh break with proposed rate increase/residential wastewater proposed 24 % increase/electric fuel adjustment = \$0.035/kWh/natural gas purchased gas adjustment = \$0.23/therm						

Rate relief, especially for electric customers, remains GRU's key budget driver. GRU is most valuable to customers when financial strength is maximized to increase competitiveness by reducing system revenue requirements, lowering rates and debt levels and increasing organizational resources.

GRU's strategic initiatives are focused on improving workflow processes, eliminating barriers to efficiencies and increasing competitiveness through projects such as our Enterprise Resource Plan and Total Rewards Study and through diversifying our generating fleet.

GRU's peer utilities across Florida and the nation are reporting similar trends with slower sales and growth, increasing fixed costs and the resulting pressure on base rates. Despite these challenges, GRU maintains high ratings and stable outlooks from Fitch, Moody's and Standard & Poor's.

This can be attributed in part to the deliberation and care put into the budgeting and ratemaking process. GRU will continue striving to become the best regional utility in Florida by providing safe, reliable, competitively priced services in an environmentally responsible manner, while adhering to community values.

Annual Operating Budget

Table of Contents

Section A: Budget Overview

System Overview	1
Fiscal Year 2019 Revenues	3
Fiscal Year 2019 Expenses and Uses of Net Revenues	4
Key Financial Metrics	5
Fiscal Year 2019 Rate Structure	9
Forecasts	10

Section B: Flow of Funds

Combined System	1
Electric System	2
Water System	3
Wastewater System	4
Gas System	5
GRUCom	6

Section C: Revenues

Combined System	1
Electric System	2
Water System	4
Wastewater System	6
Gas System	8
GRUCom	10

Section D: Non-Labor

Combined System	1
Fuel	2
Energy Supply	3
District Energy	4
Energy Delivery	5
Water	7
Wastewater	8
GRUCom	9
Administration	10
Customer Support Services	11
Information Technology	12
Budget, Finance, and Accounting	13
Chief Operating Officer	14
Debt Service Expenditures	15
Utility Plant Improvement Fund	16
General Fund Transfer	17

Section E: Labor

Combined System	1
New and Overfill Positions	2
Energy Supply	7
District Energy	8
Energy Delivery	9
Water	10
Wastewater	11
GRUCom	12
Administration	13
Customer Support Services	14
Information Technology	15
Budget, Finance, and Accounting	16
Chief Operating Officer	17

Section F: Capital Projects

Combined System	1
Electric System	2
Water System	10
Wastewater System	13
Gas System	17
GRUCom	21

Section G: Financial Reserves and Ratios

Reserve Requirements	1
Total Debt Service Coverage	2
Fixed Charge Coverage	3
Days Liquidity on Hand	4
Days Cash on Hand	5

Section A – Budget Overview

System Overview

Electric System

The Electric System has two major departments: Energy Supply and Energy Delivery. The Energy Supply department operates and maintains the J.R. Kelly Generating Station with a net summer generation capability of 108 Megawatts (MW), the Deerhaven Generating Station (DH1, DH2 and DHR) with a total net summer generation capability of 511.5 MW and the South Energy Center (SEC) with a net summer capability of 3.5 MW. In addition, the System also has a Power Purchase Agreement (PPA) for the entire output generated from landfill gas derived from the baseline landfill in Marion County, which has a net summer capability of 3.7 MW. The total combined generating and PPA resources for GRU are 626.7 MW.

The Energy Delivery department operates 120 miles of 138 Kilovolt (KV) and 230 KV transmission lines, 562 miles of 12 KV overhead distribution lines, 857 miles of 12 KV underground distribution lines and 10 substations. The department is also responsible for the construction and maintenance of all GRU-owned substations as well as all transmission and distribution infrastructure including: conductors, cables and wires, poles, protection devices, isolating and interrupting devices, voltage regulators, meters, control systems and lighting systems.

Water System

The Water System operates and maintains the Murphree Water Treatment Plant, which has a treatment capacity of 54 million gallons of water per day (MGD). The plant is responsible for providing safe, reliable, high-quality drinking water to customers at acceptable pressures and volumes. The System is also responsible for construction, operation and maintenance in excess of 1,145 miles of water transmission and distribution mains, as well as the installation and maintenance of water meters, fire hydrants and backflow prevention devices.

Wastewater System

The Wastewater System operates and maintains the 14.9 MGD treatment facility at Kanapaha Water Reclamation Facility, the 7.5 MGD treatment facility at Main Street Water Reclamation Facility, 168 lift stations, 634 miles of gravity main, 141 miles of associated force main and 28 miles of reclaimed water mains. Responsibilities include pumping, treating and discharging high-quality treated effluent that meets federal and state drinking water standards, and providing high-quality reclaimed water to residential and business customers primarily for irrigation. The System also administers the Utility's industrial pretreatment, biosolids, grease and backflow prevention programs.

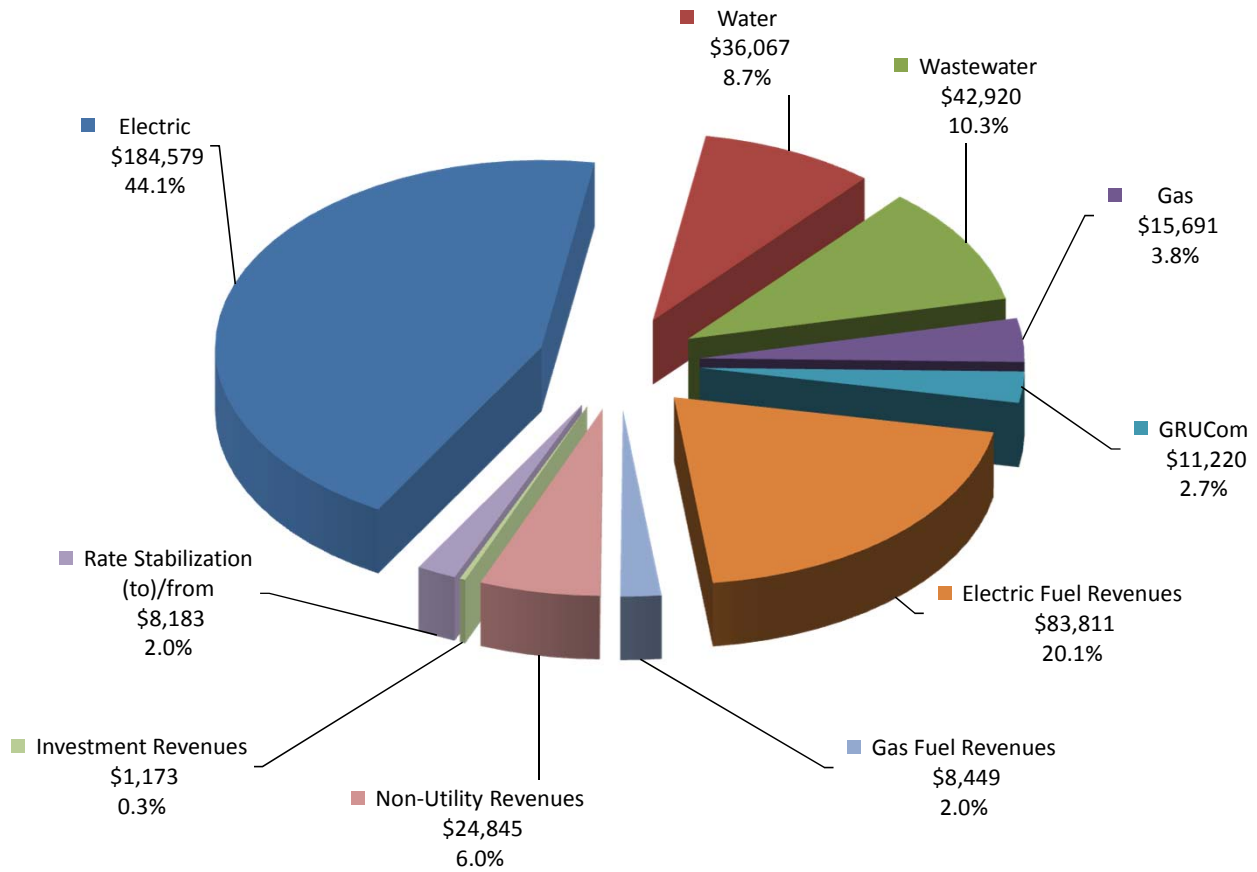
Gas System

The Gas System covers approximately 115 square miles and provides service to 30 percent of Alachua County's population. The System is responsible for the construction, operation and maintenance of 6 natural gas gate stations, as well as all transmission and distribution system infrastructure, including 774 miles of pipelines in various sizes and materials, valves, pressure regulators, protection devices, odorant injection systems, meters and control systems. The System also includes a number of propane gas distribution systems operated in developments where natural gas is not yet available.

GRUCom System

The Telecommunications System (GRUCom) provides communications services utilizing a 526 mile fiber-optic network. GRUCom's three basic product lines include telecommunication and data services, public safety radio and tower leasing services. GRUCom is divided into several operating units, including business management, engineering, construction, electronics, network operations and public safety radio system. The GRUCom fiber-optic network continues to expand, providing customers with unmatched service and reliability.

Fiscal Year 2019 Revenues
Dollars in Thousands

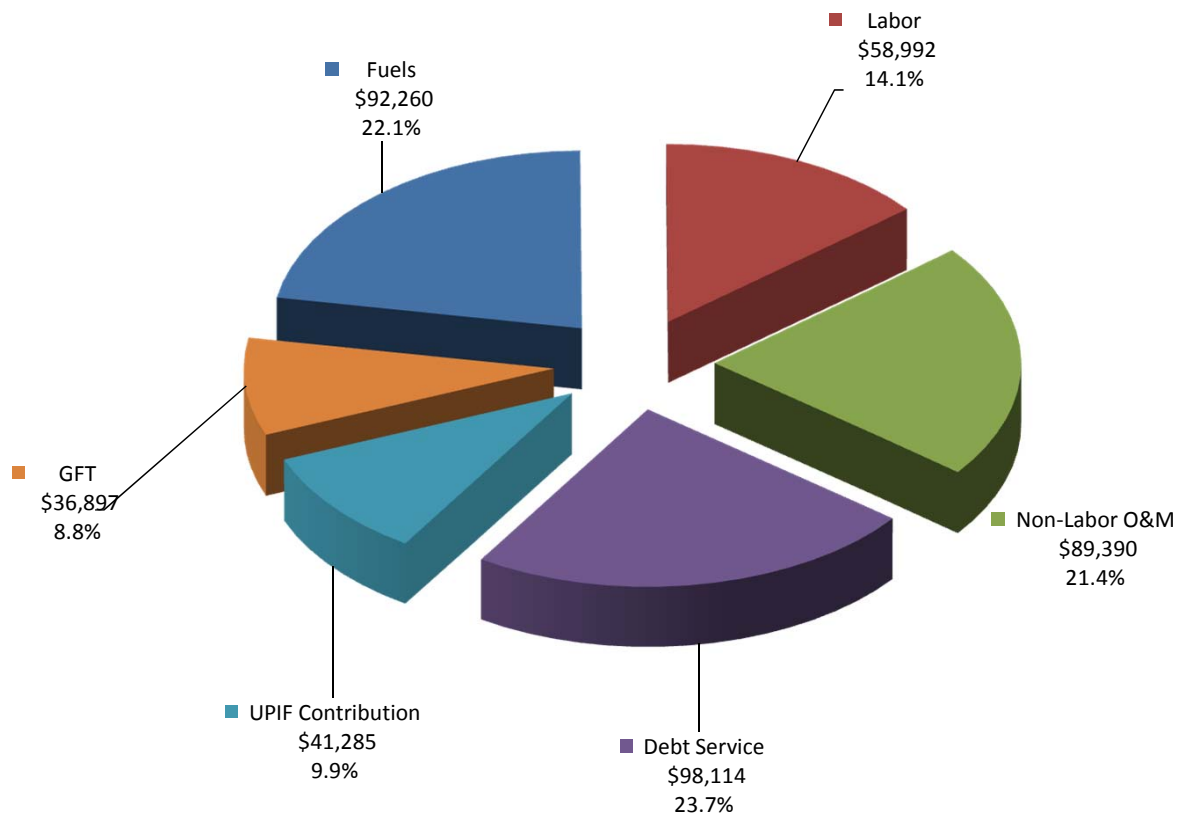


Budget 2019

Revenues:	
Electric	\$ 184,579
Water	36,067
Wastewater	42,920
Gas	15,691
GRUCom	11,220
Electric Fuel Revenues	83,811
Gas Fuel Revenues	8,449
Non-Utility Revenues	24,845
Investment Revenues	1,173
Rate Stabilization (to)/from	8,183
Total Revenues	\$ 416,938

Fiscal Year 2019 Expenses and Uses of Net Revenues

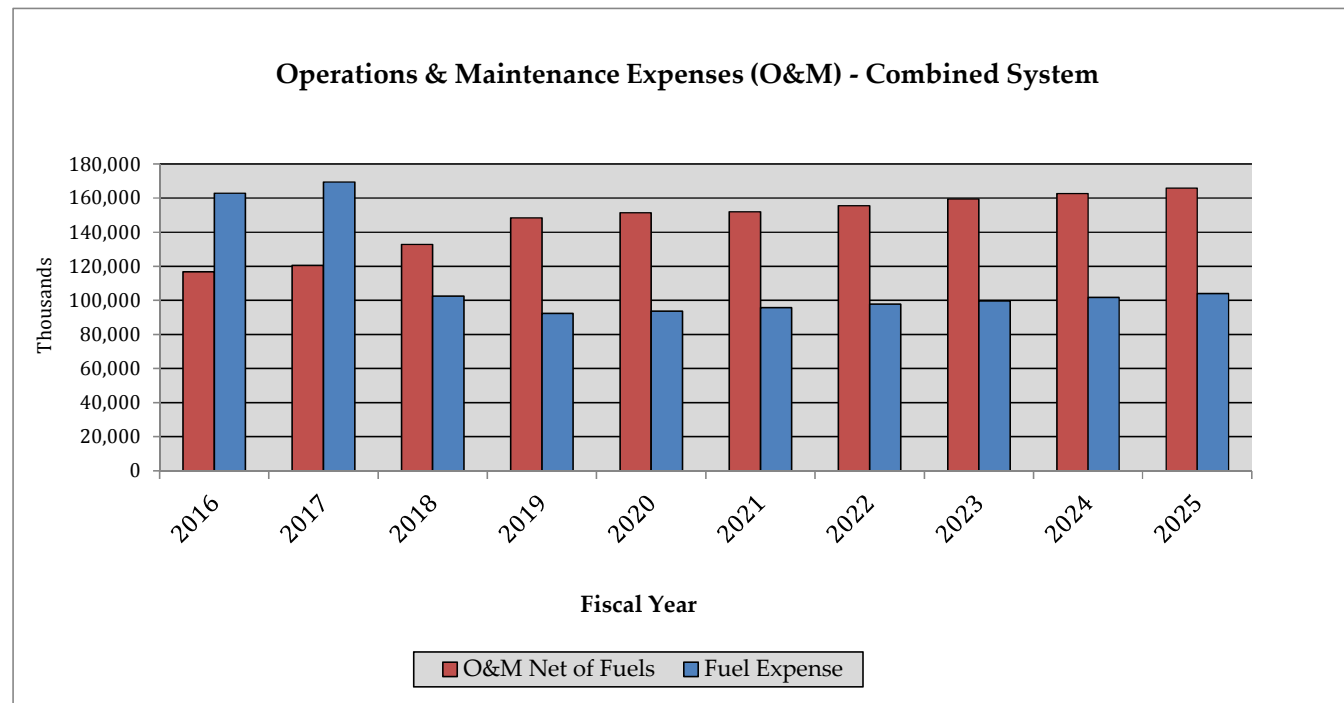
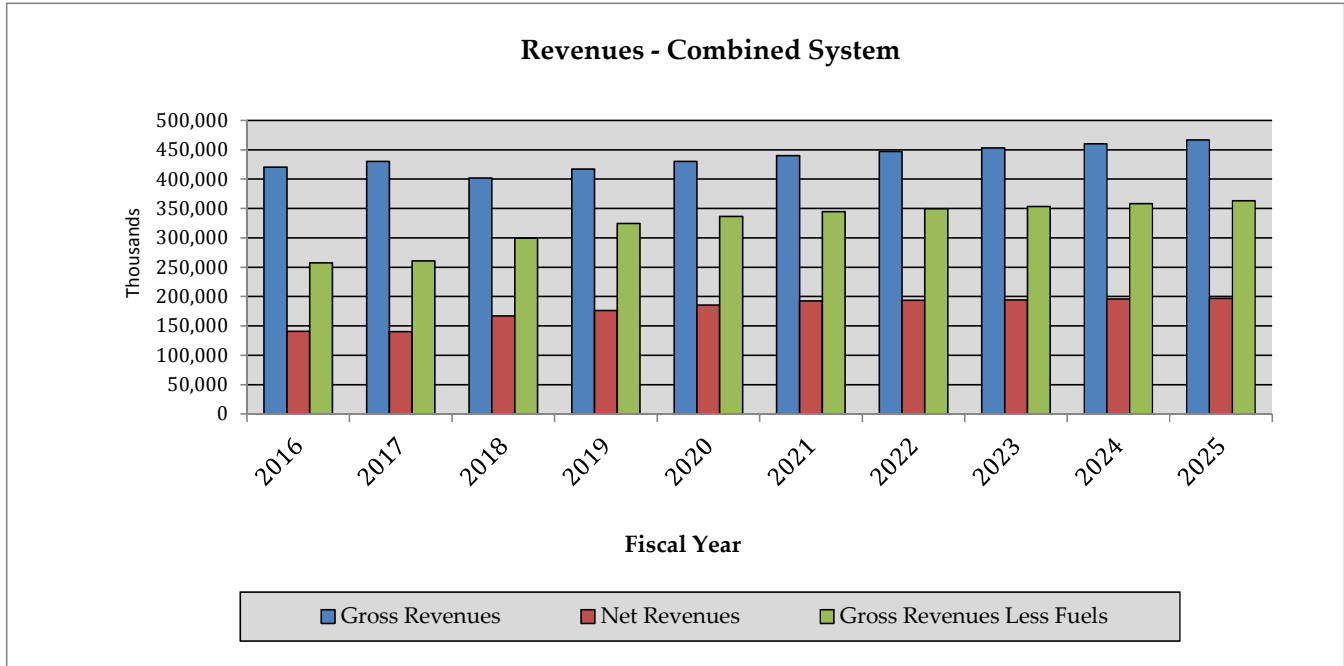
Dollars in Thousands

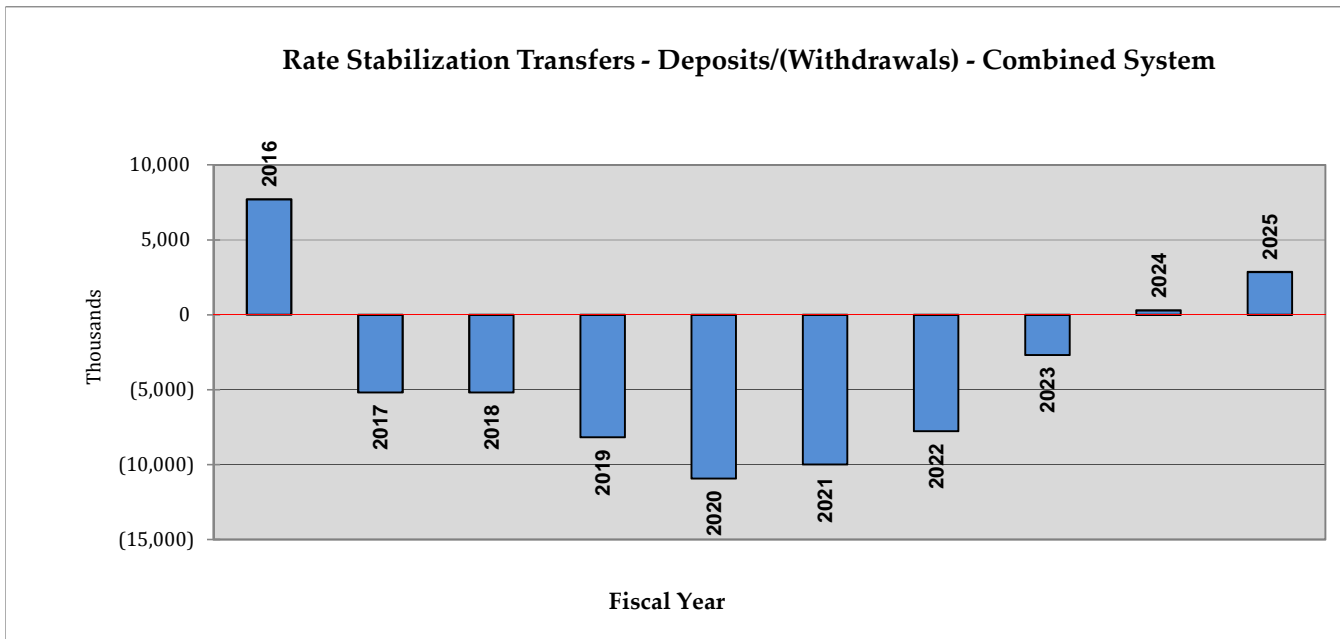
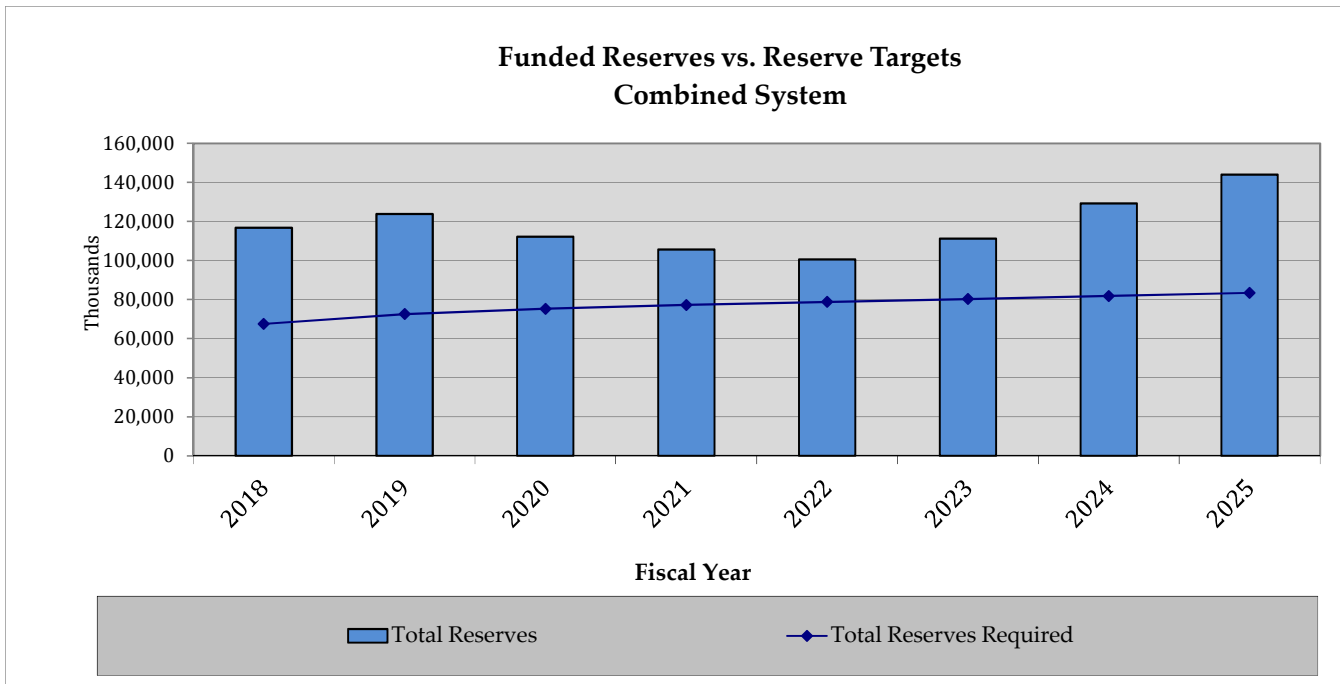


