

City of Gainesville

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



Meeting Agenda

November 9, 2017

5:30 PM

MODIFIED AGENDA

City Hall Auditorium

Utility Advisory Board

*Annie Orlando
Darin Cook
David Denslow
Robert Walpole
Mary Alford
Sandra Campbell
Michael Selvester*

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

CALL TO ORDER**ROLL CALL****ADOPTION OF THE AGENDA****APPROVAL OF MINUTES**[170544.](#)

Minutes of the October 12, 2017 UAB Meeting (B)

RECOMMENDATION*Approve the minutes of the October 12, 2017 UAB meeting as drafted.*[170544 UAB 10.12.17 Meeting Minutes 20171109](#)**CITIZEN COMMENT - For Items Not on the Agenda, Limited to 3 Minutes per Citizen****STATE OF THE UTILITY**[170558.](#)**Operational Updates for October 2017 (B)****RECOMMENDATION***Receive a report from staff.*[170558 UAB October 2017 Ops Update - All Depts 20171109](#)**OLD BUSINESS**[170493.](#)**Addition of a Consent Agenda for the UAB (B)**

Explanation: At their October 12, 2017 meeting, the UAB discussed the issue of whether their meetings would be more efficient if they added a consent agenda to the Order of Business in their rules. Some members believe that routine contracts such as building or grounds maintenance, granting of a utility easement, and similar small, routine matters could be put on consent to free up time for more in depth discussions of larger utility issues.

The Board voted to revise Article III, Section 1, Order of Business in their Rules of Procedure to reflect the addition of a consent agenda. The motion passed by a vote of 5 to 1, with Member Orlando in dissent and Member Campbell absent.

The City Attorney's office has made the change and now presents the revised rules for Board approval. If the Board approves, staff will seek Commission approval at their November 16, 2017, meeting.

RECOMMENDATION Approve the amendment to Article III, Section 1, Order of Business of the UAB's Rules of Procedure to allow for the addition of a consent agenda.

[170493 Revised Rules of Procedure - UAB 20171109](#)

[170527.](#)

Update on Gainesville Renewable Energy Center Acquisition Financing and Closing Process (B)

Explanation: At their meeting of September 21, 2017, the City Commission approved the financing structure related to the acquisition of the Gainesville Renewable Energy Center (GREC). This structure consists of 65% fixed rate bonds (2017 Series A), 20% direct placement variable rate bonds to be synthetically fixed through a 10 year swap agreement (2017 Series B), and 15% direct placement variable rate bonds which would remain unhedged (2017 Series C).

On October 24, 2017, GRU successfully sold \$415.9 million of 2017 Series A Utilities System Revenue Bonds. Investor engagement was critical to this transaction, and prior to the sale GRU senior management staff conducted a concerted marketing effort, including live presentations to investors in New York and Boston, an internet-based presentation, and one-on-one conference calls with potential large investors. Over \$3 billion dollars in total orders were received for the bonds, with \$2.5 billion in investor orders from 76 different accounts. The estimated all-in True Interest Cost of the deal (including 2017 Series B and 2017 Series C), is 2.91%, subject to final execution of the 2017 B swap.

On the 2017 B swap, GRU received bids from 6 banks to serve as swap provider, with Goldman Sachs submitting the most cost beneficial bid. As we indicated to the City Commission in earlier presentations, in order to diversify and reduce counterparty risk, GRU and our advisors reached out to the next highest evaluated bidder, Citibank, with the offer to split the swap if they would substantially meet the terms of the winning bid. As a result, 70% of the swap will be awarded to Goldman Sachs and 30% to Citibank.

Closing on the financing and the acquisition is scheduled for November 7, 2017.

Fiscal Note: The resulting debt service compared to GREC fixed payments provides expected gross cash flow savings of approximately \$768 million or approximately \$548 million on a net present value basis.

RECOMMENDATION The Board hear an update on the GREC acquisition financing and closing process.

[170527 GRU 2017 Series A Pricing Highlights 20171109](#)

NEW BUSINESS[170555.](#)**Audit of Gainesville Regional Utilities' Non-Pension Investments (B)**

Explanation: The 2017 Annual Audit Plan included an audit of Gainesville Regional Utilities' Non-Pension Investments. Due to an open position within the City Auditor's Office during most of fiscal year 2017, the audit was performed by an external firm, Experis Finance, using the Institute of Internal Auditors, International Professional Practices Framework (red book).

