

City of Gainesville

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



Meeting Agenda

February 15, 2017

3:00 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**[160750.](#)

UAB January 18, 2017 Meeting Minutes (B)

RECOMMENDATION*Approve minutes as drafted.*[160750 UAB 1.18.17 Meeting Minutes 20170215](#)**CITIZEN COMMENT****STATE OF THE UTILITY**[160742.](#)**State of the Utility (B)****RECOMMENDATION***Receive information and metrics regarding GRU's operations.*[160742 UAB Operations Report 2017Jan 20170215](#)**OLD BUSINESS**[150907.](#)**Draft Rules of the Utility Advisory Board (B)**

Explanation: At their January 18, 2017 regular meeting, the Board requested that the Board Attorney further revise their draft rules.

RECOMMENDATION*Review draft rules.*

[150907 Board Logistics Matrix 20160412](#)
[150907 UAB Draft Rules 20160504](#)
[150907 UAB Rules of Order - Draft 20160504](#)
[150907 UAB Draft Rules 20160720](#)
[150907 UAB Draft Rules 20161116](#)
[150907 UAB Draft Rules 20161201](#)
[150907 UAB Draft Rules 20170118](#)
[150907 UAB Draft Rules-Orlando Revision 20170118](#)
[150907 Draft Rules of Procedure - UAB 20170215](#)

NEW BUSINESS

[160267.](#)

Murphree Water Treatment Plant Electrical Upgrade (B)

Explanation: The Murphree Water Treatment Plant (WTP) is the sole source of drinking water for 189,000 GRU customers daily. The treatment equipment used to produce drinking water is primarily powered by electricity. The electrical equipment for the most critical water treatment equipment was installed with the original plant in 1975. The equipment has reached the end of its functional life and spare parts are not readily available for this equipment. Several electrical components have recently failed resulting in time intensive and expensive repairs. GRU must replace and upgrade the power system components to ensure reliable and safe drinking water service to its customers.

The Murphree Water Treatment Plant Electrical Upgrade includes a new building with associated electrical equipment to power and control the existing plant processes. In 2015 the City Commission approved a contract with CH2M for design of the electrical system upgrades. Design was completed in 2016 and an informational item was presented to the Utility Advisory Board (UAB) and City Commission in September 2016 to explain the proposed evaluated bidding process. The project is now entering the construction phase.

An Invitation to Bid was issued by GRU Purchasing to thirty-three (33) contractors and was posted on GRU's web page. A mandatory pre-bid meeting was held. Seven bids were received, four as no bids. Bids were evaluated based on pricing, experience, project approach, safety, small business, and local preference. Ortega Industrial Contractors, Inc. provided the best evaluated bid. A tabulation of the bids received is attached for reference.

Fiscal Note: The construction contract is proposed to be awarded for \$7,937,885. The total construction phase cost is estimated at \$11,000,000 which includes outside engineering services, owner direct purchases, and GRU staff time. The construction phase has been planned in the water

system capital budget over a 3 year period.

RECOMMENDATION

Staff recommends that the City Commission: 1) authorize the General Manager, or his designee, to execute a contract with Ortega Industrial Contractors, Inc., subject to approval by the City Attorney, for the construction of the Murphree Water Treatment Plant Electrical System Upgrade Project; and 2) approve the issuance of a purchase order to Ortega Industrial Contractors, Inc. for the project in the amount of \$7,937,885 subject to approval of the City Attorney as to form and legality, subject to the final appropriation of funds.

[160267 CH2M Elec Eval Facilities Asmt 2016.08.17](#)

[160267 Murphree Water Plant Elec Upgrade Pres 20160817](#)

[160267 CH2M Elec Eval Facilities Asmt 20160901](#)

[160267 Murphree Water Plant Elec Upgrade Pres 20160901](#)

[160267 MWTP Bid Tab wPricing 20170215](#)

[160267 MWTP Electric Upgrade Presentation 20170215](#)

[160752.](#)

Retention of Norton Rose Fulbright to Advise the City in the Review of Legal Issues Associated with a Potential Purchase or Other Beneficial Transaction Involving the Gainesville Renewable Energy Center Facility (NB)

Explanation: In late October 2016, GRU Management, GREC Management and counsel for both parties participated in mediation in a good faith effort to resolve the pending arbitration between the parties (AAA Case No. 01-16-000-8157). Although a settlement was not reached, the mediation did result in a continued dialog between the General Manager for Utilities and the President of GREC to explore a potentially mutually beneficial transaction. As GRU Management works to analyze the feasibility and structure of any such transaction, legal counsel with expertise in renewable energy power purchase agreements, utility acquisitions, permitting, tax and project finance structures will be needed to advise the City of legal issues associated with a potential purchase or other beneficial transaction involving the GREC facility. The City Attorney's Office assisted GRU Management in interviewing several large firms that have such expertise and capacity. As a result of that process, GRU Management desires to retain the firm of Norton Rose Fulbright to advise the City in its review and evaluation of potential transactions related to the GREC PPA.