Budget 2019

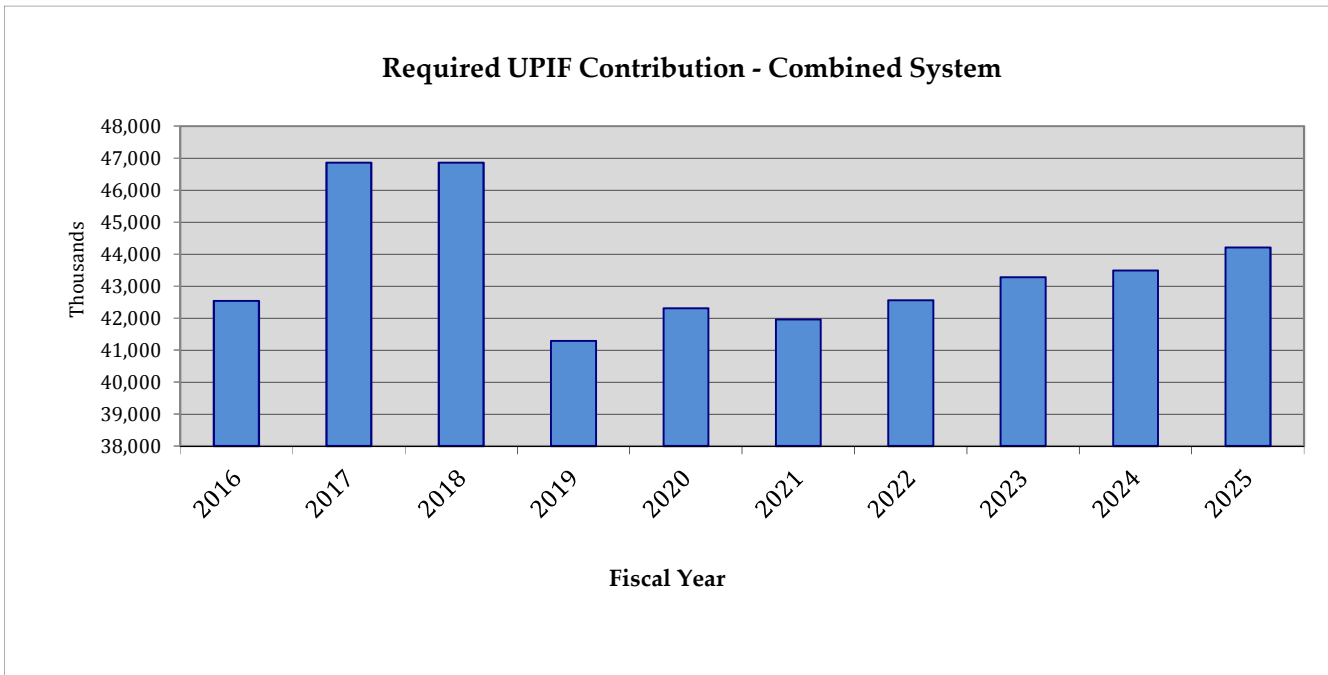
Expenses and Use of Net Revenues:		
Fuels	\$	92,260
Labor		58,992
Non-Labor O&M		89,390
Debt Service		98,114
UPIF Contribution		41,285
GFT		36,897
Total Expenses and Use of Net Revenues	\$	416,938

Key Financial Metrics

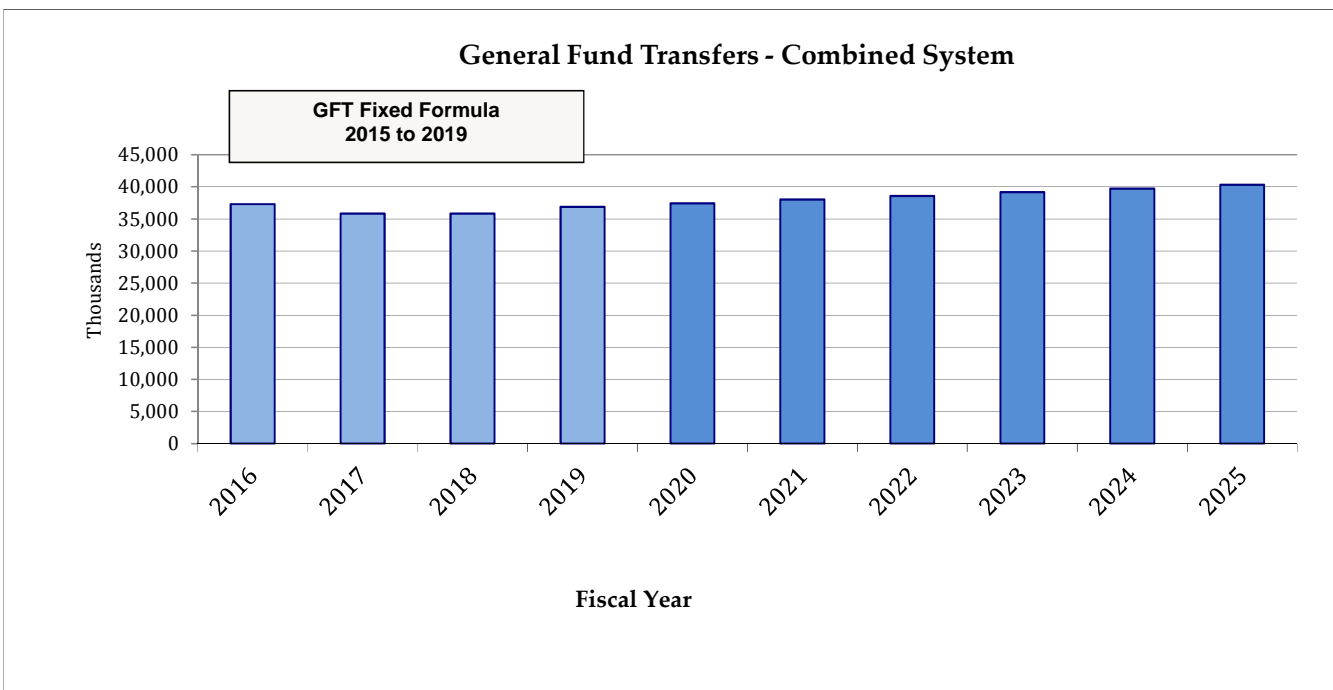




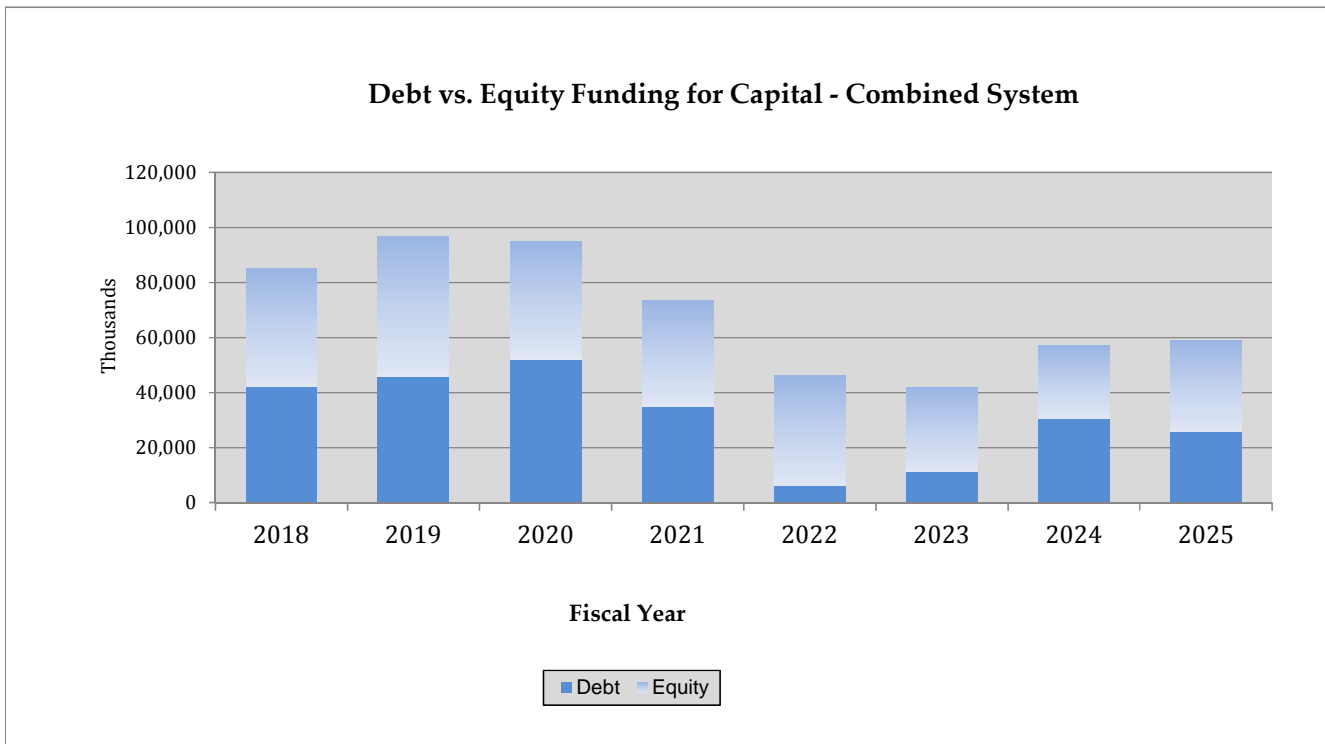
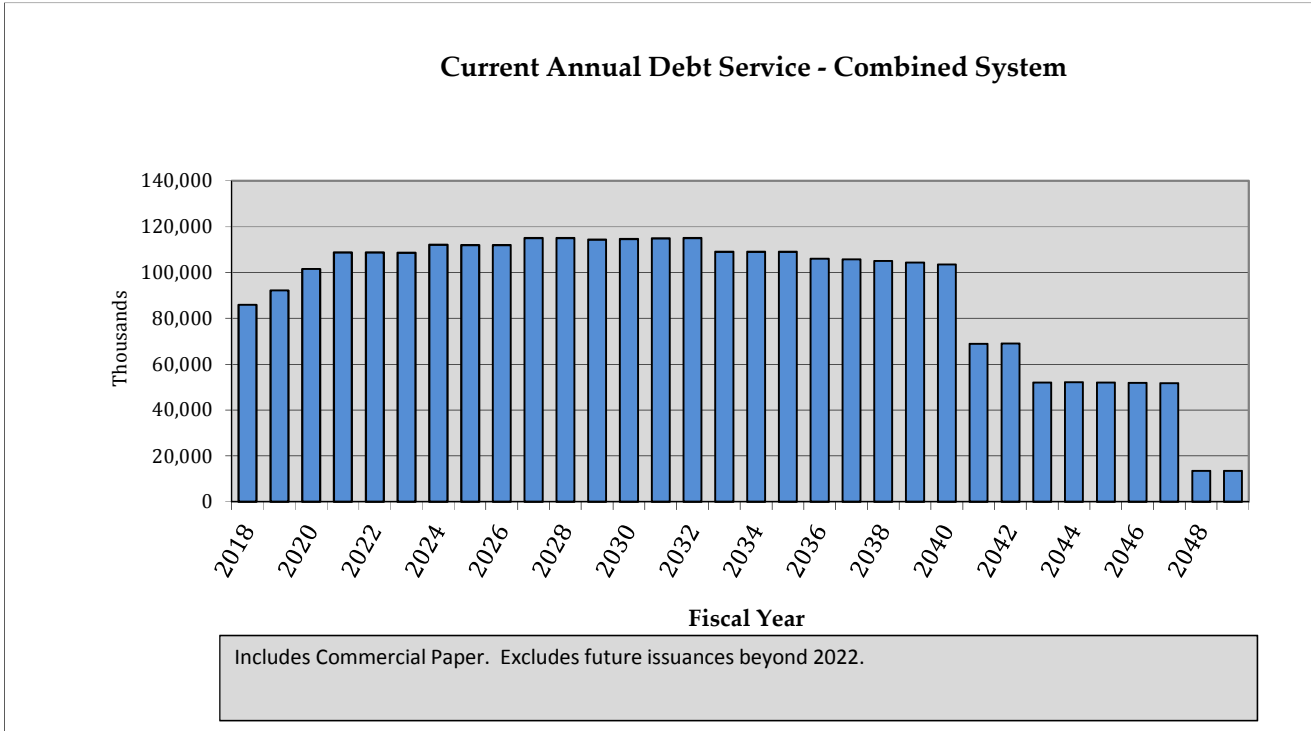
Positive numbers reflect a deposit into the Rate Stabilization Fund (RSF). This indicates that Utility revenues were greater than expenses, including General Fund Transfer, Debt Service and UPIF contributions. Negative numbers reflect a withdrawal from the Rate Stabilization Fund. This indicates that Utility revenues were less than expenses, including General Fund Transfers, Debt Service and UPIF contributions. RSF activity is projected over the planning horizon to manage rates and mitigate significant pricing variances to customers.



The Utility Plant Improvement Fund (UPIF) Contribution is required by the Utilities System Revenue Bond Resolution, as amended.



The General Fund Transfer (GFT) represents transfers to the City of Gainesville’s General Fund, in total, for all systems. The GFT is projected at an 1.5% increase after fiscal year 2019.



Annual Operating Budget

Budget Overview

FY19 Rate

Electric	Consumption	FY18 Rate	FY19 Rate
Residential Customer Charge	Per Bill	\$ 14.25	\$ 14.25
Residential	Tier One (1-850 kWh)	\$ 0.0680	\$ 0.0725
Residential	Tier Two (851 kWh or more)	\$ 0.0930	\$ 0.0892
General Service Non-Demand Customer Charge	Per Bill	\$ 29.50	\$ 29.50
General Service Non-Demand	Tier One (1-1500 kWh)	\$ 0.0890	\$ 0.0937
General Service Non-Demand	Tier Two (1501 kWh or more)	\$ 0.1220	\$ 0.1246
General Service Demand Customer Charge	Per Bill	\$ 100.00	\$ 100.00
General Service Demand Charge	Per kW	\$ 9.50	\$ 9.50
General Service Energy Charge	Per kWh	\$ 0.0601	\$ 0.0627
Large Power Customer Charge	Per Bill	\$ 350.00	\$ 350.00
Large Power Demand Charge	Per kW	\$ 9.75	\$ 9.75
Large Power Energy Charge	Per kWh	\$ 0.0563	\$ 0.0585

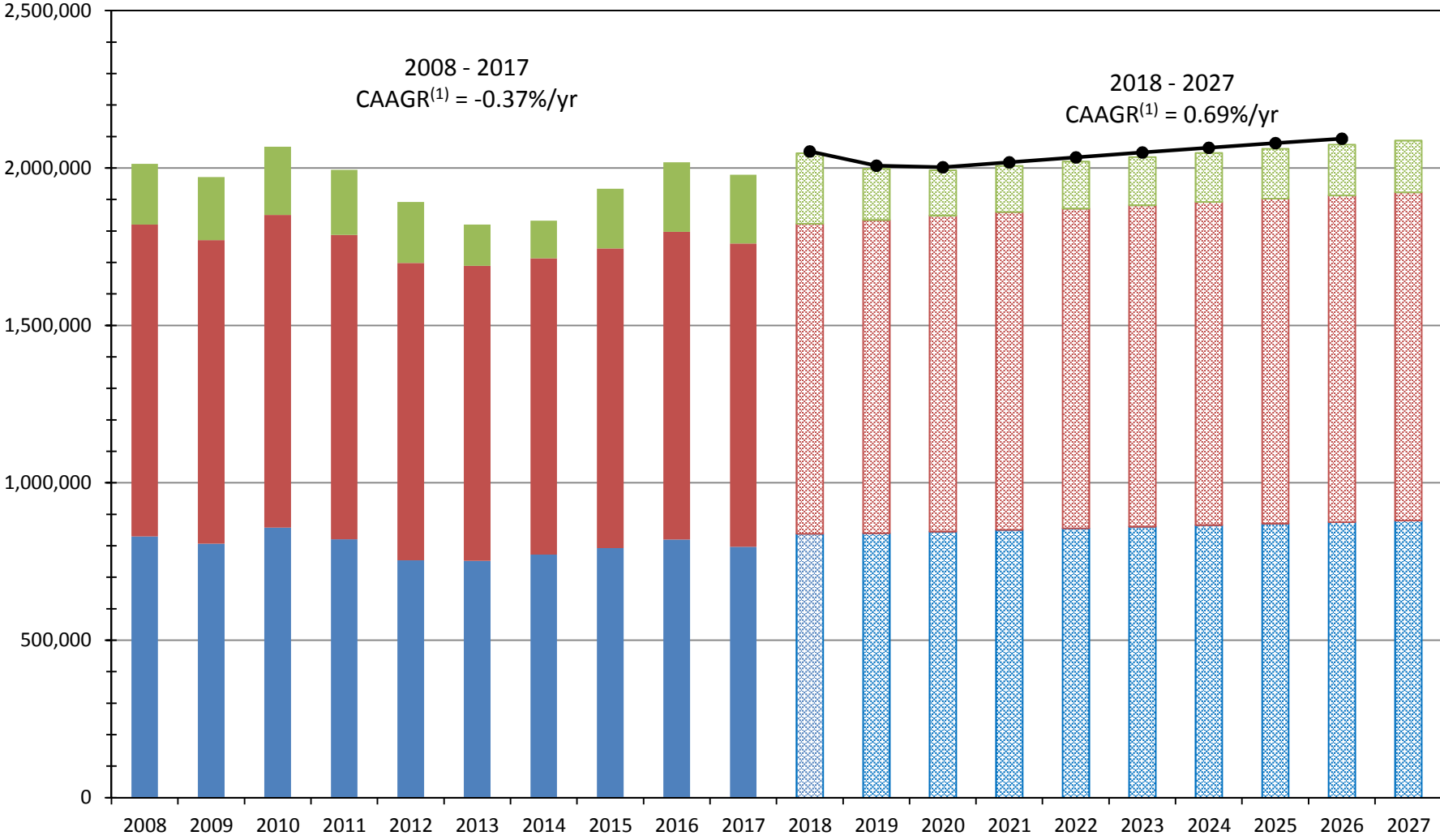
Water	Consumption	FY18 Rate	FY19 Rate
Residential Customer Charge (5/8" & 3/4")	Per Bill	\$ 9.45	No Change
Residential	Tier One (1-4 kgals)	\$ 2.45	No Change
Residential	Tier Two (5-16 kgals)	\$ 3.75	No Change
Residential	Tier Three (17 kgals or more)	\$ 6.00	No Change
Multi-Family Customer Charge	Per Bill	<i>Based on Meter Size</i>	<i>Based on Meter Size</i>
Multi-Family	All kgals	\$ 3.75	No Change
Irrigation Residential Customer Charge	Per Bill	\$ 9.45	No Change
Irrigation Residential	Tier One (1-12 kgals)	\$ 3.75	No Change
Irrigation Residential	Tier Two (13 kgals or more)	\$ 6.00	No Change
Commercial Customer Charge	Per Bill	<i>Based on Meter Size</i>	<i>Based on Meter Size</i>
Commercial	All kgals	\$ 3.85	No Change
Irrigation Commercial Customer Charge	Per Bill	<i>Based on Meter Size</i>	<i>Based on Meter Size</i>
Irrigation Commercial	All kgals	\$ 4.60	No Change

Wastewater	Consumption	FY18 Rate	FY19 Rate
All Customers	Per Bill	\$ 9.10	\$ 9.35
	All kgals	\$ 6.30	\$ 6.45
Reclaimed Water	Per Bill	\$ 9.10	\$ 9.35
	All kgals	\$ 0.95	\$ 0.95

Natural Gas	Consumption	FY18 Rate	FY19 Rate
Residential Customer Charge	Per Bill	\$ 9.75	No Change
Residential Energy Charge	Per Therm	\$ 0.6300	No Change
Residential - MGP Charge	Per Therm	\$ 0.0556	No Change
Small Commercial Customer Charge	Per Bill	\$ 20.00	No Change
Small Commercial Energy Charge	Per Therm	\$ 0.6200	No Change
Small Commercial MGP Charge	Per Therm	\$ 0.0556	No Change
Commercial Customer Charge	Per Bill	\$ 45.00	No Change
Commercial Energy Charge	Per Therm	\$ 0.4400	No Change
Commercial MGP Charge	Per Therm	\$ 0.0556	No Change
Large Commercial Customer Charge	Per Bill	\$ 400.00	No Change
Large Commercial Energy Charge	Per Therm	\$ 0.2700	No Change
Large Commercial MGP Charge	Per Therm	\$ 0.0556	No Change

Electric Energy Sales MegaWatt-hours

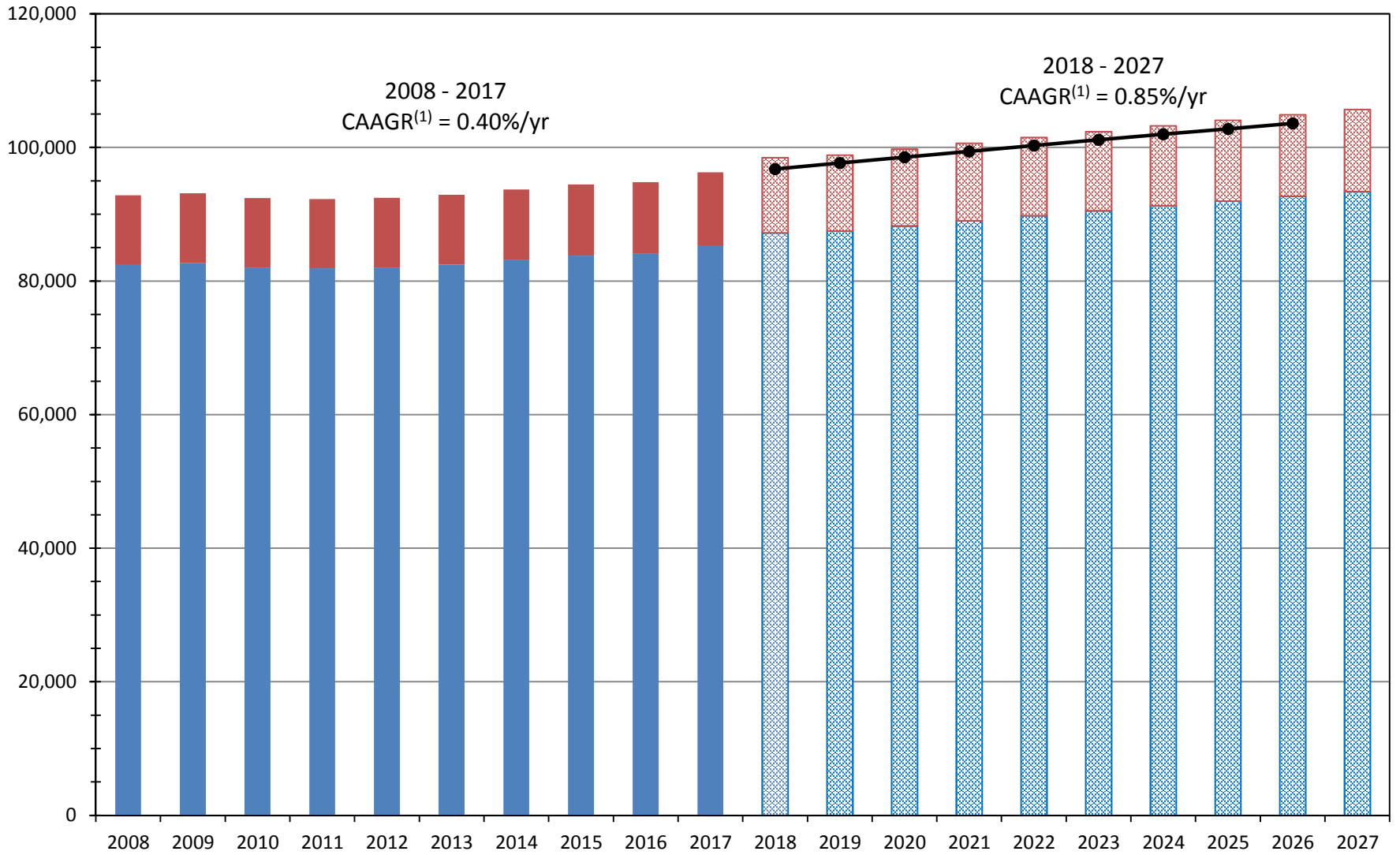
■ Residential
 ■ Non-Residential
 ■ Sales for Resale
 ●— 2018 Forecast