RECOMMENDATION

The City Auditor recommends that the City Commission accept the report.

[170555 Audit of GRU Non-Pension Investments 20171116.pdf](#)

[170545.](#)**Replacement of Outage Management System (OMS) (B)**

Explanation: The Energy Delivery Department uses an Outage Management System (OMS) to facilitate and expedite the identification, restoration, and documentation of electric system service interruptions as well as all other GRU utilities. The existing application is no longer meeting GRU's expectations during storms and major events. The recommended OMS solution incorporates desirable new features, significant application enhancements, and productivity gains for the management and reporting of electrical system incidents as well as adding the ability to share real-time outage information with customers and stakeholders.

GRU Purchasing issued a Request for Proposals (RFP) for an outage management system to prospective firms and posted the RFP to GRU's web page. Five responses were received. Proposals were evaluated based on criteria set forth in the RFP: qualifications and experience, project approach, software, fees and expenses, distinguishing characteristics, referrals, local preference and small business or disabled veteran enterprise; functionality, ease of use, integration; user experience, support, implementation. Open Systems International, Inc. submitted the highest evaluated proposal. A tabulation of the scoring is attached for reference.

Fiscal Note: Funds are available in the FY 2018 Energy Delivery budget and will be requested in future fiscal years as required for O&M.

RECOMMENDATION

Staff asks that the UAB advise the City Commission to authorize the General Manager, or his designee, to:

1) negotiate and execute agreements with Open Systems International, Inc. for implementation services, software support services, and a

software license to install and configure a new Outage Management System (OMS), subject to approval of the City Attorney as to form and legality; and

2) approve the issuance of a purchase order in the amount of \$596,760.00 for the OMS, which includes system maintenance and support for the first year of the contract.

[170545 OMS System Replacement Presentation 20171109](#)

[170545 Solicitation Documents 20171109](#)

[170545 bid tabulation 20171109](#)

[170451.](#)

**Engineering Services for the Wastewater Collection System
Assessment to Target Inflow & Infiltration (I&I) Reduction Measures
(B)**

Explanation: A significant challenge for all utilities is assessment and prioritization of aging infrastructure. One result of the aging infrastructure is an increase of the amount of rainwater and groundwater that enters the wastewater collection system during wet weather conditions (commonly referred to as inflow and infiltration (I&I)). Virtually every wastewater collection system has some I&I entering the sewer system, and small amounts of I&I are expected and tolerated. However, excessive I&I causes operational challenges and reduces the available capacity of the wastewater system. GRU continuously invests resources to evaluate and reduce I&I sources, but recognizes that a more comprehensive approach is needed to develop a prioritized plan for targeting and planning wastewater collection system rehabilitation and replacement efforts.

The engineering services provided under this contract will include conducting targeted field investigations that identify sources of excessive I&I; recommending corrective actions to eliminate the I&I; quantifying the volume of I&I that will be reduced by implementing the corrective actions and the associated costs of these actions; and performing cost-benefit analyses estimating the operation and maintenance cost savings and capital deferment gained by implementing the corrective actions and reducing the I&I.

Utilities Purchasing issued a Request for Statement of Qualifications (RFSQ) to 29 engineering firms and posted the request on the GRU website. Five firms responded. Of the five firms that submitted a Statement of Qualifications, presentations were made by the top three firms. In accordance with the Consultants' Competitive Negotiations Act (CCNA) F.S. 287.055 and City of Gainesville Purchasing Policies, the firms were ranked in the following order:

1. Jones Edmunds and Associates, Inc.
2. Wright-Pierce
3. Kimley-Horn

Staff is recommending initiating contract negotiations with the top-ranked firm as required by Florida statute. If staff is unable to negotiate an acceptable contract with the top-ranked firm, negotiations will be made with the next firm in the order of ranking. A summary of the scoring for each firm is attached.

Fiscal Note: Cost of engineering services to be negotiated per CCNA F.S. 287.055. Estimated funding for this request is included in the Water/Wastewater Capital Improvements budget. The total projected cost of the project is estimated at \$750,000 over FY 2018 through FY 2020.

