

# City of Gainesville

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



## **Meeting Agenda**

**April 5, 2017**

**5:30 PM**

**Special Meeting**

**City Hall Auditorium**

**Revised Agenda  
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****NEW BUSINESS**[160909.](#)

UAB Recommendation on Memorandum of Understanding between GRU and GREC (B)

*Explanation: In June 2015, under the direction of a new General Manager, GRU staff undertook an exhaustive review of the GREC Power Purchase Agreement (PPA). In the course of this deep study, staff determined that the impact of the PPA is both financial and operational in addition to legal. The core of the PPA's financial impact is GRU's obligation to pay GREC \$ 194,709 a day for what is termed "Available Energy". This cost represents GREC's cost of ownership and fixed cost of operations. Put simply, the cost of ownership is GREC's debt payment and the return to its investors. The fixed costs of GREC's operations are effectively GREC's costs of being available to generate (staff, rolling stock and other monthly bills, excluding fuel and consumables). Staff determined that a buyout of GREC's PPA will generate savings in the hundreds of millions of dollars if GRU can negotiate a reasonable buyout price.*

*In November 2016, after determining the purchase would be in the best interest of both the City and GRU's customers, GRU began discussions with GREC owner Jim Gordon. GRU drafted a non-binding Memorandum of Understanding (MOU) that would serve as a framework for a contract to be negotiated later. The initial negotiations occurred under a non-disclosure agreement (NDA), but GRU shortly withdrew from the NDA so that the public, the UAB and the City Commission could be informed at each step in the negotiation. After several drafts went back and forth between the two parties, a final non-binding agreement was reached in February 2017.*

*Staff gave presentations regarding the MOU to the Utility Advisory Board (UAB) on March 1, 2017 and to the City Commission on March 2, 2017. Staff gave further updates to the UAB on March 15, 2017 and to the UAB and the City Commission on March 23, 2017.*

*Fiscal Note: The purchase price and terms of payment outlined in the MOU will be seven hundred fifty million dollars (\$750,000,000). GRU is considering three options for ownership and have estimated the amount of savings over the cost of continuing under the current PPA to be:*

*Buy and Dismantle, \$698 million  
Keep in Standby, \$524 million*

Convert and Run, \$808 million

**RECOMMENDATION**

UAB recommend to the City Commission that they:

- 1) approve the Memorandum of Understanding; and
- 2) authorize the General Manager, or his designee, to negotiate a contract with Gainesville Renewable Energy Center, Inc., subject to approval by the City Attorney as to form and legality and subject to final approval by the City Commission.

[160909 WhyapproveMOU UAB 20170405](#)

[160909 Tax of GREC Tax Bill FY17 20170405](#)

**160911.**

**House Bill 759 and Senate Bill 1568 (2017) regarding governance of the City of Gainesville Utilities (B)**

*Explanation:* On February 9, 2017, State Representative Chuck Clemons Sr., filed House Bill 759 ("HB 759") to amend the City's Charter to significantly restructure governance and management of the City's electric, water, wastewater, reuse water, natural gas and communications utility assets. On March 2, 2017, State Senator Keith Perry filed a related bill (Senate Bill 1568) which is largely similar in substance to HB 759.

HB 759 requires the following question be placed on the March 2018 citywide election ballot: "Shall the Charter of the City of Gainesville be amended by creating the Gainesville Regional Utilities Authority as the governing board of Gainesville Regional Utilities and appointed by the City Commission of the City of Gainesville?" If the referendum is approved by majority vote of qualified electors voting in that election, the act shall take effect - meaning the City is then required to implement the charter amendment language contained in HB 759.

HB 759 was referred to three committees in the House of Representatives. Two subcommittees have taken action on the bill as follows: The Local, Federal & Veterans Affairs Subcommittee heard HB 759 on March 8, 2017 and approved it by a vote of 11-4. The Energy & Utilities Subcommittee heard HB 759 on March 15, 2017 and approved it by a vote of 8-5. HB 759 is now pending in its final committee in the House, the Government Accountability Committee, and may be heard by the Committee as soon as Thursday, April 6th.

SB 1568 was referred to the Communications, Energy, and Public Utilities; Community Affairs; and Rules committees in the Senate. The bill is on the Communications, Energy and Public Utilities committee agenda for April 4, 2017.

On March 23, 2017 the Utility Advisory Board requested an agenda item

*to discuss HB 759 and SB 1568.*

**RECOMMENDATION**      *Discuss HB 759 and SB 1568.*

[160911\\_House Bill 759\\_20170405](#)

[160911\\_Impact Statement and Analysis\\_20170405](#)

[160911\\_Senate Bill 1568\\_20170405](#)

## **ADJOURNMENT**