(1) Retail Sales - Compound Average Annual Growth Rate

Electric Customers

Residential Non-Residential 2018 Forecast

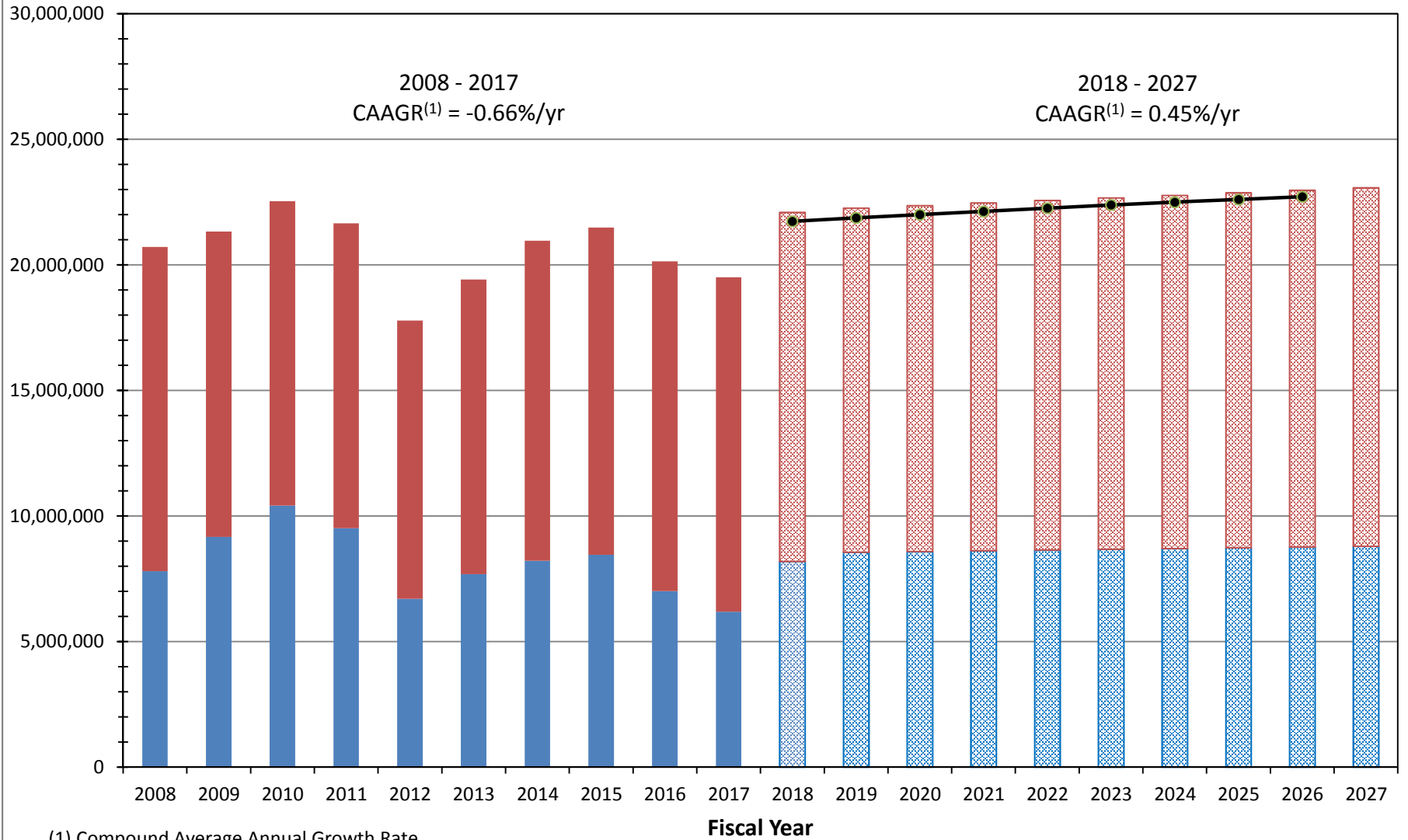


(1) Compound Average Annual Growth Rate

Fiscal Year

Natural Gas Energy Sales Therms

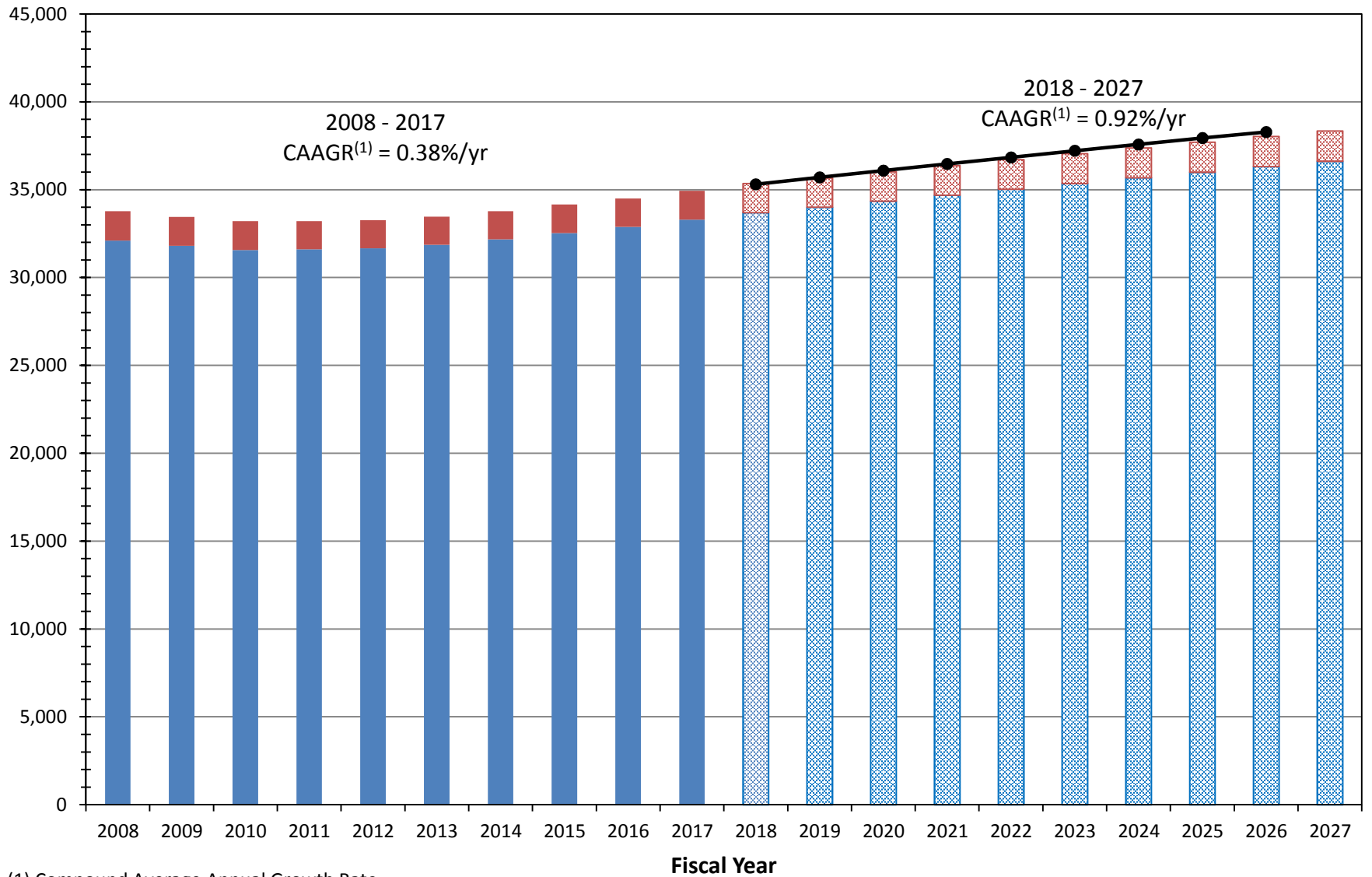
■ Residential
 ■ Non-Residential
 ● 2018 Forecast



(1) Compound Average Annual Growth Rate

Natural Gas Customers

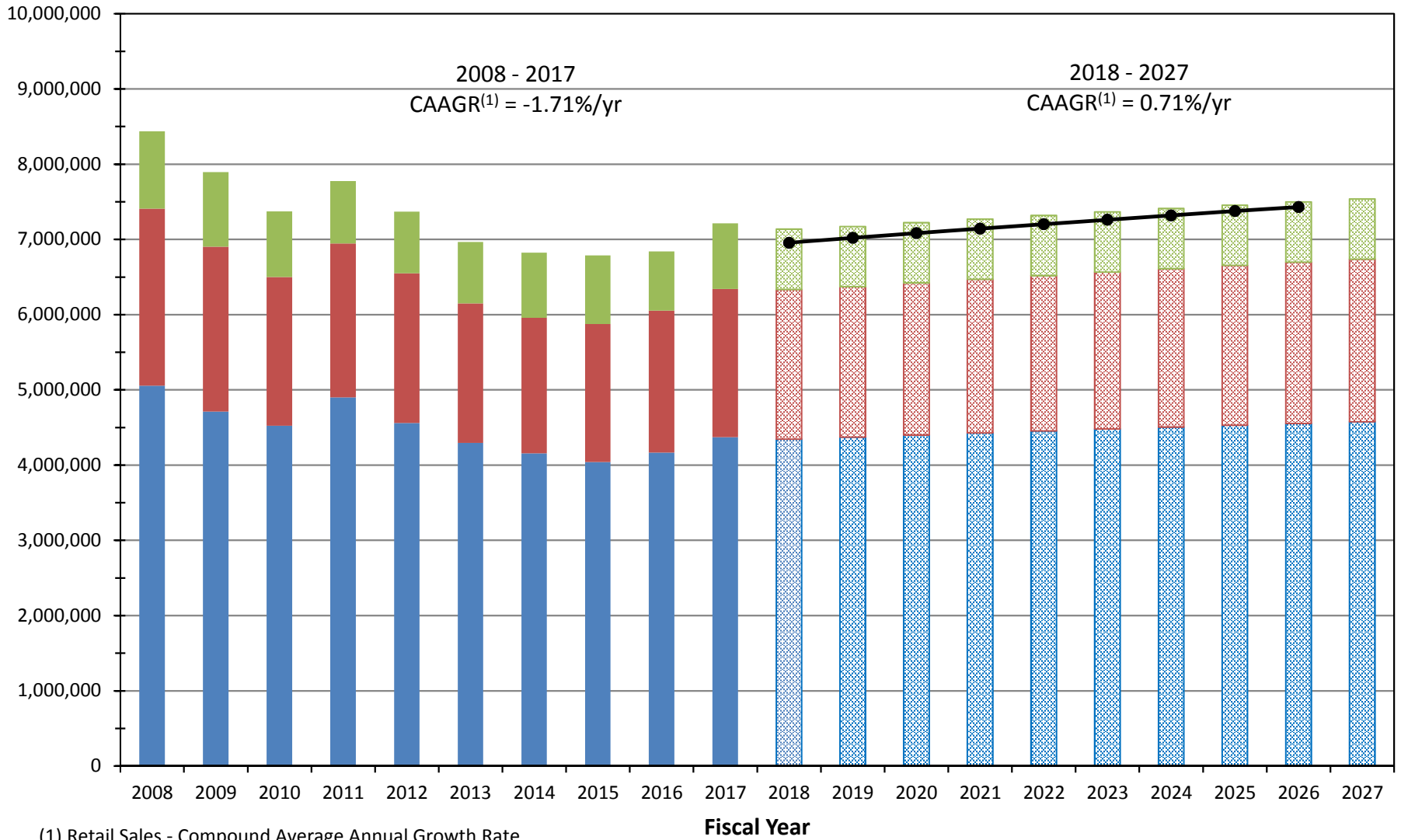
■ Residential
 ■ Non-Residential
 ● 2018 Forecast



(1) Compound Average Annual Growth Rate

Water Sales Thousand Gallons (kgal)

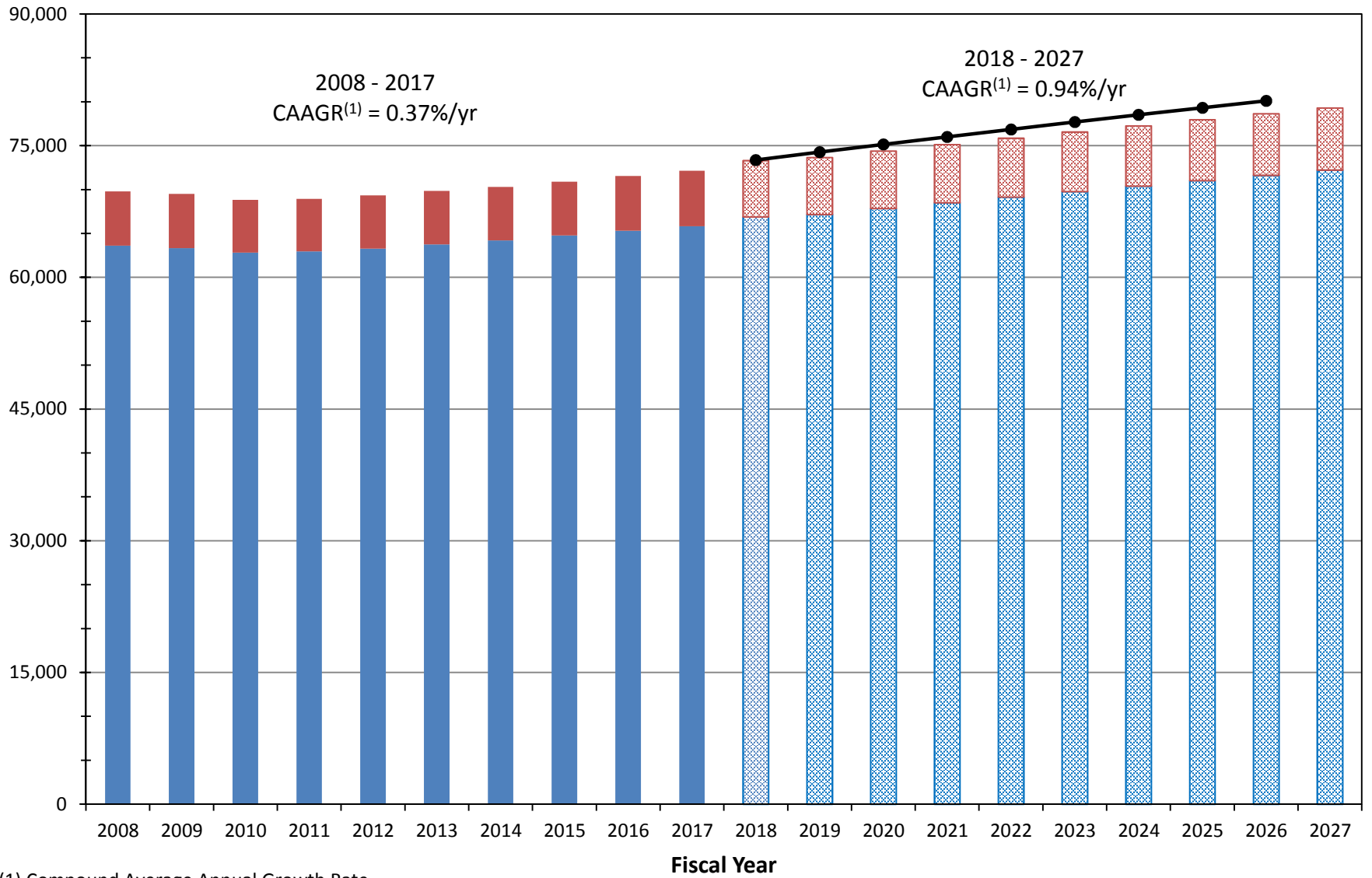
■ Residential
 ■ Non-Residential
 ■ University of Florida
 ●— 2018 Forecast



(1) Retail Sales - Compound Average Annual Growth Rate

Water Customers

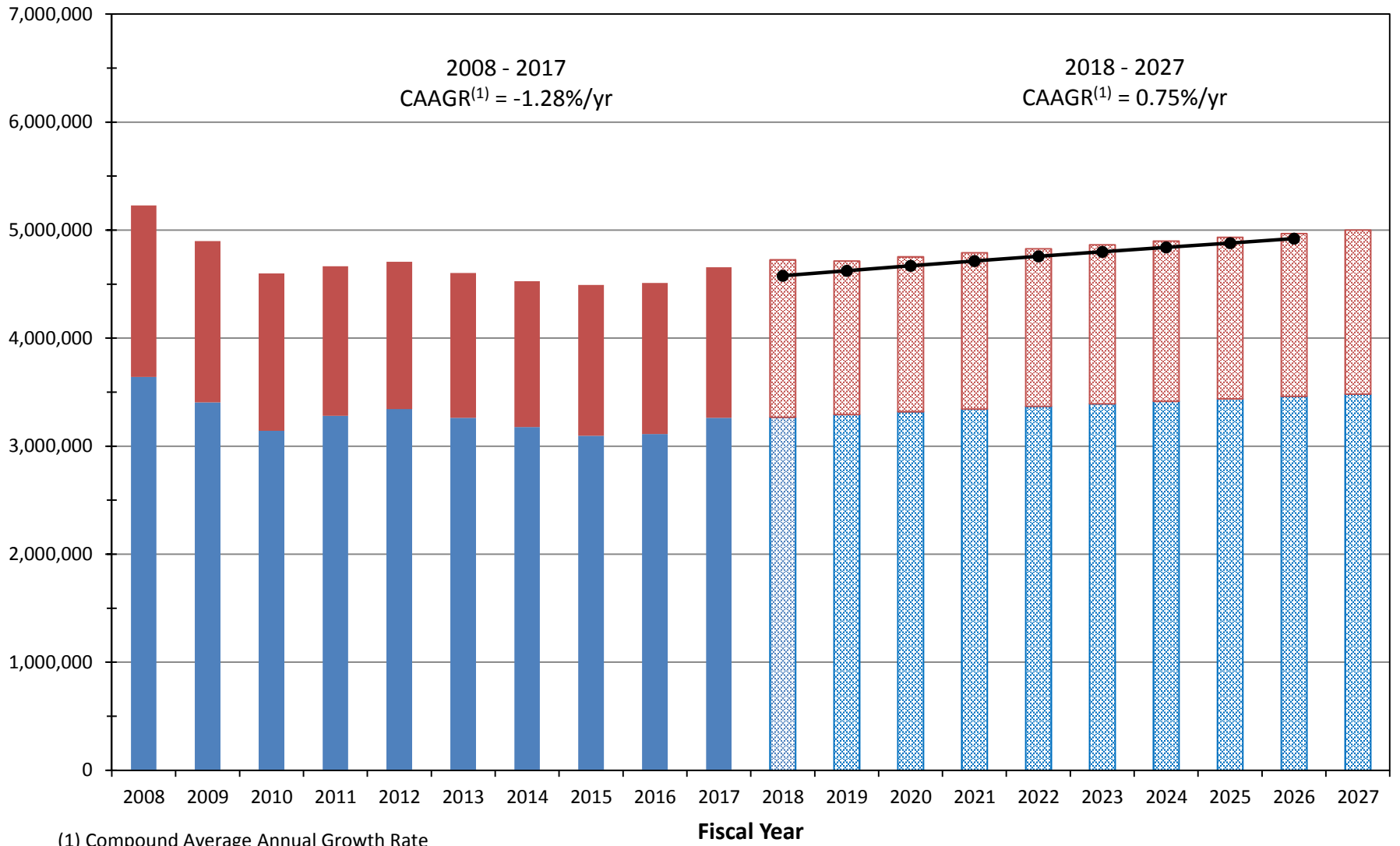
Residential Non-Residential 2018 Forecast



(1) Compound Average Annual Growth Rate

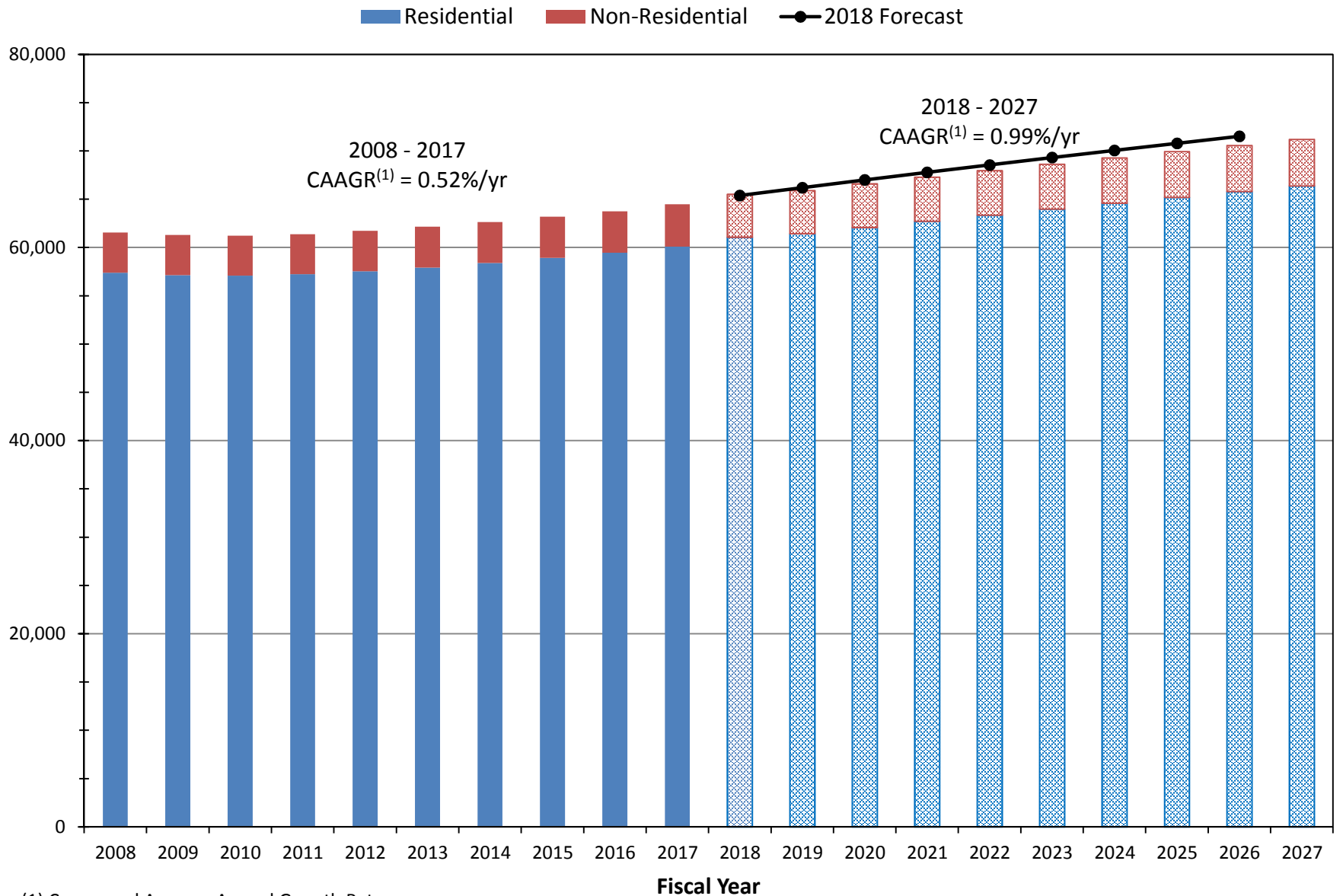
Wastewater Billings Thousand Gallons (kgal)

■ Residential
 ■ Non-Residential
 ●— 2018 Forecast



(1) Compound Average Annual Growth Rate

Wastewater Customers



(1) Compound Average Annual Growth Rate

Section B – Flow of Funds

Annual Operating Budget

Flow of Funds

Combined System

Budget 2019

Revenues:	
Sales Revenue	\$ 277,309,880
Fuel Adjustment Revenue	83,811,322
PGA Revenue	8,449,129
Surcharge Revenue	10,491,775
Connection Revenue	2,675,000
Other Revenue	24,845,342
Interest Income	1,172,546
Rate Stabilization (to)/from	8,182,818
Total Revenues	416,937,813
O&M Expenses:	
Native Load Fuel Cost	83,811,322
Purchased Gas	8,449,129
Other O&M	148,382,583
Total Expenses	240,643,034
Net Revenues:	
General	176,294,779
Total Net Revenues	176,294,779
Uses of Net Revenues:	
Debt Service	98,113,881
UPIF	41,284,409
General Fund Transfer	36,896,488
Total Use of Net Revenues	176,294,779
Net Impact to Rate Stabilization	\$ -