Fiscal Note: The rates quoted by Norton Rose Fulbright are hourly rates of \$850 and tax counsel hourly rates of \$1000. It is unknown at this time how many hours of work will be requested of outside counsel. Funding for outside counsel will be paid either from GRU budgeted funds for legal expenses

or from unanticipated cost savings that GRU realizes.

RECOMMENDATION

Authorize the Office of the City Attorney, on behalf of GRU, to retain Norton Rose Fulbright for representation of the City in the review of issues associated with a potential purchase or other beneficial transaction involving the GREC facility.

[160743.](#)

Professional Services Agreement Extension for Financial Advisory Services (NB)

Explanation: GRU employs the services of a financial advisor to assist in developing and implementing strategies to meet the Utility's long-term capital financing needs. The financial advisor supports staff in evaluating financial options, helps with technical aspects of designing financial arrangements and instruments, and aids in representing the Utility's interest in financial market dealings. Due to the significance of information provided by a financial advisor, it is imperative that GRU receive information from the most experienced and knowledgeable public utility financial advisory firm.

Public Financial Management, Inc. (PFM) has served as GRU's financial advisor since 2006, after being selected as a result of an extensive, competitive evaluation process. The current contract received authorization from the City Commission on January 19, 2012 to enter into a five year contract with PFM. The contract is set to expire on March 31, 2017, unless earlier amended. The contract provides for up to five-years of contract amendments upon mutual agreement of the parties and negotiation of the contract prices. Given the current economic environment, PFM's knowledge and experience with the complexity of GRU's structure and PFM's solid past performance, staff believes that it is in GRU's best interest to retain PFM's services for the extensive resources they offer.

A proposed monthly retainer fee of \$5000.00 per month is competitive in the industry. Other fees for bond, investment, and project expenses are paid based on established rates and the project requirements on an as-needed basis.

Fiscal Note: Funds are available in the FY 2017 budget and will be requested in subsequent year budgets.

RECOMMENDATION

The City Commission: 1) authorize the General Manager, or his designee, to negotiate and execute up to five (5) years of contract amendments with Public Financial Management, Inc. for Financial Advisory Services, subject to the approval of the City Attorney as to form and legality; and 2) approve the issuance of purchase orders to Public Financial Management, Inc. in

amounts not exceeding \$120,000 for each year of the contract amendment pending final appropriation of funds for each fiscal year.

[160745.](#)**Visit Rate Structures for Both Relief and Economic Opportunity (B)**

Explanation: At their February 1, 2015 subcommittee meeting, the board members who were present discussed this item from their Commission-approved priority list. After discussion and input from staff, they agreed to bring a recommendation back to the full Board to postpone study of residential electric rates until a future date and to proceed with study of non-residential electric rate structures. They asked staff to give a presentation to the full Board on GRU's present electric rate structure.

RECOMMENDATION

- 1) Hear a presentation from staff
- 2) Vote on whether to focus only on non-residential electric rate structures at this time.

[160745 Overview of Electric Rates 20170215](#)

[160747.](#)**GRU Bills (B)**

Explanation: In a discussion of rate structures at the February 1, 2017 subcommittee meeting, the subject arose of stormwater and garbage being included on GRU customers' bills. As those two services are provided by General Government and not GRU, there is concern that customers don't realize that they are not part of their total energy bill. The members who were present agreed to have a discussion with the full Board on whether these services should be included on GRU's bills or billed through some other avenue.

RECOMMENDATION

Discuss.

[160747 Sample Bill 2016Dec 20170215](#)

[160748.](#)**Evaluation of GRU and General Manager Ed Bielarski (NB)**

Explanation: At their February 1, 2017 subcommittee meeting, the members who were present discussed the upcoming evaluation of General Manager Ed Bielarski. They decided that the Board should make a formal statement with their own assessment of the 2016 performance of Mr. Bielarski and GRU in general, and agreed to bring it to the full Board for discussion.

RECOMMENDATION

Discuss.

[160749.](#)**Non-Disclosure Agreement for GREC (B)**

Explanation: In an email on February 3, 2017, UAB Chair Darin Cook expressed to the Board that they should consider signing non-disclosure agreements regarding conversations about GREC.

RECOMMENDATION*Discuss.*[160749 Email from D.Cook re GREC NDA 20170215](#)[160749 Email from E.Bielarski re GREC NDA 20170215](#)**MEMBER COMMENT****CITIZEN COMMENT****NEXT MEETING DATE***March 15, 2017***ADJOURNMENT**