RECOMMENDATION

The UAB advise the City Commission to:

1. Approve the final ranking of engineering firms in the given order of preference for professional engineering services for the Wastewater Collection System Assessment to Target Inflow & Infiltration (I&I) Reduction Measures project; and
2. Authorize the General Manager, or his designee, to initiate contract negotiations with the top ranked firm in accordance with the Consultants' Competitive Negotiation Act (CCNA); and
3. Authorize the General Manager, or his designee, upon successful negotiations, to execute a contract with the top ranked firm, subject to approval of the City Attorney as to form and legality, and final appropriation of funds for each year of the project.

[170451 WWW Collection System Assessment 20171109](#)

[170557.](#)

Settlement of City's Claims Against Jones Edmunds Regarding the Design and Engineering of the Sediment Basin of the Sweetwater Branch/Paynes Prairie Sheetflow Restoration Project (B)

Explanation: The Sweetwater Wetlands Park has been an overwhelming success. However, there were some issues with the sedimentation basin and trash removal system which resulted in additional expense in order to correct. On September 24, 2013, the City discovered for the first time that the sedimentation basin of the Sweetwater Branch/Paynes Prairie Sheetflow Restoration Project (now known as Sweetwater Wetlands Park), located at 325 S.W. Williston Road, Gainesville, Florida, was not functioning as intended and as necessary for the Project. On June 17, 2014, the City placed Jones, Edmunds & Associates, Inc. on notice of the City's claims regarding design and engineering of the sediment basin. Jones

Edmunds prepared Sediment Basin Design Modifications that were incorporated into Change Order Request 15 for the Project on or about March 31, 2015. Since June 2014, City staff (from GRU, Public Works, and Legal) worked with Jones Edmunds to negotiate a settlement of the claims without resort to litigation. Mediation was conducted on April 12 and October 13, 2017, resulting in a draft settlement between the parties, subject to review and recommendation by the Utilities Advisory Board and approval by the City Commission.

The draft settlement agreement has been approved and executed by the authorized official of Jones, Edmunds & Associates, Inc. The City Attorney's Office, GRU staff, and Public Works Department recommend that the Utilities Advisory Board recommend approval of the settlement, and that the City Commission approve the settlement and authorize the Mayor to sign the settlement agreement. The settlement agreement is included in the back-up for this agenda item, and the key terms of the settlement are as follows:

- 1) Jones Edmunds pays the City \$340,000 within 30 days after Commission approval of the settlement agreement;
- 2) The parties release each other from all claims and disputes regarding the services provided by Jones Edmunds on the Sweetwater Branch/Paynes Prairie Sheetflow Restoration Project; and
- 3) The City issues a press release (Exhibit A to Agreement) describing the benefits and success of the project, and the resolution of the dispute through mediation.

RECOMMENDATION

The Utility Advisory Board recommend approval of the settlement agreement, and the City Commission authorize the Mayor to execute the Settlement Agreement, subject to approval by the City Attorney as to form and legality.

[170557_Agreement_20171109](#)

[170494.](#)

Joint City Commission/Utility Advisory Board Workshop on Governance (B)

Explanation: The City Commission and the Utility Advisory Board (UAB) met jointly on July 18, 2017 to discuss both the GREC Asset Purchase Agreement (APA) and the issue of GRU governance. After discussing the governance issue, the two bodies agreed to schedule a joint workshop in the future to continue the discussion and the workshop was subsequently scheduled by the Clerk of the Commission for September 13, 2017.

On August 31, 2017, the workshop was cancelled by joint decision of the Mayor and the UAB Chair. The UAB Chair is now requesting that the workshop be rescheduled to November 28, 2017 at 6:00 p.m. so that the issue of GRU governance can be discussed further.

On November 2, 2017, the City Commission voted unanimously to schedule the joint workshop on the requested date. They voted to

include the following topics on the agenda in addition to governance:

Rate Distribution

City Commission/UAB priorities for coming year

The UAB Chair now wants to discuss governance and prepare for the upcoming workshop.

RECOMMENDATION

Discuss and prepare for November 28, 2017 joint City Commission/UAB workshop.

[170494 Ltr from UAB Chair re Joint Workshop Request 20171102](#)

MEMBER COMMENT

CITIZEN COMMENT

NEXT MEETING DATE

December 14, 2017

ADJOURNMENT