Annual Operating Budget

Flow of Funds

Electric System

	Budget 2019
Revenues:	
Residential Revenue	\$ 71,308,514
Residential Rate Change Revenue	2,210,564
Non-Residential Revenue	84,001,229
Non-Residential Rate Change Revenue	2,604,038
Other Electric Sales	2,906,940
South Energy Center Revenue	16,927,140
Innovation Square Revenue	314,000
Fuel Adjustment Revenue	83,811,322
Surcharge Revenue	4,306,323
Other Revenue	16,393,243
Interest Income	547,303
Rate Stabilization (to)/from	1,147,305
Total Revenues	286,477,921
O&M Expenses:	
Native Load Fuel Cost	83,811,322
Other O&M	90,769,953
Total Expenses	174,581,275
Net Revenues:	
General	111,896,646
Total Net Revenues	111,896,646
Uses of Net Revenues:	
Debt Service	73,423,089
UPIF	22,870,663
General Fund Transfer	15,602,894
Total Use of Net Revenues	111,896,646
Net Impact to Rate Stabilization	\$ -

Annual Operating Budget

Flow of Funds

Water System

	Budget 2019
Revenues:	
Sales of Water	\$ 30,619,726
UF Revenue	1,843,669
Surcharge Revenue	2,538,375
Connection Revenue	984,000
Other Revenue	2,617,229
Surcharge on Connections	81,000
Interest Income	305,063
Rate Stabilization (to)/from	(42,129)
Total Revenues	38,946,935
O&M Expenses:	
Other O&M	19,642,018
Total Expenses	19,642,018
Total Net Revenues	19,304,917
Uses of Net Revenues:	
Debt Service	7,348,207
UPIF	6,794,891
General Fund Transfer	5,161,819
Total Use of Net Revenues	19,304,917
Net Impact to Rate Stabilization	\$ -

Annual Operating Budget

Flow of Funds

Wastewater System

	Budget 2019
Revenues:	
Wastewater Charges	\$ 37,181,416
Rate Change Revenue	884,230
South Energy Center Revenue	91,764
Biosolids Revenue	300,000
Surcharge Revenue	2,931,680
Connection Revenue	1,691,000
Other Revenue	2,999,800
Surcharge on Connections	140,000
Interest Income	220,625
Rate Stabilization (to)/from	356,319
Total Revenues	46,796,834
O&M Expenses:	
Other O&M	23,429,635
Total Expenses	23,429,635
Total Net Revenues	23,367,199
Uses of Net Revenues:	
Debt Service	8,956,332
UPIF	8,799,016
General Fund Transfer	5,611,851
Total Use of Net Revenues	23,367,199
Net Impact to Rate Stabilization	\$ -

Annual Operating Budget

Flow of Funds

Gas System

	Budget 2019
Revenues:	
Residential Revenue	\$ 8,777,770
Non-Residential Revenue	5,180,805
MGPCRF Revenue	1,237,872
Purchased Gas Adjustment Revenue	8,449,129
Surcharge Revenue	494,397
Other Revenue	2,355,725
Interest Income	119,792
Rate Stabilization (to)/from	4,537,737
Total Revenues	31,153,227
O&M Expenses:	
Purchased Gas	8,449,129
Other O&M	6,889,896
Total Expenses	15,339,025
Total Net Revenues	15,814,202
Uses of Net Revenues:	
Debt Service	4,077,275
UPIF	2,360,793
General Fund Transfer	9,376,134
Total Use of Net Revenues	15,814,202
Net Impact to Rate Stabilization	\$ -

Annual Operating Budget

Flow of Funds

GRUCom

Budget 2019

Revenues:	
Telecommunications Revenue	\$ 7,733,558
Public Safety Radio Revenue	1,718,952
Tower Lease Rental Revenue	1,767,692
Other Income	179,345
Interest Income	(20,237)
Rate Stabilization (to)/from	2,183,586
Total Revenues	13,562,896
O&M Expenses:	
Other O&M	7,651,081
Total	7,651,081
Total Net Revenues	5,911,815
Uses of Net Revenues:	
Debt Service	4,308,978
UPIF	459,046
General Fund Transfer	1,143,791
Total Use of Net Revenues	5,911,815
Net Impact to Rate Stabilization	\$ -

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Section C – Revenues

Annual Operating Budget

Revenues

Combined System

	Budget 2019
Revenues:	
Electric System	\$ 286,477,921
Water System	38,946,935
Wastewater System	46,796,834
Gas System	31,153,227
GRUCom System	13,562,896
Total Revenues	\$ 416,937,813

Please see individual system page for description and highlights.

Annual Operating Budget

Revenues

Electric System

	Budget 2019
Revenues:	
Residential Revenue	\$ 71,308,514
Residential Rate Change Revenue	2,210,564
Non-Residential Revenue	84,001,229
Non-Residential Rate Change Rev.	2,604,038
Other Electric Sales	2,906,940
South Energy Center Revenue	16,927,140
Innovation Square Revenue	314,000
Fuel Adjustment Revenue	83,811,322
Surcharge Revenue	4,306,323
Other Revenue	16,393,243
Interest Income	547,303
Rate Stabilization (to)/from	1,147,305
Total Revenues	\$ 286,477,921

Description

- Forecasts were developed from econometric models that project number of customers and usage per customer for each major billing class. External inputs used in these models were sourced from the Bureau of Economic and Business Research (demographics), IHS Markit (economics) and the National Oceanic and Atmospheric Administration (climate). Revenue projections are the product of number of customers, billed sales and GRU's prevailing prices.
- Cumulative increases in retail revenues from proposed rate changes are shown as residential and non-residential rate change revenue.
- The South Energy Center (SEC) is a combined heat and power plant providing electricity, chilled water, steam, and the storage and delivery of medical gases to the UF Health Cancer Center. The SEC has contributed significant revenues to the Electric System since May 2009. Phase II of SEC is now completed in conjunction with the completion of the new UF Health Heart & Vascular and Neuromedicine hospitals.
- Innovation Square is a research and business development effort of the University of Florida and is served by the Electric System.
- Fuel adjustment revenues offset the fuel and purchased power costs for retail and sales for resale electricity sales.
- Surcharge revenues are a 10 percent charge applied to the non-fuel portion of retail rates for customers outside the incorporated portion of the City of Gainesville.
- Other revenue includes late fees and other miscellaneous service charges.
- Interest income is generated from the investment earnings for the Operating Fund, Rate Stabilization Fund and Utility Plant Improvement Fund for each system.
- Rate Stabilization revenues are withdrawals from (if positive) or deposits to (if negative) rate stabilization which functions as a revenue stabilizer when deemed necessary.

Budget Highlights

- The number of retail electric customers is forecast to increase at an average annual rate of 0.85% per year over the next 10 years.
- Retail electric energy sales are forecast to increase at an average annual rate of 0.69% per year through fiscal 2027.
- Revenues from retail electric energy sales are projected to increase at an average annual rate of 0.69% per year over the next 10 years, under current rates.

Annual Operating Budget

Revenues

Water System

	Budget 2019
Revenues:	
Sales of Water	\$ 30,619,728
Rate Change Revenue	-
UF Revenue	1,843,669
South Energy Center Revenue	-
Surcharge Revenue	2,538,375
Connection Revenue	984,000
Other Revenue	2,617,229
Surcharge on Connections	81,000
Interest Income	305,063
Rate Stabilization (to)/from	(42,129)
Total Revenues	\$ 38,946,935

Description

- Forecasts were developed from econometric models that project number of customers and usage per customer for each major billing class. External inputs used in these models were sourced from the Bureau of Economic and Business Research (demographics), IHS Markit (economics), and the National Oceanic and Atmospheric Administration (climate). Revenue projections are the product of number of customers, billed sales and GRU's prevailing prices.
- Revenues are obtained from retail sales to residential and non-residential customers served by the potable water system and include monthly customer charges and usage charges (Kgal) based on metered water sales.
- UF Revenues represent wholesale water sales to the UF campus, which maintains its own distribution system, as well as off-campus UF facilities.
- Cumulative increases in retail revenues from proposed rate changes are shown as rate change revenue.
- The SEC, as described in the electric system, is a generation facility that became operational in 2009 and is served by the Water System.
- A surcharge of 25 percent is collected outside the incorporated portion of the City of Gainesville.
- Connection fees are collected to recover the costs of meter installations, transmission and distribution, and water treatment and supply required for each new customer. There is a 25 percent surcharge on connection fees for customers outside the incorporated portion of the City.
- Interest income is generated from the investment earnings for the Operating Fund, Rate Stabilization Fund and Utility Plant Improvement Fund for each system.
- Rate Stabilization revenues are withdrawals from (if positive) or deposits to (if negative) rate stabilization which functions as a revenue stabilizer when deemed necessary.

Budget Highlights

- The number of total water customers is forecast to increase at an average annual rate of 0.94% per year over the next 10 years.
- Sales of water to retail customers are forecast to increase at an average annual rate of 0.71% per year through fiscal year 2027.
- Revenues from water sales, including sales related to UF and surcharge revenues, are projected to increase at an average annual rate of 0.62% per year over the next 10 years. This projection does not include any changes to rates for water service.

Annual Operating Budget

Revenues

Wastewater System

	Budget 2019
Revenues:	
Wastewater Charges	\$ 37,181,416
Rate Change Revenue	884,230
South Energy Center Revenue	91,764
Biosolids Revenue	300,000
Surcharge Revenue	2,931,680
Connection Revenue	1,691,000
Other Revenue	2,999,800
Surcharge on Connections	140,000
Interest Income	220,625
Rate Stabilization (to)/from	356,319
Total Revenues	\$ 46,796,834

Description

- Forecasts were developed from econometric models that project number of customers and usage per customer for each major billing class. External inputs used in these models were sourced from the Bureau of Economic and Business Research (demographics), IHS Markit (economics), and the National Oceanic and Atmospheric Administration (climate). Revenue projections are the product of number of customers, billed quantities and GRU's prevailing prices.
- Revenues are obtained from wastewater charges to residential and non-residential customers served by our wastewater collection, treatment, re-use and disposal systems.
- Cumulative increases in retail revenues from proposed rate changes are shown as rate change revenue.
- Wastewater is not metered. Charges for most residential customers are based on winter water consumption to avoid billing customers for irrigation and other outdoor uses that do not discharge to the Wastewater system.
- Non-residential customers are billed based on 95 percent of water consumption each month. Customers are given the option of installing irrigation water meters, which are not included in wastewater bill calculations, as a way to manage wastewater costs.
- The SEC is a generation facility that became operational in 2009 and is served by the Wastewater System.
- Biosolids revenue is generated for the receipt, treatment and beneficial reuse of waste residuals of other municipalities and septage haulers.
- A surcharge of 25 percent is collected from customers outside the incorporated portion of the City of Gainesville.
- Connection charges are collected to recover the capital costs of wastewater collection and treatment required for each new customer. There is a 25 percent surcharge on connection fees for customers outside the incorporated portion of the City.
- Interest Income is generated from the investment earnings for the Operating Fund, Rate Stabilization Fund and Utility Plant Improvement Fund for each System.
- Rate Stabilization revenues are withdrawals from (if positive) or deposits to (if negative) rate stabilization which functions as a revenue stabilizer when deemed necessary.

Budget Highlights

- The number of total wastewater customers is forecast to increase at an average annual rate of 0.99% per year over the next 10 years.
- The quantity of wastewater billed to all customers is forecast to increase at an average annual rate of 0.75% per year through fiscal year 2027.
- Revenues from wastewater system monthly billings are projected to increase at an average annual rate of 0.62% per year over the next 10 years. This projection does not include any changes to wastewater rates.

Annual Operating Budget

Revenues

Gas System

	Budget 2019
Revenues:	
Residential Revenue	\$ 8,777,770
Residential Rate Change Revenue	-
Non-Residential Revenue	5,180,805
Non-Residential Rate Change Revenue	-
MGPCRF Revenue	1,237,872
Purchased Gas Adjustment Revenue	8,449,129
Surcharge Revenue	494,397
Other Revenue	2,355,725
Interest Income	119,792
Rate Stabilization (to)/from	4,537,737
Total Revenues	\$ 31,153,227

Description

- Forecasts were developed from econometric models that project number of customers and usage per customer for each major billing class. External inputs used in these models were sourced from the Bureau of Economic and Business Research (demographics), IHS Markit (economics), and the National Oceanic and Atmospheric Administration (climate). Revenue projections are the product of number of customers, billed sales, and GRU's prevailing prices.
- Cumulative increases in retail revenues from proposed rate changes are shown as rate change revenue.
- The Manufactured Gas Plant Cost Recovery Factor (MGPCRF) is a component of revenue based on therm sales. It recovers the cost of environmental clean-up at the Depot Park Manufactured Gas Plant. This cost is partially offset with insurance proceeds, with the project expected to total nearly \$29 million when complete.
- Purchased Gas Adjustment (PGA) revenue is collected for the natural gas fuel distributed to customers.
- Surcharge revenues are a 10 percent charge applied to the non-fuel portion of retail rates for customers outside the incorporated portion of the City of Gainesville.
- Other revenue includes transportation sales to UF's cogeneration facility, late fees, service charges, and sales to liquid propane distribution system customers.
- Interest income is generated from the investment earnings for the Operating Fund, Rate Stabilization Fund, and Utility Plant Improvement Fund for each System.
- Rate Stabilization revenues are withdrawals from (if positive) or deposits to (if negative) rate stabilization which functions as a revenue stabilizer when deemed necessary.

Budget Highlights

- The number of retail natural gas system customers is forecast to increase at an average annual rate of 0.92% per year over the next 10 years.
- Total retail natural gas system energy sales are forecast to increase at an average annual rate of 0.45% per year through fiscal year 2027.
- Non-fuel revenues from sales to retail natural gas customers are projected to increase at an average rate of 0.68% per year over the next 10 years. This projection does not include any changes to natural gas rates.

Annual Operating Budget

Revenues

GRUCom

	Budget 2019
Revenues:	
Telecommunications Revenue	\$ 7,733,558
Public Safety Radio Revenue	1,718,952
Tower Lease Rental Revenue	1,767,692
Other Income	179,345
Interest Income	(20,237)
Rate Stabilization (to)/from	2,183,586
Total Revenues	\$ 13,562,896

Description

- GRUCom Telecommunication revenues are based on historical sales trends, anticipated customer growth/churn and competitive market conditions. Projections reflect an expectation for continued growth in business services and a continued erosion in carrier services.
- Public Safety Radio revenue projections are based on the historical trends of number of radios deployed pursuant to the billing rates established under the existing inter-local agreement due to expire in 2020. GRUCom is currently in negotiations with subscribers to update and expand coverage of the system, and the potential changes to revenues are not reflected in projections.
- Tower Lease Rental services are primarily tower space leases with Personal Wireless Communications Services (PCS) providers. Revenues from new leases executed in recent months are included in the forecast. Tower space leases contain provisions for automatic annual rent increases, included in the projections.
- Interest Income is generated from the investment earnings for the Operating Fund, Rate Stabilization Fund and Utility Plant Improvement Fund for each system.
- Rate Stabilization revenues are withdrawals from (if positive) or deposits to (if negative) rate stabilization which functions as a revenue stabilizer when deemed necessary. GRUCom has a current deficit in fiscal year 2018 and the deficit is projected to increase in fiscal year 2019. Management may issue commercial paper to cover the shortfall in Rate Stabilization Fund for the GRUCom system.

Budget Highlights

- GRUCom data and Internet services continue to be in high demand by local businesses.
- GRUCom is now offering "Gator Net Wi-Fi" Internet service to residential MDU and student housing communities. It is expected that demand for this Wi-Fi service offering will continue to increase as housing consumers seek the benefits of wireless Internet access backed by fiber-to-the-home (FTTH) technology and ultra-fast broadband services. GRUCom continues to receive requests from existing and newly developed apartment complexes for GATOR NET services (both wired and wireless). Revenues from these new contracts are included in projections.
- GRUCom plans a new voice services product line in fiscal year 2019. Revenue projections for this service are included in the FY19 forecast.

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Section D – Non-Labor

Annual Operating Budget

Non-Labor

Combined System

	Budget 2019
Expenditures:	
Fuel	\$ 92,260,451
Energy Supply	20,351,764
District Energy	5,149,074
Energy Delivery	7,585,120
Water	6,220,749
Wastewater	7,705,077
GRUCom	2,870,890
Administration	1,762,701
Customer Support Services	5,955,725
Information Technology	13,388,140
Budget, Finance and Accounting	17,891,877
Chief Operating Officer	509,111
Debt Service	98,113,881
Utility Plant Improvement Fund	41,284,410
General Fund Transfer	36,896,489
Total Expenditures	\$ 357,945,459

Please see individual department page for description and highlights.

Annual Operating Budget

Non-Labor

Fuel

	Budget 2019
Expenses:	
Coal - Generation	\$ 26,725,988
Natural Gas - Generation	27,845,586
Natural Gas - Customer Sales	8,449,129
Purchase Power	5,756,024
Biomass	14,979,392
Landfill Gas	2,468,662
Solar FIT	6,035,670
Total Expenses	\$ 92,260,451

Description

Biomass is expected to satisfy 18 percent of total system load for FY19 and 17.6% in FY20.

Coal generation is estimated to satisfy approximately 29 percent of the total system load during FY19 and approximately 25.7 percent during FY20.

Natural gas generation is estimated to satisfy approximately 43 percent of total system load during FY19 and approximately 45.4 percent during FY20.

Natural gas is also supplied directly to customers (LDC) to operate appliances within their homes and businesses. Natural gas is purchased through The Energy Authority (TEA) and transported via Florida Gas Transmission (FGT) interstate pipeline. Natural gas cost for generation and LDC will differ due to the timing and volume of usage during the year.

Power is purchased off the electric grid when customers benefit financially or if there is a need to maintain system reliability. GRU also secures short-term and long-term purchased power arrangements as a hedge to meet native load.

Budget Highlights

- The budgeted “as burned” cost of biomass for FY19 is \$3.30/MMBtu and FY20 \$3.49/MMBtu.
- The budgeted cost of biomass generation for FY19 is \$41.23/MWh and FY20 \$44.08/MWh.
- The budgeted “as burned” cost of coal for FY19 is \$3.22/MMBtu and FY20 \$3.00/MMBtu.
- The budgeted cost of coal generation for FY19 is \$44.65/MWh and FY20 \$50.72/MWh.
- FY19 coal price includes \$1.8 million for pebble lime required for operation of the dry scrubber.
- FY19 “as burned” coal price also includes Fly Ash sales which are projected to generate revenues of \$135,813. This is an offset to coal expenses for the fiscal year.
- Natural gas prices for FY19 are budgeted to average \$3.64/MMBtu and \$4.12/MMBtu for FY20.
- The budgeted cost of gas generation for FY19 is \$31.39/MWh and FY20 \$35.51/MWh.
- Natural gas costs for customer sales (local distribution company or LDC) for FY19 are budgeted to average \$4.00/MMBtu delivered and \$3.95/MMBtu delivered for FY20.

Annual Operating Budget

Non-Labor

Energy Supply

	Budget 2019
Expenditures:	
Energy Supply Administration	\$ 317,830
Production Assurance Support	72,400
Energy Supply Water Systems	806,375
System Control	225,553
Kelly Plant Administration	20,650
Kelly Plant Operations	1,138,881
Deerhaven Administration	68,228
Deerhaven Operations	4,094,332
Major Maintenance Group	4,777,000
Fuels	19,750
Deerhaven Renewables Admin	50,100
Deerhaven Renewables Operations	8,760,665
Total Expenditures	\$ 20,351,764

Description

Energy Supply (ES) operates and maintains GRU's Electric Generating and Combined Heating and Power (CHP) assets. Other areas of responsibility under Energy Supply are Power Engineering, Outage Planning and Major Maintenance, Power Systems Operation, Transmission Switching, Power Marketing, Generation Planning and Fuels Management (including procurement, transportation and risk management for both the electric generating and gas distribution systems).

Budget Highlights

In fiscal year 2019, Energy Supply proposes a \$9.4 million increase to non-labor expenditures, as compared to the approved budget for 2018. The majority of the increase in fiscal year 2019 is due to the purchase of the Biomass Plant now named Deerhaven Renewable (DHR). DHR accounts for \$8.8M of the increase. The remaining difference is due to:

- Over the past several years, Energy Supply has performed diagnostics and analytics required to move from a 12-month planned outage frequency to an 18-month planned outage frequency without a material increase in operational risk. This frequency reduces non-labor outage costs by 25 – 30 percent over a three year period. Even though there are savings over a three year period cost fluctuates in each individual year.
- Increase in cost of services such as chemicals, repair and maintenance and service contracts.

Annual Operating Budget

Non-Labor

District Energy

	Budget 2019
Expenditures:	
District Energy	\$ 45,700
South Energy Center	4,786,371
Innovation Energy Center	317,003
Total Expenditures	\$ 5,149,074

Description

District Energy develops, operates, and maintains GRU's special-purpose energy and thermal plants at the South Energy Center and the Innovation Energy Center. District Energy also evaluates and implements new energy and thermal business ventures for GRU.

Budget Highlights

- Expenses related to the South Energy Center (SEC) are recovered from UF Health in accordance with GRU's contract with UF Health. Net revenues from the SEC flow back to GRU's electric fund, helping to provide rate relief to all GRU electric customers.
- Increased expenses at the SEC in FY18 and FY19 reflect the expansion of the SEC to serve the new UF Health Heart & Vascular and Neuromedicine Hospitals.

Annual Operating Budget

Non-Labor

Energy Delivery

	Budget 2019
Expenditures:	
T&D Operations	\$ 101,718
T&D Construction	1,078,471
T&D Vegetation Management	2,336,790
ED Electric Engineering	78,696
T&D Administration	17,766
App Reg Operations	43,969
Substation Operations	542,602
Relay Operations	54,323
Sub & Relay Engineer	14,183
Electric Meter Measurement Operations	107,518
Systems Control / Technical Support	959,751
Systems Control Operations	429,128
Systems Control Administration	119,312
ED Admin / Safety & Training	10,386
GEMS & Reg Administration	836
ED Work & Resource Management Admin	456,988
ED GIS Operations & Standards	675
Line Locate Operations	79,772
Meter Operations	217,616
Revenue Protection Operations	8,232
Meter Services	174,333
Field Operations Administration	12,094
Gas T&D Operations	69,178
Gas T&D Construction	61,750
Gas T&D Administration	173,570
Gas T&D Engineering	5,144
Gas Meter Measurement Operations	146,180
Gas Marketing	284,139
Total Expenditures	\$ 7,585,120

Description

The Energy Delivery Department is responsible for the design, construction and operation and maintenance of approximately 120 miles of electric transmission, 1,415 miles of electric distribution lines, 766 miles of gas distribution mains, 14 electric substations, and six natural gas gate stations. Other responsibilities include electric and gas metering; electric and gas system engineering; electric and gas system protection; power quality assurance; electric and gas system monitoring and control (Security Control and Data Acquisition = SCADA); water, electric and gas service initiation and termination; underground facility locates; and meter reading. The department is responsible for compliance with federal, state and local regulations related to safety, gas operator qualification, gas pipeline integrity, electric system reliability and operation, construction standards and associated reporting requirements.

Budget Highlights

- Federally mandated regulatory requirements, such as the NERC Reliability and Critical Infrastructure Protection Standards, continue to generate significant upward pressure on O&M expenses, particularly within the Systems Control and Substation & Relay work groups.
- Public safety, reliability and customer requests are priority with routine and emergency maintenance of infrastructure and services.

Annual Operating Budget

Non-Labor

Water

	Budget 2019
Expenditures:	
Murphree Water Treatment Plant	\$ 5,476,438
Water Distribution	460,354
Water Engineering	197,000
Water / Wastewater Administration	25,675
Water / Wastewater Planning	5,707
Water / Wastewater Engineering	55,575
Total Expenditures	\$ 6,220,749

Description

The Water System is responsible for operating and maintaining the Murphree Water Treatment Plant, which has a treatment capacity of 54 million gallons of water per day (MGD). These responsibilities include providing safe, reliable, high-quality drinking water to 72,500 customers serving 189,000 people in the Gainesville urban area at acceptable pressures and volumes. The Water System is also responsible for construction, operation and maintenance of over 1,169 miles of water transmission and distribution lines, as well as the installation and maintenance of water meters, fire hydrants and backflow prevention devices.

Budget Highlights

The majority of the non-labor expenses in the Water System are mandated by regulatory and other external requirements. Samples of regulatory and other external requirements include federal and state safe drinking water standards, certain energy usage, chemicals, processes, and certified operational personnel for water treatment and transmission and distribution.

- The Water System proposes a \$145,105 increase from the approved fiscal year 2018 budget. The increased expenses are primarily due to the increase in contract services for leak detection and operation of the Murphree Water Treatment Plant.

Annual Operating Budget

Non-Labor

Wastewater

	Budget 2019
Expenditures:	
Mainstreet Water Reclamation Facility	\$ 1,642,654
Kanapaha Water Reclamation Facility	4,048,991
Wastewater Kanapaha Lab	156,400
Wastewater Lift Stations	1,333,500
Wastewater Collection	340,425
Reclaimed Water Distribution	8,300
Wastewater Engineering	87,850
Water / Wastewater Administration	25,675
Water / Wastewater Planning	5,707
Water / Wastewater Engineering	55,575
Total Expenditures	\$ 7,705,077

Description

The Wastewater System operates and maintains the 14.9 million gallons-of-water-per-day (MGD) Kanapaha Water Reclamation Facility, the 7.5 MGD Main Street Water Reclamation Facility, 173 lift stations, 672 miles of gravity main and 152 miles of associated force main, providing service to 66,000 customers in the Gainesville urban area. Responsibilities include pumping, treating and discharging high-quality treated effluent that meets federal and state drinking water standards, and providing high-quality reclaimed water to residential and business customers, primarily for irrigation. The Wastewater System also administers the utility's Industrial Pretreatment Program (IPP), biosolids disposal, fats, oils and greases (FOG) disposal, and reclaimed water programs.

Budget Highlights

The majority of the non-labor expenses in the Wastewater System are mandated by regulatory and other external requirements in order to meet federal and state collection, treatment, effluent and disposal standards, certain chemicals, processes and certified operational personnel are required.

- Wastewater proposes a \$137,083 increase from the approved fiscal year 2018 budget. The proposed increases are primarily for increased contract services expenses related to the operation of the Water Reclamation Facilities and Lift Stations.

Annual Operating Budget

Non-Labor

GRUCom

	Budget 2019
Expenditures:	
GRUCom Business Administration	\$ 437,992
GRUCom Technology & Services Administration	196,758
CO Operations	154,817
GatorNet	9,169
Network Operations	630,261
Internet Operations	65,500
Voice Operations	137,000
Customer Operations	633,000
Towers 1-12	121,778
Trunked Radio System	444,365
Research & Develop	25,000
Business Services	15,250
Total Expenditures	\$ 2,870,890

Description

GRUCom's three basic product lines include Telecommunications, Public Safety Radio, and Tower Lease Rental. GRUCom is currently implementing both wireless and voice services.

Budget Highlights

- GRUCom expenditures reflect the ongoing costs to operate and maintain the fiber optic network and the equipment used to provide data transport, carrier services, and Internet access.
- Operational costs are associated with network expansion for new growth, a new voice service offering and support of existing services.
- Projections include increased costs for annual maintenance service and support agreements of the Trunked Radio System. GRUCom is currently upgrading the System to a fully digital P25 platform to continue serving Public Safety Radio subscribers in Alachua County.

Annual Operating Budget

Non-Labor

Administration

	Budget 2019
Expenditures:	
General Manager	\$ 597,950
Change Management	18,331
City Attorney	160,323
Communications	486,800
Community Relations	499,297
Total Expenditures	\$ 1,762,701

Description

The General Manager is responsible for all aspects of the combined utility systems – Electric, Water, Wastewater, Gas and GRUCom, and the implementation of policies adopted by the City Commission.

The Change Management Office was implemented in fiscal year 2017 and directs the assessment, development, implementation and institutionalization of critical organizational changes, in addition to directing GRU's Enterprise Resources Planning strategy. This office also directs the development of GRU's Change Management Plan(s) to maximize full employee and system potential, minimize institutional resistance, and maximize employee engagement.

The Utilities Attorney is part of the City Attorney's Office and provides legal counsel and contract review for the combined utility systems.

The Communications Department handles all external media requests, social media management, website content management, marketing, advertising and community education issues concerning the utility. Communications is responsible for PR and brand development for all five utility services. The department develops and implements campaigns, video production, copy writing, strategic planning and media training/coaching and is an integral part of all employee communications.

Community Relations develops, implements, manages and evaluates more than 13 community outreach programs for the combined utility systems. Additionally, Community Relations is responsible for the utility's community partnerships, diversity and inclusion efforts, community charitable investments, and government relations.

Budget Highlights

- The Community Relations budget has increased to cover the cost of developing and implementing a utility-wide diversity and inclusion initiative.

Annual Operating Budget

Non-Labor

Customer Support Services

	Budget 2019
Expenditures:	
Administrative Services	\$ 371,382
Land Rights / Real Estate	30,417
Purchasing	4,429
Utilities Stores	16,285
Facilities Maintenance	2,787,610
Mail Services	296,399
Chief Customer Officer	25,400
Customer Operations	30,850
Energy & Business Services	614,584
Billing & Customer Solutions	663,000
Revenue Assurance	193,750
Customer Services	833,100
New Services	88,519
Total Expenditures	\$ 5,955,725

Description

Customer Support Services includes the customer call center, lobby and drive-thru payment processing, billing and collections, conservation, new services, and the OneSAP system upgrade. It also includes administrative functions such as utilities purchasing and stores, mail services, land rights and real estate, facilities maintenance and security.

Budget Highlights

- Facilities and Administrative Services reflects an increase primarily for facility and equipment repairs and maintenance. In addition, the card access equipment will be expanded and also requires repairs.
- Energy & Business Services reflects an increase primarily due to an increased funding commitment to Community Weatherization.
- New Services reflects an increase to provide training for employees on Avolve, the host company which provides support for Project Dox.

Annual Operating Budget

Non-Labor

Information Technology

	Budget 2019
Expenditures:	
IT Administration	\$ 134,588
IT Data Governance & Compliance	3,103,775
IT Technical Management	764,500
IT Application Management	701,822
IT Service Desk	478,600
IT Project Management	19,625
IT OneERP	8,185,230
Total Expenditures	\$ 13,388,140

Description

Information Technology (IT) maintains the network, phone, server, storage, and data center infrastructure and provides IT and communication services for the combined utilities and General Government. IT supports over 2,100 users and approximately 2,500 desktop and laptop computers used by employees at over 30 locations for the City of Gainesville including GRU. In addition, IT supports mission-critical systems such as the SAP financial management and customer care systems, multiple websites, and various revenue collection systems.

Budget Highlights

The IT budget is comprised of major expenditures relating to the maintenance of mission critical systems, implementing infrastructure and software upgrades, and network security improvements.

- Expenses are budgeted for ongoing application and infrastructure support and training for IT staff in order to provide the necessary support for SAP, GRU's Enterprise Resource Planning (ERP) system, revenue collection systems and other critical IT infrastructure.
- IT partners with operational and administrative areas to more effectively and efficiently support the applications and network infrastructure of GRU.
- Expenses are budgeted to support the continued effort to replace aging equipment and infrastructure for the utility and general government's technology environment.
- IT OneERP expenses represent the O&M portion of the ongoing implementation of GRU's ERP system which include updated Financial Management Information System (FMIS), Customer Care System (CCS) and a new Enterprise Asset Management System (EAM).

Annual Operating Budget

Non-Labor

Budget, Finance, and Accounting

	Budget 2019
Expenditures:	
Chief Financial Officer	\$ 7,146,554
Financial Accounting	116,951
Managerial Accounting	60,980
Accounts Payable	3,895
Budget	4,300
Treasury	93,505
Rates & Forecasting	28,678
BFA Project Management	18,000
Corporate Expenses:	-
Vehicle & Transportation	2,981,000
Pension Bonds-GRU Obligat	2,144,748
Debt Service Fiscal Agent	2,026,335
Uncollectible Accounts	1,763,800
Property Insurance-Boiler	1,000,000
Debt Service Fiscal Agent	280,724
Bank Fees	135,550
Other	86,857
Total Expenditures	\$ 17,891,877

Description

Budget, Finance, and Accounting is responsible for the external financial statement audit, financial regulatory reporting, the utility's budget, cash forecasting and management, investments, long range financial planning, debt management, rate formulation, forecasting, benchmarking and various other financial and accounting items.

Budget Highlights

- With the implementation of the new SAP software system, certain costs have been reclassified in different areas than historically budgeted. A significant portion of General System expenditures are now reflected in Budget, Finance, and Accounting budgeted expenditures in the Chief Financial Officer area. These costs include joint services payments to General Government of \$3.1 million, risk management claims of \$2.1 million, worker's compensation of \$585k, general liability \$500k, insurance premiums \$366k, and various other costs. In addition, Corporate Expenses are now included in the Budget, Finance and Accounting division.

Annual Operating Budget

Non-Labor

Chief Operating Officer

	Budget 2019
Expenditures:	
Chief Operating Officer	\$ 14,400
Electric Environment	145,222
Electric Reliability	48,020
Safety	206,669
Training	94,800
Total Expenditures	\$ 509,111

Description

The Chief Operating Officer department reports directly to the General Manager and is responsible for the Electric, Water, Wastewater and Gas systems. Additionally, it oversees Electric Environmental Permitting, Electric Compliance, Safety and Training.

Electric Environmental Permitting and Compliance submits all required new and renewal permit applications for all of GRU's generating, transmission and distribution facilities. Additionally, it generates all required reports, ensuring compliance with local, state, and federal ordinances and regulations. Department staff represents GRU during inspections by regulatory agencies and on utility advocacy organizations at the state and federal levels.

Compliance is responsible for managing compliance with North American Electric Reliability Corporation (NERC) regulatory requirements. This involves monitoring conformance to NERC standards for system reliability and security under authority delegated by the Federal Energy Regulatory Commission.

Utility Training plans, directs, and coordinates all training and proficiency development for all GRU employees, including direction and coordination activities associated with the administration of the Craft and Supervisory Progression-Through-Training Programs (PTTP and SPTTP). IT Provides and maintains an appropriate Learning Management System (LMS) and Learning Content Management System for the organization.

Utility Safety is responsible for directing, administering and implementing GRU's corporate safety program across all departments.

Budget Highlights

- Funds for operations management were previously budgeted with the General Manager. As additional employees and functions were added under the COO's management, it became necessary to create a separate budget for fiscal year 2018.
- Safety and Training were previously budgeted by each department but have been separated into their own divisions to place greater emphasis and importance on them and to provide unified delivery across the organization.

Annual Operating Budget

Non-Labor

Debt Service

	Budget 2019
Use of Net Revenues for Debt Service:	
Senior Lien Debt Service Payment	\$ 96,038,881
Subordinated Debt Service Payment	2,075,000
Total Use of Net Revenues for Debt Service	\$ 98,113,881

Description

The Senior Lien Debt Service and Subordinated Debt Service Funds were established by the Amended and Restated Utilities System Revenue Bond Resolution. The amounts deposited into these funds must be used to pay outstanding senior lien or subordinated debt. The Bond Resolution requires that monthly deposits be made to the Senior Lien Debt Service and Subordinated Debt Service Funds after 1) operating and maintenance expenses and 2) required Rate Stabilization Fund transfers are paid. These monies are restricted from other uses and are held in a separate bank account by the Utility's trustee.

Budget Highlights

- Fiscal year 2019 debt service increased significantly due to the borrowing to finance the acquisition of the Deerhaven Renewable Facility.

Annual Operating Budget

Non-Labor

Utility Plant Improvement Fund

	Budget 2019
Use of Net Revenues for UPIF:	
Electric Revenue Contribution	\$ 22,870,663
Water Revenue Contribution	2,360,793
Wastewater Revenue Contribution	6,794,891
Gas Revenue Contribution	8,799,016
GRUCom Revenue Contribution	459,046
Total Use of Net Revenues for UPIF	\$ 41,284,410

Description

The Utility Plant Improvement Fund (UPIF) was established by the Amended and Restated Utilities System Revenue Bond Resolution. The amounts deposited into this fund can be used to pay for construction costs or for debt service on outstanding debt. This fund represents the equity that is set aside for future construction projects. If, at any time, other monies are not available for the payment of O&M expenses, then UPIF may be used for O&M expenses.

Budget Highlights

- Per the Bond Resolution, the utility is required to deposit into UPIF at least one-half of the sum of Net Revenues, including interest income but excluding non-operating revenues and expenses less Senior Lien Debt Service.
- The UPIF monies represent the City's equity investment in the utility and are used to defray the costs of maintaining a capital-intensive operation. Currently UPIF is used to pay a portion of the utility's construction expenses for all systems. The utility is planning to contribute equity to the capital program, lowering potentially borrowed funds by \$41.3 million in fiscal year 2019.

Annual Operating Budget

Non-Labor

General Fund Transfer

	Budget 2019
Use of Net Revenues for GFT:	
Electric	\$ 15,602,894
Water	5,161,819
Wastewater	5,611,851
Gas	9,376,134
GRUCom	1,143,791
Total Use of Net Revenues for GFT	\$ 36,896,489

Description

On April 17, 2014, a new general fund transfer agreement was approved by the City Commission for fiscal year 2015 through fiscal year 2019 for transfers of monies to the City of Gainesville general fund for use as the City Commission deems appropriate. The transfer is \$36.9 million in fiscal year 2019.

Budget Highlights

- The fiscal year 2019 GFT is projected to be 11.4 percent of total non-fuel revenues.

Section E – Labor

Annual Operating Budget

Labor

Combined System

Budget 2019

	Operation and Maintenance	Capital	Total
Electric	35,623,584	12,114,004	47,737,588
Water	7,501,161	3,260,280	10,761,441
Wastewater	9,276,245	4,083,094	13,359,339
Gas	3,299,016	2,850,754	6,149,770
GRUCom	3,292,345	1,406,200	4,698,545
Total 2019 Combined System	\$ 58,992,352	\$ 23,714,331	\$ 82,706,683

Full Time Equivalent (FTE)

Budget 2019

MAP	286.00
CWA	606.25
Total FTEs Authorized	892.25
Overfills	25.00
Total FTEs including Overfills	917.25

New Positions

The fiscal year 2019 budget recommends the addition of 6 positions for the upcoming fiscal year.

Department	FTE	Position Title
Energy Delivery		
Line Locate Operations	1.00	Utilities Location Technician
Customer Support Services		
Utilities Stores	1.00	Utilities Materials Specialist I
Information Technology		
IT OneERP	2.00	ERP Reporting Analyst
Chief Operating Officer		
Electric Environment	1.00	Engineer Utility Designer IV
Safety	1.00	Utility Safety Specialist
Total New Positions	6.00	

One Utilities Location Technician is necessary because the Utility’s service territories for natural gas, water, sewer, and fiber continue to expand and customer counts are increasing. There are also multiple long-term projects going on in our service territory that require a significant amount of locate requests in addition to the business as usual locate requests. Additional FTEs will help reduce the amount of overtime labor incurred as well as boost employee morale and increase safety due to the workload being more evenly distributed among multiple technicians.

One Utilities Materials Specialist 1 is needed due to the materials inventory doubling from \$7 million to \$14 million. This increase is related to fuels and chemical inventory since upgrading FMIS as well as the recent purchase of the Deerhaven Renewable Generating Station (DHR). Since the FMIS upgrade, more purchases are being managed utilizing SAP’s inventory features. This additional staffing will allow the Utility Stores department to maintain customer service and accuracy levels with the new increases to inventory control.

Two ERP Reporting Analysts are needed to support the reporting needs of the organization. These responsibilities are currently delegated out to consultants and in-house special assignments. These positions will allow for the IT reporting division to acquire reporting specialists which will replace the need for consultants long term.

One Engineer Utility Designer IV is necessary to assist with oversight of permitting and compliance tasks related to electric utilities and additionally the new DHR. The additional staffing will assure no gaps are occurring, allow for cross training improvements, complete business process improvements within the department, and a better understanding of the new regulations related to the new plant purchased last year.

One Utility Safety Specialist is necessary to properly implement, monitor, and enforce safety practices within the Natural Gas Transmission and Distribution Division within the Energy Delivery Department.

New and Continuing Overfill Positions

The fiscal year 2019 budget recommends 26 overfill positions in both operational and administrative areas. Seven of them are for administrative areas and nineteen are for operational areas. Fourteen of these overfill FTEs are needed for attrition planning due to retirements and resignations of current incumbent. Twelve are for special projects related to SAP implementation, plant maintenance, or reorganization planning. Many of these are short term and have minimal impact to the overall budget.

Department	FTE	Position Title
Energy Supply		
System Control	1.00	Power System Coordinator 2
Deerhaven Operations	5.00	Accelerated Production Operator 3
Deerhaven Operations	1.00	Process Plant Operator 2
Deerhaven Operations	2.00	Materials Handling Equipment Operator II
Major Maintenance Group	1.00	Operations Assistant
Major Maintenance Group	1.00	Power Plant ICE Technician
Major Maintenance Group	1.00	Major Maintenance Leader
Major Maintenance Group	1.00	Power Plant Mechanic
Fuels	1.00	Analyst, Senior
Energy Delivery		
Substation Operations	1.00	Substation Electrician
ED Work & Resource Mgmt Admin	1.00	Analyst
Water		
Water Engineering	1.00	Supervising Engineer Utility Designer
Water/ Wastewater Engineering	1.00	Engineer Utility Designer IV
GRUCom		
GRUCom Technical Services	1.00	IT Infrastructure Designer & Admin
Administration		
Change Management	1.00	Communications Specialist, Senior
Communications	1.00	Communications Specialist, Senior
Customer Support Services		
Energy & Business Services	1.00	Customer Service Rep, Senior
Customer Service	1.00	Customer Service Manager
Information Technology		
IT Technical Management	1.00	IT Infrastructure Designer & Admin, Lead
IT Application Management	1.00	Computer Systems Analyst
Total Overfills	25.00	

The following overfill FTEs pertain to attrition planning:

One Power System Coordinator 2 is needed in anticipation of retirement and for knowledge transfer. This area requires personnel on shift 24/7 in accordance with NERC operating guidelines and not having someone ready to cover the position will be detrimental.

Five Accelerated Production Operator 3 positions are required because there are 19 personnel with 18 plus years of seniority, and they could leave at any time. The department must be proactive in succession planning because several of these positions are high level and require years of preparation. Energy Supply

production is responsible for South Energy Center (SEC), Innovation Energy Center (IEC), and multiple generation facilities, including the most recently purchased Deerhaven Renewable Generating Station. Additionally, environmental regulatory tasks requirements have increased over the past two years. The positions will be filled at the trainee level to allow for adequate advanced training and knowledge transfer.

One Process Plant Operator 2 must continue for succession planning due to an upcoming retirement. Energy Supply has hired at the trainee level to allow for adequate training time and knowledge transfer. This will reduce overtime and process water costs at Deerhaven.

One Power Plant Instrument, Controls, and Electrical Technician overfill is necessary to backfill for time management planning. This need is related to short staffing due to extended leave coverage as well as long term preparation of two staff member who are eligible to retire. This overfill is unfunded yet approved for use if it becomes necessary.

One Substation Electrician is needed to prepare for the retirement of one of our experienced substation electricians. It will be necessary to overfill this position in order to reduce the experience gap.

One Supervising Engineer Utility Designer is necessary for retirement planning of a long term employee. The current employee has been overseeing new development projects for over 10 years. To ensure we maintain current service levels, we are requesting an overfill position that will allow for adequate knowledge transfer and seamless transition for external customer services purposes.

One IT Infrastructure Designer and Administrator is necessary for GRUCom to properly train staff in preparation for an internal retirement of a long term employee. Knowledge sharing will allow us to maintain the ability to efficiently and effectively complete network configuration tasks that generate revenue.

One IT Infrastructure Designer and Administrator Lead is needed in anticipation of a pending retirement. This overfill allows the IT Technical Management area to begin an intense knowledge transfer process that includes the transition of knowledge for software system, specifically SAP, as well as business process knowledge. This is a lead position for which orderly succession is required for stability and continuity of SAP service delivery.

One Computer Systems Analyst is needed in anticipation of a pending retirement. This overfill allows the Application Management area to begin an intense knowledge transfer process that includes the transition of knowledge for software systems, specifically Open Text, as well as business process knowledge. The transition will better position IT to sustain a healthy support and growth environment for GRU's enterprise systems.

The following overfill FTEs pertain to special projects or other needs:

Two Materials Handling Equipment Operator II's are necessary due to understaffing of the NAES Corporation's contracted staffing for materials handling. This will allow necessary cross training at DHR to develop efficiency across the two organizations.

One Operations Assistant overfill is needed in Energy Supply's Major Maintenance Department to ensure workloads are being maintained while additional support is being provided to the SAP project. This overfill is unfunded yet approved for use if it becomes necessary.

One Major Maintenance Leader is necessary because Energy Supply's Major Maintenance Leader is serving on the SAP Enterprise Asset Management Project (EAM). The incumbent has been retained full time by the project as the EAM Project Coordinator effective February 2017. The duration of the assignment is unknown at this time.

One Power Plant Mechanic is needed due to the additional field equipment needing routine preventive maintenance since the Deerhaven Unit 2 Air Quality Control System (AQCS) became operational in 2009. Initially two Power Plant Mechanic overfill positions were added to meet the expected additional workload. Since then, Energy Supply reduced to one overfill position. In a continuous effort to reduce costs, Energy Supply has moved towards using internal resources to perform work traditionally performed by contractors. Further evaluation will be performed in fiscal year 2019 to determine if the Power Plant Mechanic overfill will be converted into a regular position, or if it could be deleted. This overfill is unfunded yet approved for use if it becomes necessary.

One Analyst, Senior for the Utility's Fuels Department is necessary due to the additional functions required to support Deerhaven Renewable Generating Station. This includes additional reporting, SAP support, budgeting, costing, project support, and additional invoice handling.

One Analyst for Energy Delivery Work and Resource Management is needed due to the additional support extended to the SAP project. This overfill will ensure the primary analytical functions of daily workloads are being completed for successful departmental operations. Responsibilities include oversight of billings, departmental programs, inventory control, budgeting and spending analysis, position control, reporting, and cost benefit analysis.

One Engineer Utility Designer IV must continue due to current incumbent commitments to the SAP implementation project. The Water/ Wastewater Engineering Department rely on this engineer to manage utility relocations and piping infrastructure on construction projects. This overfill will continue until the current incumbent is reassigned.

One Communications Specialist, Senior for Change Management is needed for the purposes of accurately and effectively communicating process and technical knowledge that is currently being acquired. Knowledge transfer and a transitional plan is essential to maintain organizational change management communications and activities.

One Communications Specialist, Senior for Communications is necessary to ensure coverage during a time of departmental transition due to a resignation of a long term manager. Responsibilities include working directly with in-house clients, creating and implementing marketing plans, managing the brand image of GRU, attracting customers to community-minded services and programs, and meeting specialized needs of the Utility.

One Customer Service Representative, Senior must continue as the Energy and Business Services Department continues to reorganize to meet customers' changing needs which include improving performance and increasing the efficiency of services provided to our customers. The current incumbent is focusing efforts on the SAP Project. This leaves a long-term shortage of staff. This overfill assists with researching and reviewing of key accounts, responding to billing disputes, correcting billing and account errors, facilitating turn-ons and turn-offs, addressing past due accounts, investigating and establishing rental light charges, monitoring dunning, etc.

One Customer Service Manager must continue as the Customer Operations department continues to reorganize to meet customers' changing needs, which includes the implementation of a Customer Experience Manager and increased knowledge in customer services regarding field services.

Annual Operating Budget

Labor

Energy Supply

Budget 2019

	Wages, Fringes, & Other Pay	Overtime Pay	Temporary Staffing	Total Payroll
Energy Supply Administration	\$ 939,262	\$ 7,200	\$ -	\$ 946,462
Production Assurance Support	1,038,084	-	77,500	1,115,584
Energy Supply Water Systems	613,404	35,000	-	648,404
System Control	1,140,852	120,000	-	1,260,852
Kelly Plant Administration	319,049	-	-	319,049
Kelly Plant Operations	1,923,364	286,000	-	2,209,364
Deerhaven Administration	628,685	8,000	-	636,685
Deerhaven Operations	4,227,160	533,990	-	4,761,150
Major Maintenance Group	3,301,196	232,082	-	3,533,278
Fuels	385,068	-	-	385,068
Deerhaven Renewables Operations	1,368	-	-	1,368
Total Energy Supply	\$ 14,517,492	\$ 1,222,272	\$ 77,500	\$ 15,817,264

Full Time Equivalent (FTE)

Budget 2019

MAP	30.00
CWA	115.00
Overfills	14.00
Total FTEs Authorized	159.00

Annual Operating Budget

Labor

District Energy

Budget 2019

	Wages, Fringes, & Other Pay	Overtime Pay	Temporary Staffing	Total Payroll
District Energy	\$ 395,061	\$ -	\$ -	\$ 395,061
South Energy Center	712,813	98,000	-	810,813
Total District Energy	\$ 1,107,874	\$ 98,000	\$ -	\$ 1,205,874

Full Time Equivalent (FTE)

Budget 2019

MAP	4.00
CWA	6.00
Overfills	0.00
Total FTEs Authorized	10.00

Annual Operating Budget

Labor

Energy Delivery

Budget 2019

	Wages, Fringes, & Other Pay	Overtime Pay	Temporary Staffing	Total Payroll
T&D Operations	\$ 478,844	\$ 32,800	\$ -	\$ 511,644
T&D Construction	3,826,319	361,000	-	4,187,319
T&D Vegetation Management	479,604	7,689	-	487,293
ED Electric Engineering	1,673,577	-	109,719	1,783,296
T&D Administration	1,158,889	6,000	-	1,164,889
Apparatus Reg Operations	361,511	6,200	-	367,711
Substation Operations	673,696	32,035	39,576	745,307
Relay Operations	413,839	6,516	-	420,355
Sub & Relay Engineer	455,990	-	-	455,990
Electric Meter Measurement Operations	735,676	56,750	163,000	955,426
Systems Control / Technical Support	1,136,609	-	67,860	1,204,469
Systems Control Operations	888,552	120,000	-	1,008,552
Systems Control Administration	264,239	699	-	264,938
ED Admin / Safety & Training	312,750	-	156,000	468,750
GEMS & Reg Administration	365,353	3,100	-	368,453
ED Engineering Admin	215,619	-	-	215,619
ED Work & Resource Management Admin	1,234,440	-	9,945	1,244,385
ED GIS Operations & Standards	615,615	500	19,890	636,005
Line Locate Operations	571,233	90,000	103,194	764,427
Meter Operations	1,166,951	104,025	29,233	1,300,209
Revenue Protection Operations	200,634	433	-	201,067
Meter Services	1,534,255	46,732	1,156	1,582,143
Field Operations Administration	53,625	-	-	53,625
Gas T&D Operations	871,873	27,600	-	899,473
Gas T&D Construction	710,524	60,900	-	771,424
Gas T&D Administration	213,161	12,821	-	225,982
Gas T&D Engineering	269,118	-	5,400	274,518
Gas Meter Measurement Operations	567,991	56,270	-	624,261
Gas Marketing	266,277	-	-	266,277
Total Energy Delivery	\$ 21,716,764	\$ 1,032,070	\$ 704,973	\$ 23,453,807

Full Time Equivalent (FTE)

Budget 2019

MAP	52.00
CWA	212.00
Overfills	2.00
Total FTEs Authorized	266.00

Annual Operating Budget

Labor

Water

Budget 2019

	Wages, Fringes, & Other Pay	Overtime Pay	Temporary Staffing	Total Payroll
Water Murphree	\$ 1,452,428	\$ 138,935	\$ 25,000	\$ 1,616,363
Water Distribution	2,453,236	300,000	-	2,753,236
Water Engineering	1,137,360	-	30,000	1,167,360
Water / Wastewater Administration	131,520	704	-	132,224
Water / Wastewater Planning	208,183	-	-	208,183
Water / Wastewater Engineering	173,624	-	-	173,624
Total Water	\$ 5,556,352	\$ 439,639	\$ 55,000	\$ 6,050,991

Full Time Equivalent (FTE)

Budget 2019

MAP	12.00
CWA	57.00
Overfills	2.00
Total FTEs Authorized	71.00

Annual Operating Budget

Labor

Wastewater

Budget 2019

	Wages, Fringes, & Other Pay	Overtime Pay	Temporary Staffing	Total Payroll
Wastewater Mainstreet	\$ 971,520	\$ 100,958	\$ -	\$ 1,072,478
Wastewater Kanapaha	1,338,555	95,162	49,400	1,483,117
Wastewater Kanapaha Lab	341,202	25,613	24,700	391,515
Wastewater Lift Stations	695,830	99,430	-	795,260
Wastewater Collection	2,832,466	193,900	-	3,026,366
Reclaimed Water Distribution	156,930	6,100	-	163,030
Wastewater Engineering	988,812	9,205	30,000	1,028,017
Water / Wastewater Administration	131,520	704	-	132,224
Water / Wastewater Planning	208,183	-	-	208,183
Water / Wastewater Engineering	173,624	-	-	173,624
Total Wastewater	\$ 7,838,642	\$ 531,072	\$ 104,100	\$ 8,473,815

Full Time Equivalent (FTE)

Budget 2019

MAP	13.00
CWA	86.00
Overfills	0.00
Total FTEs Authorized	99.00

Annual Operating Budget

Labor

GRUCom

Budget 2019

	Wages, Fringes, & Other Pay	Overtime Pay	Temporary Staffing	Total Payroll
GRUCom Business Admin	\$ 511,276	\$ -	\$ -	\$ 511,276
GRUCom Construction	357,367	8,000	-	365,367
GRUCom Engineering	334,584	6,500	-	341,084
GRUCom Technology & Services Admin	373,614	-	32,000	405,614
GRUCom Electronics	268,791	3,000	-	271,791
GRUCom TRS	192,536	2,000	-	194,536
GRUCom Technical Services	423,440	-	-	423,440
GRUCom NOC	413,967	60,000	-	473,967
Business Services	378,829	-	-	378,829
Total GRUCom	\$ 3,254,404	\$ 79,500	\$ 32,000	\$ 3,365,904

Full Time Equivalent (FTE)

Budget 2019

MAP	14.00
CWA	24.00
Overfills	1.00
Total FTEs Authorized	39.00

Annual Operating Budget

Labor

Administration

Budget 2019

	Wages, Fringes, & Other Pay	Overtime Pay	Temporary Staffing	Total Payroll
General Manager	\$ 859,000	\$ -	\$ -	\$ 859,000
Change Management	377,471	-	-	377,471
City Attorney	79,385	-	-	79,385
Communications	485,837	1,500	20,000	507,337
Community Relations	317,501	-	12,480	329,981
Total Administration	\$ 2,119,194	\$ 1,500	\$ 32,480	\$ 2,153,174

Full Time Equivalent (FTE)

Budget 2019

MAP	13.00
CWA	3.00
Overfills	2.00
Total FTEs Authorized	18.00

Annual Operating Budget

Labor

Customer Support Services

Budget 2019

	Wages, Fringes, & Other Pay	Overtime Pay	Temporary Staffing	Total Payroll
Administrative Services	\$ 340,249	\$ -	\$ -	\$ 340,249
Land Rights / Real Estate	234,176	-	7,800	241,976
Purchasing	675,652	-	117,000	792,652
Utilities Stores	991,314	19,342	-	1,010,657
Facilities Maintenance	376,789	-	-	376,789
Mail Services	85,606	-	-	85,606
Chief Customer Officer	243,284	-	-	243,284
Customer Operations	490,456	-	20,000	510,456
Energy & Business Services	966,381	-	27,560	993,941
Billing & Customer Solutions	569,027	36,000	-	605,027
Revenue Assurance	336,640	-	29,000	365,640
Customer Service	2,262,741	55,000	-	2,317,741
New Services	331,498	3,000	-	334,498
Total Customer Support Services	\$ 7,903,813	\$ 113,342	\$ 201,360	\$ 8,218,515

Full Time Equivalent (FTE)

Budget 2019

MAP	34.00
CWA	84.25
Overfills	2.00
Total FTEs Authorized	120.25

Annual Operating Budget

Labor

Information Technology

Budget 2019

	Wages, Fringes, & Other Pay	Overtime Pay	Temporary Staffing	Total Payroll
IT Administration	\$ 399,765	\$ -	\$ 210,704	\$ 610,469
IT Data Governance & Compliance	551,035	-	-	551,035
IT Technical Management	2,572,223	5,500	-	2,577,723
IT Application Management	1,730,127	-	-	1,730,127
IT Service Desk	798,991	11,500	-	810,491
IT Project Management	665,774	-	-	665,774
IT OneERP	791,274	-	109,560	900,834
Total Information Technology	\$ 7,509,189	\$ 17,000	\$ 320,264	\$ 7,846,453

Full Time Equivalent (FTE)

Budget 2019

MAP	58.00
CWA	12.00
Overfills	2.00
Total FTEs Authorized	72.00

Annual Operating Budget

Labor

Budget, Finance, and Accounting

Budget 2019

	Wages, Fringes, & Other Pay	Overtime Pay	Temporary Staffing	Total Payroll
Chief Financial Officer	\$ 400,587	\$ 4,000	\$ -	\$ 404,587
Financial Accounting	664,010	-	71,000	735,010
Managerial Accounting	575,238	-	20,000	595,238
Accounts Payable	216,586	3,000	-	219,586
Budget	470,394	-	10,000	480,394
Treasury	278,489	-	-	278,489
Rates & Forecasting	535,548	-	-	535,548
BFA Project Management	444,838	-	-	444,838
Total Budget, Finance, and Accounting	\$ 3,585,690	\$ 7,000	\$ 101,000	\$ 3,693,690

Full Time Equivalent (FTE)

Budget 2019

MAP	38.00
CWA	5.00
Overfills	0.00
Total FTEs Authorized	43.00

Annual Operating Budget

Labor

Chief Operating Officer

Budget 2019

	Wages, Fringes, & Other Pay	Overtime Pay	Temporary Staffing	Total Payroll
Chief Operating Officer	\$ 331,992	\$ -	\$ -	\$ 331,992
Electric Environment	592,315	9,720	-	602,035
Electric Reliability	245,692	-	-	245,692
Safety	554,896	-	-	554,896
Training	692,581	-	-	692,581
Total Chief Operating Officer	\$ 2,417,476	\$ 9,720	\$ -	\$ 2,427,196

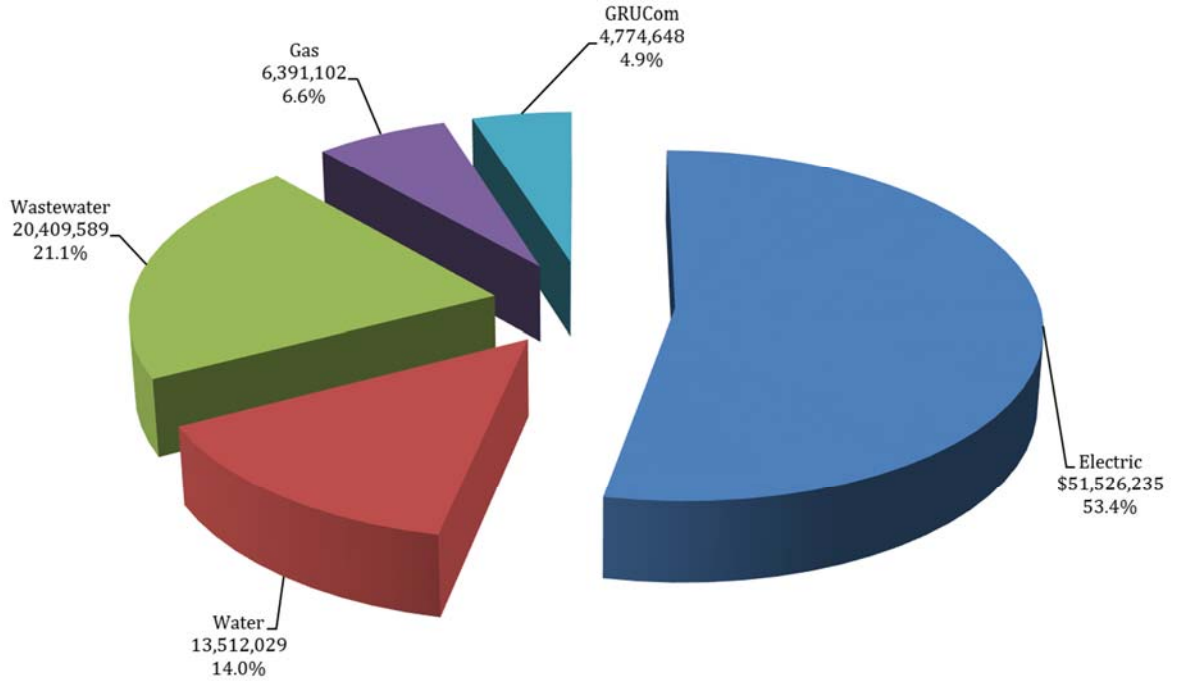
Full Time Equivalent (FTE)

Budget 2019

MAP	18.00
CWA	2.00
Overfills	0.00
Total FTEs Authorized	20.00

Section F – Capital Projects

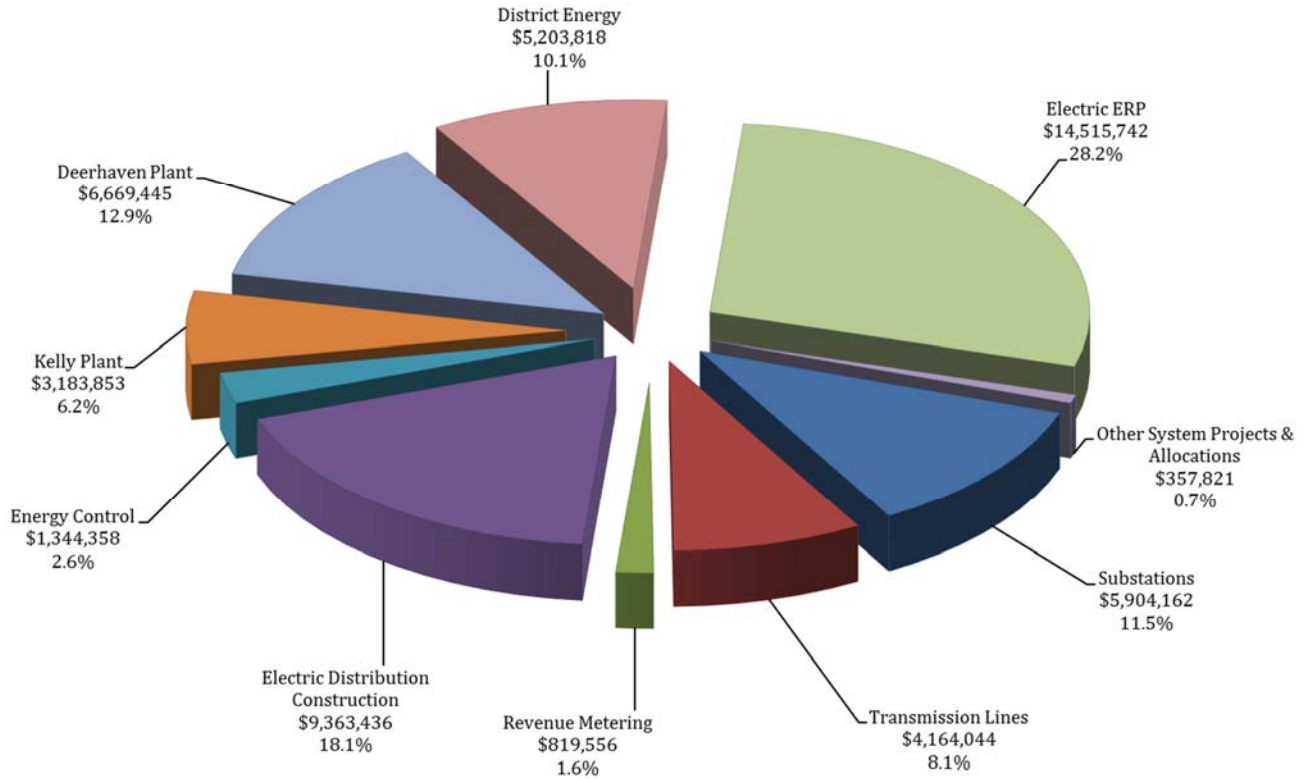
Combined Systems
Fiscal Year 2019 Budget



Combined Systems

Electric	\$ 51,526,235
Water	13,512,029
Wastewater	20,409,589
Gas	6,391,102
GRUCom	4,774,648
Total Projects	\$ 96,613,603

Electric System
Fiscal Year 2019 Budget



Electric Projects

Substations	\$	5,904,162
Transmission Lines		4,164,044
Revenue Metering		819,556
Electric Distribution Construction		9,363,436
Energy Control		1,344,358
Kelly Plant		3,183,853
Deerhaven Plant		6,669,445
District Energy		5,203,818
Electric ERP		14,515,742
Other System Projects and Allocations		357,821
Total Projects	\$	51,526,235

Energy Supply Major Projects FY19

- Energy Supply's capital budget for FY19 represents a total investment of \$8.2 million of which \$4.8 million is allocated to the Deerhaven Generating Station account and \$2.8 million allocated to the JRK Generating Station account. Deerhaven Renewable will be allocated \$810,000. The drivers for the majority of the investments are for Reliability (including Life Cycle Management and Electrical Safety), Regulatory Requirements and Capital Improvements that yield savings.
- In order to meet increasing cyber security requirements for NERC, \$175,000 will be used across Deerhaven and the JRK plants to meet these increased requirements.

JRK Generating Station Major Projects FY19

- Capital spare parts for the combustion turbine will incur \$2.1 million. These parts are to be procured in advance of the major outage scheduled for the beginning of FY21. These are required for continued reliability of Kelly Combined Cycle (CC1).
- Electrical/electronic items will comprise \$340,000 such as rotor ground detector, network switch replacements and Distributed Control System (DCS) controls hardware replacements.

Deerhaven Generating Station Major Projects FY19

- Deerhaven capital expense is \$4.8 million of which Deerhaven Unit 2 is the largest need at \$3.7 million.
- The largest single project of \$900,000 is for the first year of baghouse bag replacements in the Air Quality Control System (AQCS) baghouse. This is for regulatory compliance.
- The second largest project is the completion of the Booster Fan conversion to Variable Frequency Drives which has a spend of \$600,000.
- Coal system work will be budgeted for \$350,000 for reliability and safety of the fuel handling system.
- Electronic and Electrical work will include several projects such as the continuation of flame scanner upgrades on DH2 (\$230,000) which are not only a reliability improvement but also factors into boiler safety. Precipitator wire replacement at \$350,000, network and DCS hardware (\$475,000), stack lighting upgrades for air traffic safety is necessary and required (\$150,000). Non-segmented electrical buss improvements at both GT1 and GT3 are anticipated at a total of \$250,000.

Deerhaven Renewable Generating Station Major Projects FY19

- At this time we have identified and scoped projects to improve safety & efficiency, ensure reliability, and maintain environmental compliance at Deerhaven Renewable. Improvements for steam temperature attemperation are necessary for reliability and low load operation. They are budgeted at \$400,000. Safety improvements include Fire Water Supply to the Hog Building (\$121,000) and replacement bags for two of the Air Quality Baghouse Compartments (\$162,000).

District Energy Major Projects FY19

- Capital investments in the SEC are recovered from UF Health in accordance with GRU's contract with UF Health. Net revenues from the SEC flow back to GRU's electric fund, helping to provide rate relief to all GRU electric customers.
- The South Energy Center has \$4 million budgeted for a potential backup generator expansion project. GRU is awaiting confirmation from its customer whether this project will move forward in FY19.
- Other South Energy Center projects include network switch replacements, controls optimization, and communications equipment.

Energy Delivery

- Substations and relay will focus on upgrading distribution and transmission equipment for system reliability. The Sugarfoot project (\$239,864) includes replacing old electro-mechanical relays with modern microprocessor based relays. We are replacing aging transmission oil breakers (\$225,000) throughout our system, power transformer tap changer upgrades (\$209,272), power transformer oil pump replacements (\$123,600), power transformer control cabinet replacements (\$143,222) and continuing the replacement of 40+ year-old problematic insulators at the Kelly Substation. Additionally, we plan to take delivery of a new power transformer for Parker substation in early FY19. The expansion of the Parker substation has been delayed until FY20. This project will improve system reliability.
- Revenue Metering - New growth within the electric service territory includes meeting metering requirements for new residential, solar and commercial construction projects (\$412,925). Regarding electric metering requirements for commercial, there is a continuing focus on transformer rated metering CT and self-contained meter change outs (\$406,631).
- In addition to GRU Electric Energy Delivery's normal construction workload GRU encounters what we call "Forced Relocation." The City of Gainesville DOT, Alachua County DOT and the CRA all have projects that require an estimated \$1.625 million of GRU Electric construction efforts. Of these projects GRU estimates a CIAC (Contribution in Aid of Construction) of \$1.6 million. The CIAC is in accordance with the City of Gainesville Code of Ordinances.

	Project	Project Estimate	CIAC Estimate	Remarks
1	S. Main St.	\$1,000,000	\$1,000,000	Design issues slowing up design and material orders. Starting date depends on CRA.
2	SE 4 St	\$25,000	0	Project should be 90% complete in FY 18. City DPW
3	SW 8 Ave	\$600,000	\$600,000	Project Est to be 30% complete in FY 18. Alachua County DPW
	Totals	\$1,625,000	\$1,600,000	

- Another large project is the replacement of HID (High Intensity Discharge) lights with LED (Light Emitting Diode) lights over a 5-year period. There are 27,360 lights both street light and rental at a total budget estimate of \$8,580,168.36. The FY 2019 portion of this program is budgeted for \$780,000.
- Additions to GRU “backbone” transmission and distribution are required periodically to accommodate added load as well as large customers and as specific projects to eliminate potential problem areas. Everywhere you look you see new commercial and residential construction The Fiscal Year 2019 Budget for this category is \$500,000 for improving our distribution system to meet new loads and two (2) specific problem area remediation projects. These projects are pole replacements on our 138,000 volt transmission system west of SW 125 St (\$160,000) and conversion overhead to underground a portion of our backbone on SW 20 Ave (\$80,000).
- Associated with residential and commercial developments are individual customers, stores, restaurants and outlets that require GRU construction to connect them to our “backbone” system. The Fiscal Year 2019 budget for this category is \$2,000,000. Added to this is the annual \$400,000 street light capital expense for new and replacement of street lights.
- GRU is no different than any other electric utility in the country, to the extent that there are proven industry wide capital investment programs (reliability programs) that either extend the life of existing infrastructure or replace facilities that reach the end of its useful life. Examples of industry wide Remove & Replace programs are infrared inspection of strategic equipment, pole inspection and treatment program, underground cable injection of 1986 and older cables to extend their life, replacement of underground cables that cannot be injected, electrical clearance improvements (Basic Insulation Level – BIL), segmentation and additional fusing to lessen the effects of power interruptions, and group replacement of aging underground secondary connectors. Fiscal Year 2019 budget for this category is \$2,000,000.
- In the aftermath of Hurricane Irma GRU’s Engineering, Operating and Budget, Finance & Accounting Departments have prepared and presented to FEMA a very detailed “Hazard Mitigation Grant Program” application. This program is a 75% - 25% (25%

GRU) participation program. GRU Energy Delivery is budgeting for an internal expenditure of between \$40,000 and \$250,000 depending on the results of a complicated and detailed FEMA “Hazard Mitigation Program”. This is the same program where we received \$50,000 from FEMA after Hurricane Hermine for a hazard mitigation project on Millhopper Rd.

- Associated with the 750 +/- electric interruptions GRU crews respond to each year are certain capital expenditures. Examples of these are the replacement of poles and conductor from “Acts of God” or vehicle accidents, replacement of transformers or replacement of house services. Fiscal year 2018 budget for this category is \$750,000.
- GRU is proceeding with the disaster relief applications for Hurricanes Hermine and Irma.

Substations

ED.000001.01 - Distribution Substation Projects	\$ 1,744,140
ED.000001.02 - Transmission Substation Projects	\$ 4,141,838
ED.000001.03 - Line Transformers	\$ 18,184
ED.000001 - Substation & Relay Projects	\$ 5,904,162

Transmission Lines

ED.000003.01 - Electric Transmission Projects	\$ 214,475
ED.000003.03 - Main Line System Projects	\$ 745,478
ED.000003.04 - Development & Services Projects	\$ 2,789,948
ED.000003.05 - Photovoltaic Connections	\$ 105,232
ED.000003.06 - Relocate Facilities in Public ROW	\$ 308,910
ED.000003 - Electric Trans & Dist Projects	\$ 4,164,044

Revenue Metering

ED.000002.01 - New Meter Installations	\$ 412,925
ED.000002.02 - Meter Changeout & Replacement Programs	\$ 406,631
ED.000002 - Metering	\$ 819,556

Electric Distribution Construction

ED.000004.01 - City Lighting	\$ 380,580
ED.000004.02 - County Lighting	\$ 131,411
ED.000004.03 - Rental Lighting	\$ 278,850
ED.000004.04 - LED Lighting	\$ 1,590,988
ED.000005.01 - OH Distribution Rplc Components_Equip & De	\$ 1,781,270
ED.000005.02 - Pole Inspections & Replacement	\$ 358,677
ED.000005.03 - Infra Red Equipment Inspections	\$ 99,802
ED.000005.04 - Segmentation & Fusing	\$ 154,206
ED.000005.05 - TACTICS Investigate Customer Interruption	\$ 226,322
ED.000005.06 - UG Distribution Rplc Components_Equip & De	\$ 535,520
ED.000005.07 - CSR (Cable System Rejev.) Project	\$ 1,426,627
MS.000004 - Celebration Point Archer Rd	\$ 157,806
MS.000005 - One College Park	\$ 21,359
MS.000006 - SW 8th Ave Convert 8,000 ft OH to UG	\$ 711,545
MS.000007 - Depot Ave Segment 4 (City)	\$ 7,311
MS.000008 - SE 4th St Reconstruction (City)	\$ 328,323
MS.000009 - S Main St - S Depot Ave to S 16th Ave (CRA)	\$ 1,172,841
Elec. Dist. Cons. Total	\$ 9,363,436

Energy Control

ED.000007.01 - EMS (Energy Management System) Project	\$ 958,213
ED.000007.02 - Responder OMS Replacement Project	\$ 164,765
ED.000007.03 - BCS - Bulk Elect System Cyber System	\$ 221,381
ED.000007 - System Control Center Projects	\$ 1,344,358

Kelly Plant

ES.000001.01 - Kelly Common	\$ 36,575
ES.000001.02 - Kelly CC1	\$ 3,147,278
ES.000001 - Kelly Production	\$ 3,183,853

Deerhaven Plant

ES.000002.01 - DH Common	\$ 423,607
ES.000002.02 - DH Unit 1	\$ 20,902
ES.000002.03 - DH Unit 2	\$ 4,727,868
ES.000002.04 - DH CT1	\$ 117,315
ES.000002.06 - DH CT3	\$ 169,644
ES.000002.08 - DH Process Plant	\$ 285,482
ES.000007.01 - DHR Common	\$ 924,626
Deerhaven Total	\$ 6,669,445

District Energy

ES.000004.03 - SEC Balance of Plant	\$ 4,182,307
ES.000004.04 - SEC Common	\$ 495,000
ES.000005.02 - IEC Common	\$ 526,511
Distric Energy Total	\$ 5,203,818

Electric ERP

CP.001000.99.01 - ERP IT Capital	\$ 12,893,996
CP.001000.99.05 - ERP ED Capital	\$ 1,621,746
Electric ERP	\$ 14,515,741

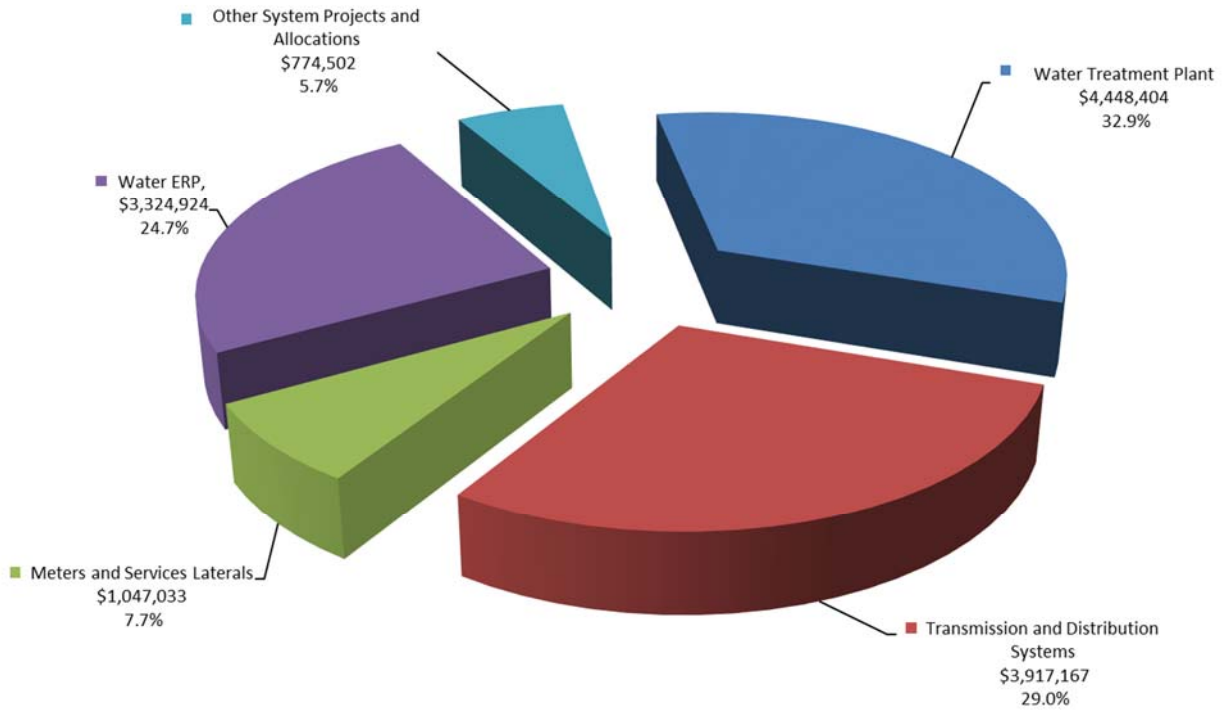
Other System Projects and Allocations

CP.001000.99.03 - Generic Admin Capital	\$ 242,855
ED.000009 - General Plant Electric Segment	\$ 19,197
CP.000004.99.03.01.01 - Electric	\$ 89,927
CP.000005.99.03.01.01 - Electric	\$ 5,843
Other Items Total	\$ 357,822

TOTALS

\$ 51,526,235

Water System
Fiscal Year 2019 Budget



Water Projects

Water Treatment Plant	\$ 4,448,404
Transmission and Distribution Systems	3,917,167
Meters and Services Laterals	1,047,033
Water ERP	3,324,924
Other System Projects and Allocations	774,502
Total Projects	\$ 13,512,029

Major Projects

Water Treatment Plant

- **Electrical System Upgrade:** The primary goal of this project is to address process reliability of the Murphree Water Treatment Plant (MWTP). The project will address replacement of large electrical equipment and conductors that are original to MWTP (1975). A new electrical building with new motor control centers (MCC), conductors and duct banks to process related equipment will be constructed along with a 1,000 kW plant engine generator set. This project will provide the reliability needed to continue to operate Gainesville's only water treatment plant for the next 40 years. The FY19 projected cost for the upgrade is \$2,500,000.

Water Transmission and Distribution Systems

- **Water Main Renewal and Replacement:** GRU is continuing to invest in replacing galvanized and cast iron water mains throughout the service area. These efforts are designed to upgrade and rehabilitate the water system and improve water pressure. The specific areas are selected by analyzing water pressures, known pressure issues, and areas where repair work has been conducted to determine the most cost-effective improvement projects. The FY19 projected cost for water main renewal and replacement is \$2,570,000.
- **Water Service Renewal and Replacement:** GRU is continuing to invest in replacing water service throughout the service area. These efforts are designed to replace water services at which there are significant leaks thereby conserving water, reducing customer interruptions, and extending the life of the water system. The specific areas for replacements are targeted based on analysis of work orders and leaks to determine the most cost-effective replacement projects. The FY19 projected cost for the water service renewal and replacement is \$850,000.
- **Utility roadway relocation projects:** There are numerous projects that require water distribution lines to be relocated because they are impacted by roadway work within the public right-of-way. A multi-year project scheduled for completion in FY19 includes County Public Works project: SW 8th Avenue extension to SW 143rd Street. The FY19 projected cost for the upgrade is \$160,000.

Meter and Service Laterals

- **Water Meter Change out Program:** The water meter change out program is designed to identify large and small meters with reduced accuracy or known issues to be replaced with new meters. This program more accurately measures customer water usage, therefore correcting and increasing water revenue. The FY19 projected cost for the upgrade is \$700,000.

Water Treatment Plant

WA.000001.02 Murphree Water Treatment	\$ 4,001,596
WA.000001.01 MWTP Wellfield	\$ 271,468
WA.000001.03 MWTP Pumping & Storage	\$ 175,340
Water Treatment Plant	\$ 4,448,404

Transmission and Distribution Systems

WA.000003.02 WD Services	\$ 1,311,709
WA.000003.01.04 WD Mains Projects	\$ 947,621
WA.000003.01.03 WD Mains Programs	\$ 643,899
WA.000003.01.04.02 WD Mains Proj New Dev	\$ 569,525
WA.000003.01.04.01 WD Mains	\$ 273,025
WA.000003.01.03 WD Mains Programs	\$ 171,388
Transmission and Distribution Systems	\$ 3,917,167

Meters and Services Laterals

WA.000003.03.03.01 - WD Meters Programs - Residential Meters	\$ 837,943
WA.000003.03.03.02 - WD Meters Programs - Large Meters	\$ 209,090
Meters and Services Laterals	\$ 1,047,033

Water ERP

CP.002000.99.01 - ERP	\$ 3,324,924
Water ERP	\$ 3,324,924

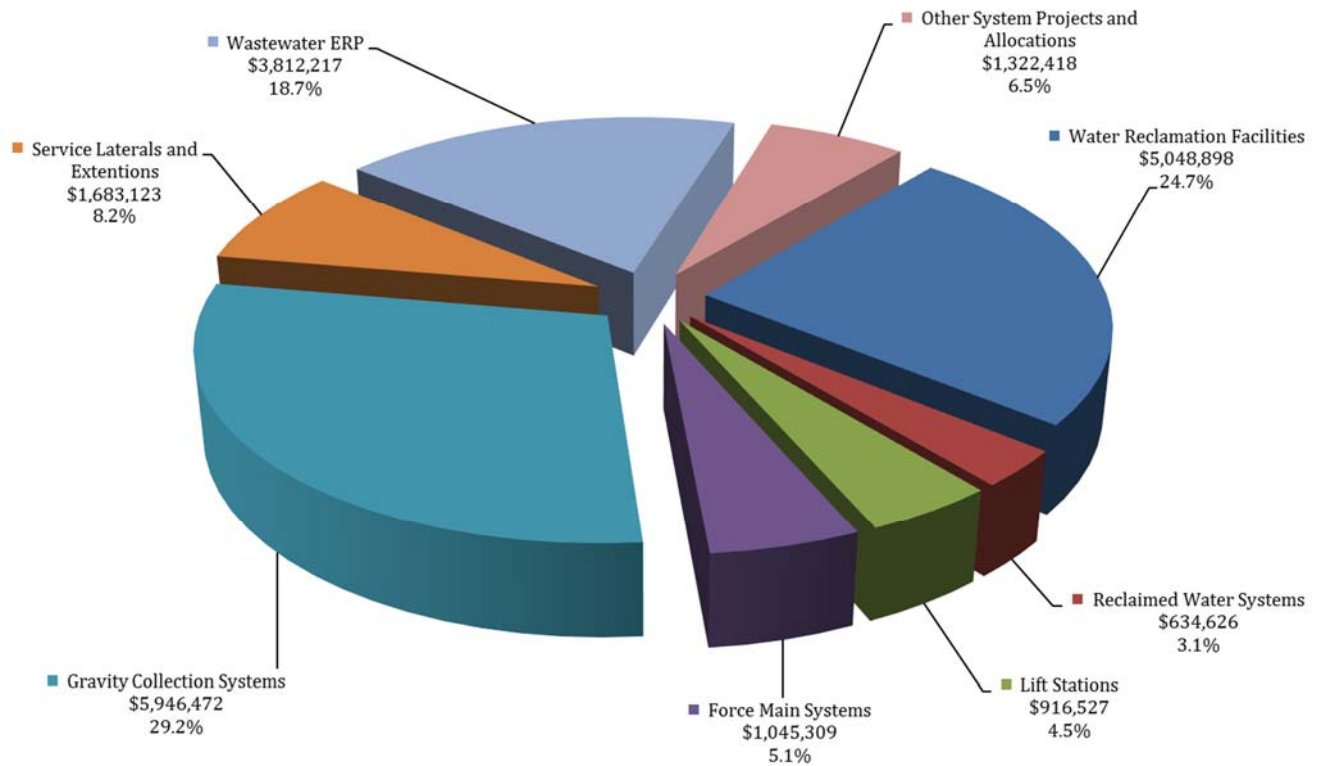
Other System Projects and Allocations

Miscellaneous Adjustments	\$ 369,758.00
WA.000004 W General Plant	\$ 294,600.00
Water Common Plant	\$ 97,671
WA.000003.05.01	\$ 12,473
Other System Projects and Allocations	\$ 774,502

TOTALS

\$ 13,512,029

Wastewater System
Fiscal Year 2019 Budget



Wastewater Projects

Water Reclamation Facilities	\$	5,048,898
Reclaimed Water Systems		634,626
Lift Stations		916,527
Force Main Systems		1,045,309
Gravity Collection Systems		5,946,472
Service Laterals		1,683,123
Wastewater ERP		3,812,217
Other System Projects and Allocations		1,322,418
Total Projects	\$	20,409,589

Major Projects

Water Reclamation Facilities

- Main Street Water Reclamation Facility (MSWRF) Headworks Replacement – Multi-year project to construct a new headworks structure including the installation of new fine band screen, influent flow meter, flow transfer station, grit removal system, flow control structure, electric gear, odor control system and PLC panel. The existing MSWRF headworks facility was constructed in the 1980's. The existing equipment is past its useful life and needs to be replaced. In addition, the new centrifuge equipment installed for the Dewatering Project requires finer screening facilities than currently installed to prevent maintenance issues and extend the useful life of the centrifuges. The approximate cost of the FY19 project is \$500,000.
- MSWRF East Train Rehab – The project consists of major rehabilitation work on the east train of the MSWRF including the replacement of the clarifier mechanism, electrical gear, control panel, PLC, upgrades to pump station, and repairs and lining of the concrete structures. The east train is the oldest treatment train at the MSWRF, originally installed in the 1960's. The east clarifier has significant signs of deterioration to its mechanical components. In August 2015, one of the mechanical components of the clarifier failed in normal operation and an emergency temporary repair was made to place the basin back into service. The east clarifier has been deemed the “workhorse” of all of the clarifiers. The approximate cost of the FY19 project is \$2,000,000.
- Kanapaha Water Reclamation Facility (KWRF) East MCC Replacement – Multi-year project to replace existing electrical gear, control panels and PLC for the east plant required for ArcFlash safety reasons. The FY19 project cost is \$600,000.

Force Main Systems

- The Eastside Force Main Upgrades and Improvements project consists of replacing the existing force main from NE 39th Avenue south to East University Avenue, then southeast to MSWRF. Due to recent failures, there is a need for redundancy and reliability for this portion of the system. The FY19 project cost for this multi-year project is approximately \$1,250,000.

Gravity Collection Systems

- Continue to invest in rehabilitating aging infrastructure in the wastewater collection system through trenchless technology including cured in place pipe (CIPP) often referred to as slip lining. This technology allows GRU to improve the existing deteriorated pipe by installing a new pipe liner inside the existing pipe. This technique reduces the cost and disruption of opening a roadway to conduct repairs or replacements on existing sanitary sewer gravity collection mains. These infrastructure investments extend the life of the pipe, restore

capacity, and reduce inflow and infiltration. The projected FY19 infrastructure investment cost is \$2,750,000.

- **Infiltration and Inflow** - These projects consist of identifying areas of the gravity collection system that stormwater is entering and reinforcing the collection system to eliminate the inflow or infiltration. The identification of priority areas will include a system-wide assessment to focus improvement efforts in the most effective areas. Rehabilitation includes lining gravity sewer mains, gravity manholes, lining sewer laterals and identifying and eliminating sources of inflow through smoke testing or other techniques. By identifying and eliminating these sources of inflow we will increase available treatment capacity at the water reclamation facilities, reduce treatment costs, increase available capacity in the collection system and extend the life of collection system infrastructure. The approximate cost of the FY19 project is \$500,000.

Water Reclamation Facilities

WW.000001 MSWRF (1)	\$ 3,270,705
WW.000002 KWRF (2)	\$ 1,778,193
Water Reclamation Facilities	\$ 5,048,898

Reclaimed Water Systems

WW.000006 (1)	\$ 174,826
WW.000006 (2)	\$ 459,800
Reclaimed Water Systems	\$ 634,626

Lift Stations

WW.000004.04 (1)	\$ 174,826
WW.000004.05 (2)	\$ 459,800
Lift Stations	\$ 634,626

WW Collection System Extensions

WW.000005.03.03.01 - WWC Services Programs - New Service	\$ 76,792
WW Collection System Extensions	\$ 76,792

Force Main Systems

WW.000005.02.03.01 - WWC FM Programs - ARV Replacement	\$ 230,304
WW.000005.02.03.02 - WWC FM Programs - Valve Replacement	\$ 72,225
WW.000005.02.04.03.01 - WWC FM Projects - System Improvements	\$ 612,896
Force Main Systems	\$ 915,425

Gravity Collection Systems

WW.000005.01.03 (1)	\$ 1,042,870
WW.000005.01.04 (2)	\$ 4,903,602
Gravity Collection Systems	\$ 5,946,472

Service Laterals

WW.000005.03.03.01 and .02 (1)	\$ 473,337
WW.000005.03.03.04 and .05 (2)	\$ 1,209,786
Service Laterals	\$ 1,683,123

Wastewater ERP

CP.003000.99.01 - ERP	\$ 3,812,217
Wastewater ERP	\$ 3,812,217

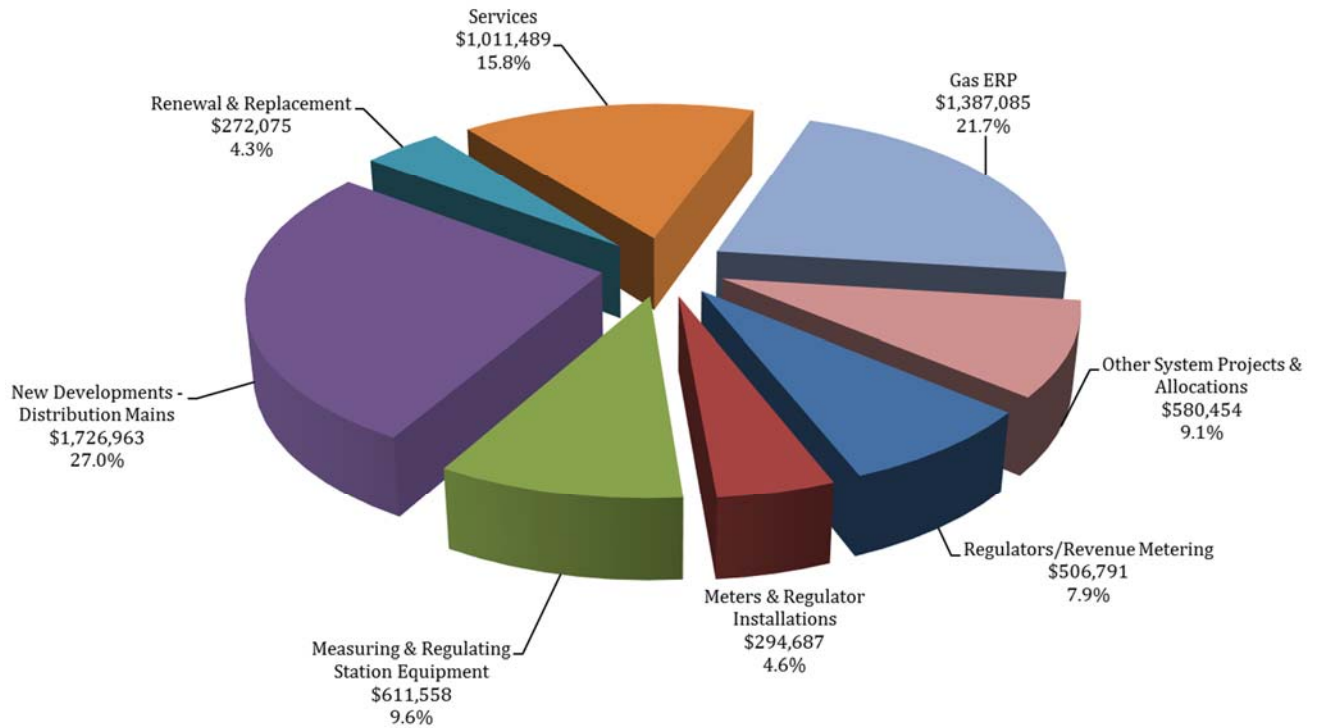
Other System Projects and Allocations

WW.000008	\$ 773,550
CP + WW.000005.05.01	\$ 58,117
Miscellaneous	\$ 490,751
Other System Projects and Allocations	\$ 1,322,418

TOTALS

\$ 20,409,589

Gas System
Fiscal Year 2019 Budget



Gas Projects

Regulators/Revenue Metering	\$	506,791
Meters & Regulator Installations		294,687
Measuring & Regulating Station Equipment		611,558
New Developments - Distribution Mains		1,726,963
Renewal & Replacement		272,075
Services		1,011,489
Gas ERP		1,387,085
Other System Projects and Allocations		580,454
Total Projects	\$	6,391,102

- Regulators/Revenue Metering – In an effort to maintain the integrity and reliability of our revenue metering and regulating equipment, as well as meet our annual meter testing requirements, we are diligently working on removing some of the oldest equipment in the field. This category also includes customer initiated upgrades. Historically spending in this category is 65% Residential and 35% Commercial. The fiscal year 2019 budget for this category is \$506,791.
- On average, there are ~450 new residential and commercial meter installations per year. This is customer driven. Historically spending in this category is 70% Residential and 30% Commercial. FY18 shaped up to split costs 50/50. The fiscal year 2019 budget for this category is \$294,687.
- New facilities, updates and improvements to the transfer (gate) and pressure regulating stations are required to continue to meet the increased demands of the overall gas system and regulatory requirements. This includes provisions for building a new City Gate Station in the Newberry Area. The Fiscal Year 2019 budget for this category is \$611,558.
- Continued system main line extensions and improvement projects are necessary to deliver service to new or existing developments, such as with subdivisions like Amariah, Wiltshire, Woodland Park, Oakmont Phase 2, Gloria’s Way and Town of Tioga. New commercial expansions include Celebration Pointe, Exactech and the Women’s Physician’s center. The fiscal year 2019 budget for this category is \$1,726,963. Residential new construction continues to increase this year, averaging approximately 40 new homes per month.
- System renewal and replacement of aging pipe are planned for continued reliability, safety improvements and customer satisfaction. The planned work methodically progresses to replace black plastic and aged steel piping, which extends throughout the core of GRU’s service area. Work on NW 3rd Ave in the vicinity of University Ave should remove another mile plus of older mains. The fiscal year 2019 budget for this category is \$272,075. There have also been several road projects that forced us to relocate gas mains.
- Service lines and associated equipment are necessary to deliver service to new customers. Aging service pipes are also systematically and proactively renewed or replaced to improve system reliability, as well as to maintain safety standards, quality of service and customer satisfaction. The fiscal year 2019 budget for this category is \$1,011,489. This should help with future “locating “ costs as the old black plastic was installed without a locating wire and is prone to stress cracking.

Regulators/Revenue Metering

GA.000001.01.03 - Industrial Metering (Replacements)	\$ 22,621
GA.000001.01.04 - Electronic Volume & Flow Crrctor (New)	\$ 4,901
GA.000001.01.05 - Electronic Volume & Flow Crrctor (Rplmt)	\$ 11,802
GA.000001.02.04 - Residential Metering Replacements	\$ 177,344
GA.000001.02.05 - Res Random Meter Sample Chg Out Pgrm	\$ 28,716
GA.000001.02.06 - S175 & AC175 Meter Change Out Program	\$ 177,213
GA.000001.03.03 - Commercial Meter Replacements	\$ 84,193
Regulators/Revenue Metering	\$ 506,791

Meters & Regulator Installations

GA.000001.01.02 - Industrial Metering (New Installations)	\$ 16,686
GA.000001.01.02.02 - AC250 Class Meter Installations	\$ 63,547
GA.000001.02.02 - AC250 Class Meter Installations (New)	\$ 69,284
GA.000001.02.03 - Residential Meter Installations (New)	\$ 34,131
GA.000001.03.02 - Commercial Meter Installations	\$ 111,038
Meters & Regulator Installations	\$ 294,687

Measuring & Regulating Station Equipment

GA.000002.01 - Gate Station Projects	\$ 529,347
GA.000002.02 - District & Pit Station Projects	\$ 82,211
Measuring & Regulating Station Equipment	\$ 611,558

New Developments – Distribution Mains

GA.000003.01.01.04 - SW 122 St fm Archer Rd to Oakmont	\$ 117,094
GA.000003.01.01.05 - Newberry Rd 170 ST to 186 St & US 27	\$ 104,321
GA.000003.01.02.02 - 6_inch Gas Main Extensions	\$ 48,143
GA.000003.01.02.03.01 - 377-50-2011 SE Hawthorne Rd from 2700 Bl	\$ 37,235
GA.000003.01.02.03.02 - Hawthorne Rd Bckfd Fm SE 43 st to 35 st	\$ 82,318
GA.000003.01.03.02 - 4_inch Gas Main Extensions	\$ 104,610
GA.000003.01.03.04 - 4_INCH MAIN_HAWTHORNE HIGH PRESSURE	\$ 124,581
GA.000003.01.04.02 - Small Main Extensions (1-3_inch)	\$ 156,403
GA.000003.01.05.01 - 8_inch Gas Main to Newberry along US41	\$ 287,031
GA.000003.03.01.01 - Residential Development Projects	\$ 458,194
GA.000003.03.01.07 - Plumb Creek Subdivision Gas System	\$ 53,761
GA.000003.03.02.01 - Apt/Condo/Multi-Fam/Commercial/Indust	\$ 153,273
New Developments - Distribution Mains	\$ 1,726,963

Renewal & Replacement

GA.000003.02.02 - Gas Main Renewal & Replacement Prgrm	\$ 41,326
GA.000003.02.03 - System Cap Upgrades & Integrity Impvmts	\$ 64,904
GA.000003.02.04 - Bare Steel / Black Plastic Rplcmt Prgrm	\$ 106,387
GA.000003.02.05 - Forced Reconstruction Road Projects	\$ 59,458
Renewal & Replacement	\$ 272,075

Services

GA.000003.05.01.02 - Install Residential Gas Service	\$ 614,725
GA.000003.05.01.03 - Replace Residential Gas Service	\$ 229,864
GA.000003.05.02.02 - Install Commercial Gas Services	\$ 143,172
GA.000003.05.02.03 - Replace Commercial Gas Services	\$ 23,727
Services	\$ 1,011,489

Gas ERP

CP.004000.99.01 - ERP	\$ 1,387,085
Gas ERP	\$ 1,387,085

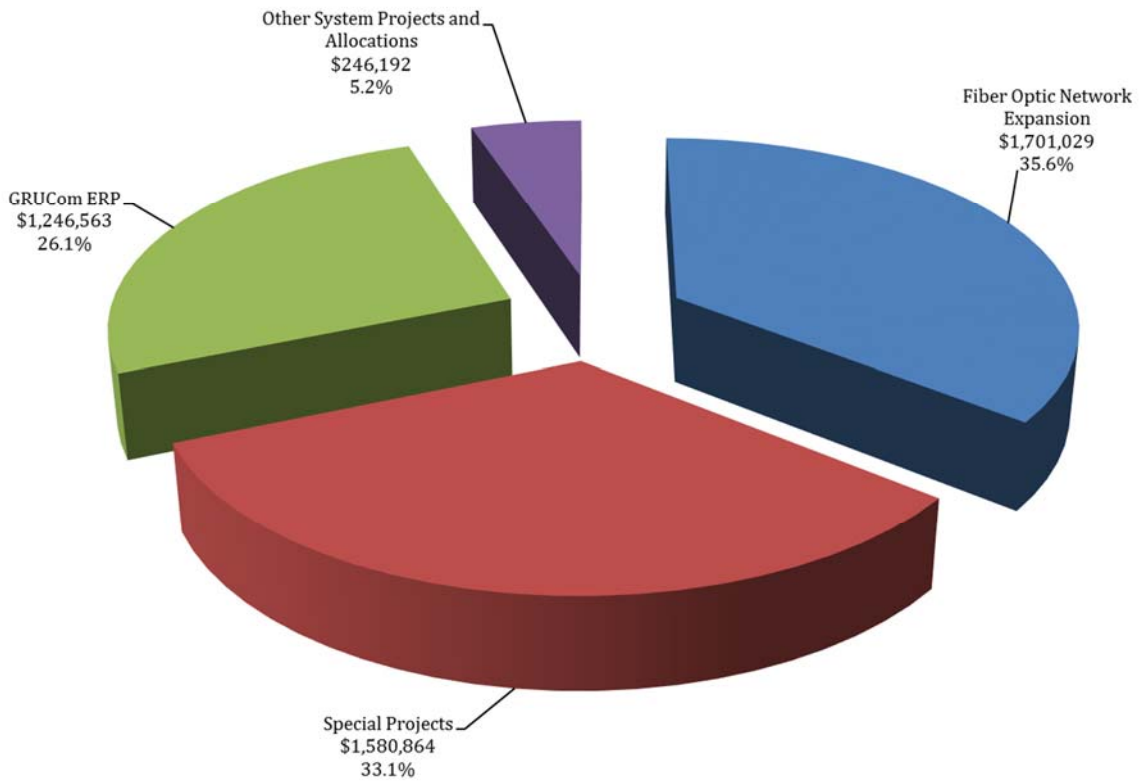
Other System Projects and Allocations

GA.000004 - Gas Trouble Calls	\$ 31,582
GA.000006 - Gas _ Land & Land Rights	\$ 13,130
GA.000007 - Gas General Plant	\$ 289,414
CP.000004.99.03.01.04 - Gas	\$ 13,359
CP.004000.99.03 - Generic Admin Capital	\$ 21,112
CP.004000.99.05 - Generic ED Capital	\$ 50,157
CP.000005.99.03.01.04 - Gas	\$ 868
Miscellaneous	\$ 160,833
Other System Projects and Allocations	\$ 580,454

TOTALS

\$ 6,391,102

GRUCom
Fiscal Year 2019 Budget



Telecommunications Projects

Fiber Optic Network Expansion	\$ 1,701,029
Special Projects	1,580,864
GRUCom ERP	1,246,563
Other System Projects and Allocations	246,192
Total Projects	\$ 4,774,648

Major Projects

- GRUCom will continue to extend availability of residential Gigabit Internet and Wi-Fi services through expansion of the GATOR NET product line. Funds for this initiative are included in the Network Expansion capital budget.
- GRUCom is currently in negotiations with subscribers to update and expand coverage of the Trunked Radio System. Funds for this initiative are included in the Network Expansion capital budget.
- GRUCom is currently evaluating new billing software to prepare for introduction of a new product line in fiscal year 2019. Funds for this initiative are included in the Network Expansion capital budget.
- GRUCom plans introduction of a new competitive product line in fiscal year 2020. Funds for this initiative are included in the Network Expansion capital budget. GRUCom will upgrade electrical equipment to support all functions and reliability of the central office, which houses equipment to interconnect to the internet, public telephone system and other large telecommunications providers. Funds for this initiative are included in the Network Expansion capital budget.
- GRUCom will continue to invest in network expansion connecting commercial use zones (industrial, office, financial, medical, institutional, research and development, lodging, etc.), business districts, and other related employment areas throughout the community. Timing of expansion is dependent upon the pace of local economic and commercial development activities. The expansion of facilities will allow GRUCom to provide leading-edge technology services in response to the needs of the local business community. Funds for this project are included in the fiscal year 2019 Network Expansion capital budget.

Fiber Optic Network Expansion

GC.000008.02.01 - GatorNet Capital	\$ 248,818
GC.000008.03.01 - WAN Capital	\$ 1,242,241
GC.000008.04.01 - Internet Capital	\$ 51,572
GC.000008.06.01 - Customer Ops Capital	\$ 158,379
GC.000008.07.01 - Data Ctr Servs Capital	\$ 20
Fiber Optic Network Expansion	\$ 1,701,029

Special Projects

GC.000011 - BSS/OSS Project	\$ 271,831
GC.000012 - Voice Switch Project	\$ 517,233
GC.000013 - Central Office Upgrade	\$ 791,801
Special Projects	\$ 1,580,864

GRUCom ERP

CP.005000.99.01 - ERP	\$ 1,246,563
GRUCom ERP	\$ 1,246,563

Other System Projects and Allocations

GC.000010.01.01 - TRS Capital	\$ 3,447
CP.000004.99.03.01.05 - GRUcom	\$ 12,359
CP.000005.99.03.01.05 - GRUcom	\$ 803
CP.005000.99.03 - Generic Admin Capital	\$ 65,157
Miscellaneous	\$ 164,427
Other System Projects and Allocations	\$ 246,192

TOTALS

\$ 4,774,648

Section G – Financial Ratios

Annual Operating Budget

Financial Reserves and Ratios

Reserve Requirements

	Budget 2019
Reserve Requirements:	
Electric	\$ 41,963,013
Water	10,182,961
Wastewater	11,948,520
Gas	5,172,626
GRUCom	3,311,196
Total Reserve Requirements	72,578,316
Reserve Funded:	
Rate Stabilization Fund	49,068,153
Operating Cash (60 days)	8,248,028
Line of Credit	25,000,000
Unissued CP	17,000,000
Utility Plant Improvement Fund	24,560,581
Total Reserve Funded	123,876,762
Amount Over/(Under Funded)	\$ 51,298,446

Description

Risk is the quantifiable likelihood of loss or less-than-expected returns. Risk management is the process of analyzing exposure to risk and determining how best to handle such exposure. Staff has identified the utility's financial risk and risk mitigators and established a framework for setting reserve fund levels where other mitigators aren't present.

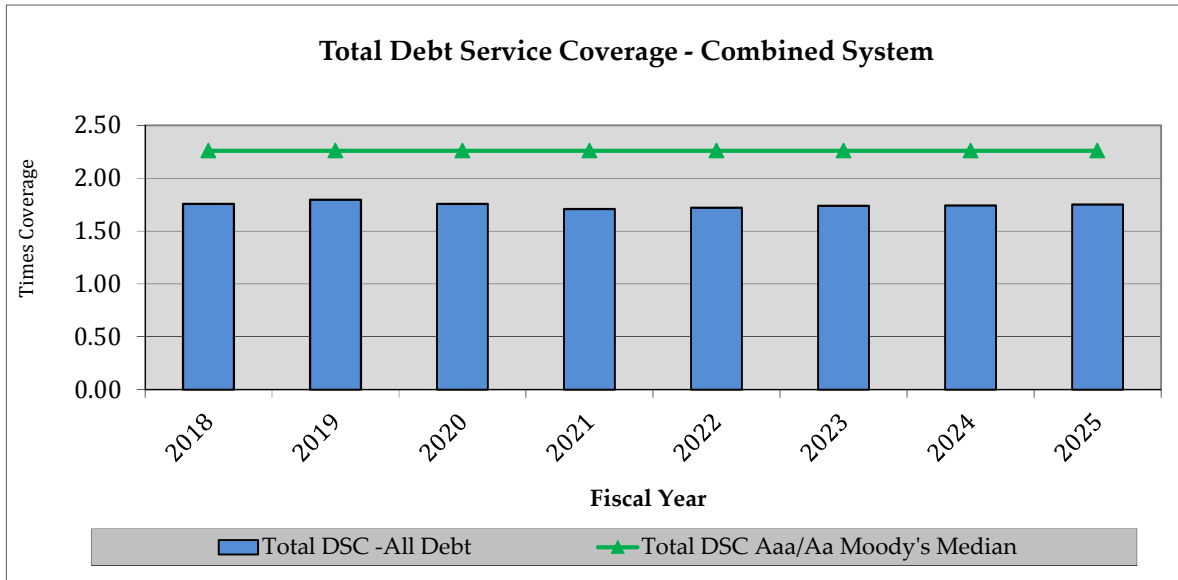
The utility is exposed to two major categories of risk: operating cash flow and catastrophic event exposure that can result in both uninsured property loss and the need for operating cash to recover from the event when billing and revenue collection may not be possible for a period of time. A reserve fund level that is formula-driven by the primary indicators of risk is necessary as the levels of risk can vary markedly through time. There are two funds established within the Bond Resolution that can be used to provide financial reserves: the Rate Stabilization Fund and the Utility Plant Improvement Fund.

These reserve funds can provide financial insurance to allow the utility to reliably meet its financial obligations under adverse circumstances and can also serve as a means by which to mitigate required rate changes (particularly rate increases). Maintaining minimum financial reserves contributes to financial strength.

Budget Highlights

The methodology for establishing reserves funded was modified for the fiscal year 2018 budget. Prior to the fiscal year 2018 budget process, funded reserves were limited to the Rate Stabilization Fund and UPIF dollars equal to 75 percent of uninsured property exposure.

Beginning with the fiscal year 2018 budget, the following resources are included in the definition of resources available to fund reserves: Rate Stabilization Fund, Unrestricted UPIF funds (UPIF balances net of UPIF designated for debt service and construction projects), 60 days of operating cash, and authorized but unissued commercial paper and available lines of credit.

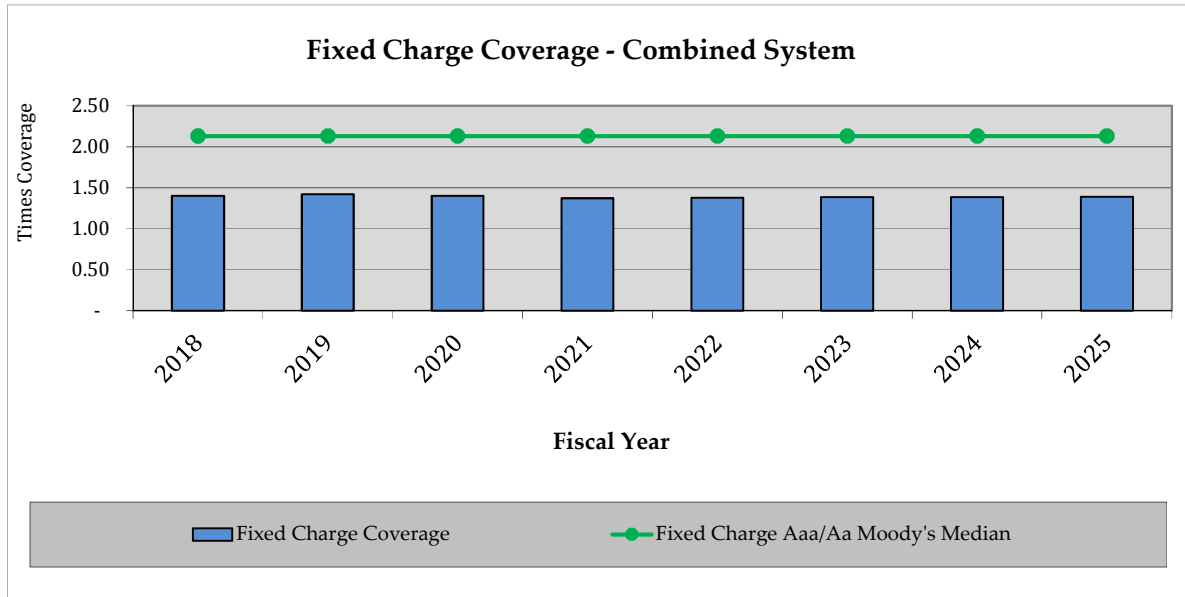


Total Debt Service Coverage: Number of times total debt service payments are covered by net revenues

Calculation: Net revenues divided by principal and interest of all debts (senior lien and subordinated)

This ratio indicates the amount of cash flow available to meet payments due for all debt. The rating agencies refer to this ratio as an indication of financial strength and a measure of a company's ability to weather unexpected events. A ratio of less than 1 indicates that there are insufficient cash flows to cover the debt. The coverage ratio can be improved through increased revenues or a decrease in debt payments.

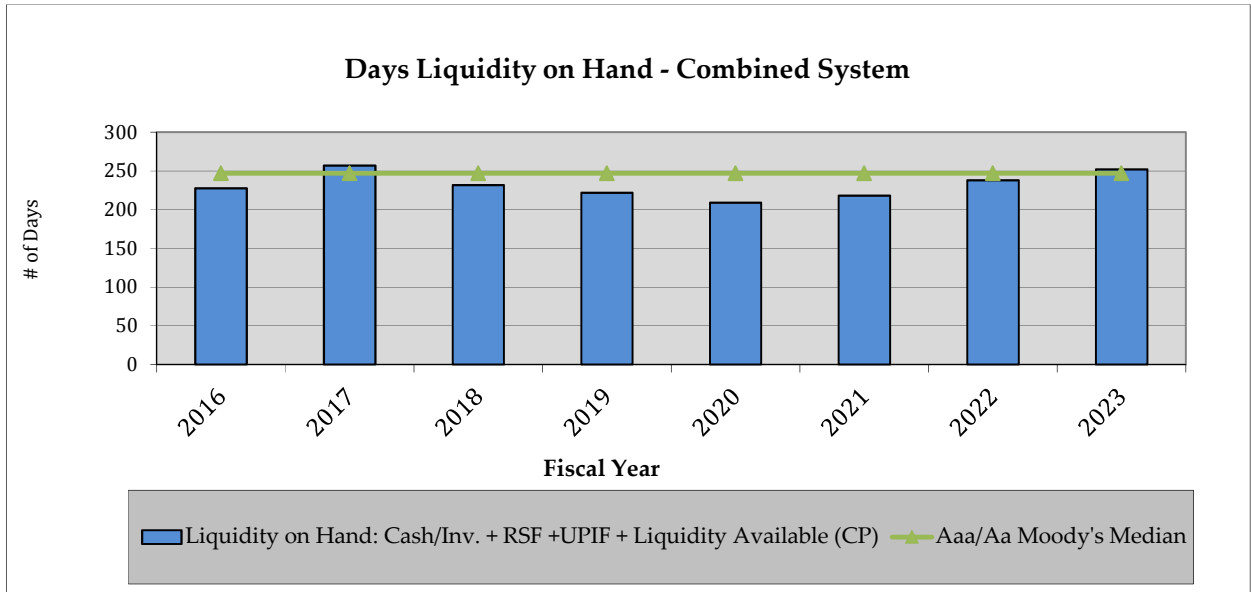
The Utility's Bond Resolution states "as such Net Revenues are estimated by the City in accordance with Section 205 hereof, shall be at least equal to 1.25 times the Aggregate Debt Service for each such fiscal year, as estimated by the City in accordance with Section 205 hereof."



Fixed Charge Coverage: Number of times total fixed charges are covered by net revenues

Calculation: Net revenues less General Fund Transfer (GFT) divided by principal and interest of all debts including senior lien and subordinated.

This traditional ratio indicates the amount of cash flow available to meet payments due for all debt after the GFT payment. Fixed charge indicates a payment other than operating expenses that is required and static. The rating agencies refer to this ratio as an indication of a company's financial strength and general ability to weather unexpected events. A ratio of less than 1 indicates that there are insufficient cash flows to cover operating expenses, debt service and the GFT payment. This coverage ratio can be improved by increasing net revenues or decreasing fixed charges.



Days Liquidity on Hand: Number of operating days liquidity on hand

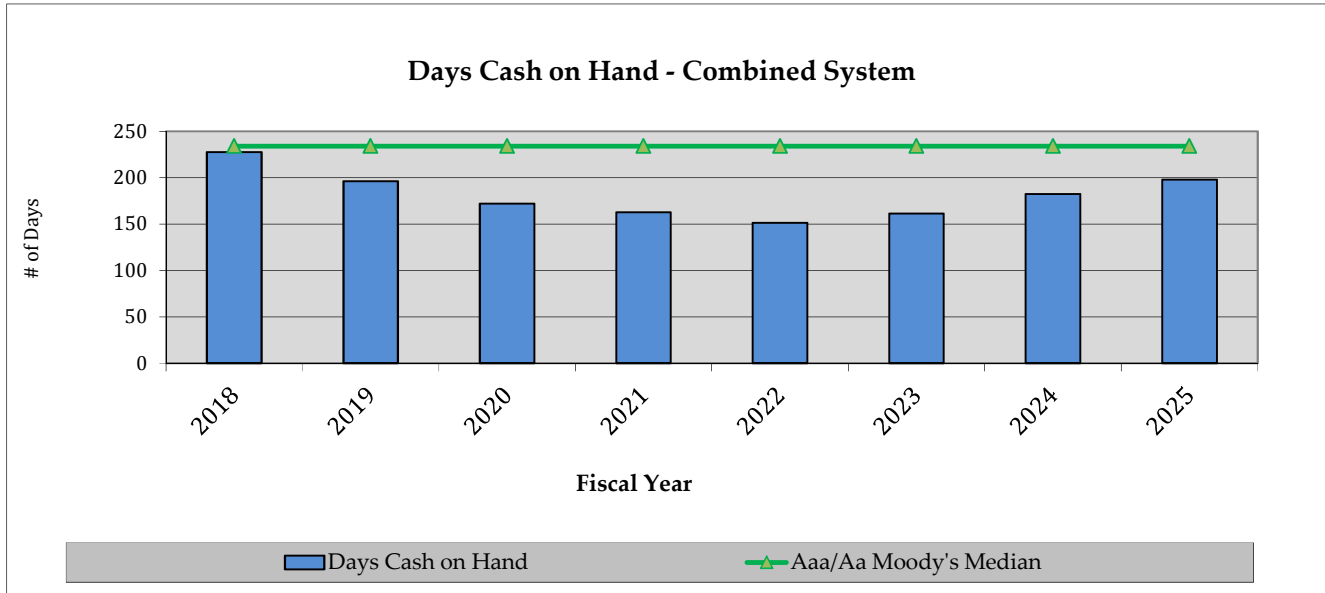
Calculation: Short term liquid assets divided by average daily operating expenses

This ratio is used as an indication of a company's liquidity. It shows how many days of operations can be funded from existing cash, investments, authorized but unissued commercial paper and available lines-of-credit. This ratio gives an indication of a company's flexibility and ability to respond to unexpected events. This is sometimes referred to as a company's agility.

In recent years, this metric has been at or above 200 days, which is consistent with GRU's peer ratings. Days Liquidity on Hand is projected to remain above 200 days over the planning horizon if additional commercial paper capacity is acquired.

Annual Operating Budget

Financial Reserves and Ratios



Days Cash on Hand: Number of operating days cash on hand

Calculation: Cash and cash equivalent assets divided by average daily operating expenses

This ratio is used as an indication of a company's ability to meet current liabilities with available cash measured at fiscal year-end. It shows how many days of operations can be funded from existing cash. This ratio gives an indication of a company's flexibility and ability to respond to unexpected events. This is sometimes referred to as a company's agility.

In recent years, this metric has been near 200 days. Over the forecast horizon, this ratio is projected to decline through 2022, then begin to rise and is projected to approach the 200 day level by 2025.