

City of Gainesville

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



Meeting Agenda

March 14, 2019

5:30 PM

Modified

City Hall Auditorium

Utility Advisory Board

*Mary Alford
Michael Selvester
Wendell Porter
Wes Wheeler
Barry Jacobson
Carla Miles
Theresa Spurling-Wood
Tim Rockwell
Don Davis*

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 TDD phone line at 334-2069 at least two business days in advance.

CALL TO ORDER**ROLL CALL****ADOPTION OF CONSENT ITEMS**[180823.](#)**Minutes of the February 13, 2019 UAB Meeting (B)**

Explanation: Staff has prepared the minutes of the February 13, 2019 UAB meeting and presents them for approval.

Fiscal Note: None.

RECOMMENDATION

Approve the minutes of the February 13, 2019 UAB meeting as drafted.

[180823_UAB_2-13-19_Meeting_Minutes_20190314](#)

[180782.](#)**Gainesville Regional Utilities Fiscal Year 2018 Audited Financial Statements, Auditors' Reports, and Auditors' Communication to those Charged with Governance and Management (B)**

Explanation: In accordance with the City's contract for external auditing services with Baker Tilly Virchow Krause, LLP, the following reports are presented for informational purposes:

The Financial Statements, Supplementary Information and Independent Auditors' Report of Gainesville Regional Utilities for the Fiscal Year Ended September 30, 2018;

In the opinion of the independent auditors, the financial statements referred to in the item above, present fairly in all material respects, the financial position and changes in financial position of GRU for the year ended September 30, 2018, in accordance with accounting principles generally accepted in the United States of America.

As part of the audit process the independent auditors issue a report on internal control over financial reporting and on compliance with certain provisions of laws, regulations, contracts and grant agreements. These reports are presented within the item above.

The auditors' communication to those charged with governance and management, and internal control report over financial reporting related to Gainesville Regional Utilities indicate that there were no recommendations in the current year.

In accordance with Section 8(b) of Resolution 150127, City Auditor

Responsibilities and Administrative Procedures, the City Auditor has reviewed the attached statements and reports to ensure that contractual terms have been fulfilled and transmits these reports with a recommendation for City Commission acceptance.

Fiscal Note: None

RECOMMENDATION *Receive the subject financial statements, auditors' reports, auditors' communication to those charged with governance and management, and management's representations for informational purposes.*

[180782 Audited Financial Statements Fiscal Year 2018 Revision2 20190306](#)

[180783.](#)

Gainesville Regional Utilities Unaudited Internally Prepared Financial Statements for the Period Ended December 31, 2018 (B)

Explanation: The following item is presented for informational purposes:

Unaudited Internally Prepared Financial Statements for the period ended December 31, 2018, including management's discussion and analysis

Fiscal Note: Unaudited Internally Prepared Financial Statements

RECOMMENDATION *Receive the GRU Unaudited Internally Prepared Financial Statements for the period ended December 31, 2018 for informational purposes.*

[180783 Interim Financial Statements Unaudited Per End 201831Dec 2019](#)

[180784.](#)

Gainesville Regional Utilities Internally Prepared Budget to Actuals for the Period Ended December 31, 2018 (B)

Explanation: The following item is presented for informational purposes:

Budget to Actuals for the period ended December 31, 2018, internally prepared

Fiscal Note: Internally prepared Budget to Actuals

RECOMMENDATION *Receive the GRU Internally Prepared Budget to Actuals for the period ended December 31, 2018 for informational purposes.*

[180784 Budget to Actuals Per end 201831Dec 20190306](#)

[180786.](#)

Gainesville Regional Utilities Internally Prepared Supplementary Data for the Period Ended December 31, 2018 (B)

Explanation: The following item is presented for informational purposes:

Supplementary Data for the period ended December 31, 2018, internally prepared

Fiscal Note: Internally prepared Supplementary Data

RECOMMENDATION *Receive the GRU Internally Prepared
Supplementary Data for the period ended
December 31, 2018 for informational purposes.*

[180786 Supplementary Data Period Ended 2018 31 Dec 20190306](#)

ADOPTION OF THE AGENDA

CITIZEN COMMENT - For items not on the agenda, not to exceed three minutes per citizen

STATE OF THE UTILITY

[180824.](#)

GRU Operational Update for the Month of February 2019 (B)

Explanation: Staff has prepared a report of GRU's operations for the month of February 2019.

Fiscal Note: None.

RECOMMENDATION *Receive report.*

[180824 Ops Update Feb 2019 All Depts 20190314](#)

[180821.](#)

Proclamation for Water Conservation Month (B)

Explanation: Each year municipalities across the country declare April as Water Conservation month to promote awareness for water conservation and the importance of water as a vital natural resource. This is an opportunity to inform the public about our high quality drinking water and the vital role drinking water plays in our daily lives. Citizens are asked to know their groundwater source, and to conserve and protect this valuable natural resource for future generations.

Fiscal Note: None.

RECOMMENDATION *The UAB join staff in recognizing the importance of
Water Conservation Month.*

[2019.Water Conservation Proclamation](#)

NEW BUSINESS[180818.](#)**Resolution Authorizing the Issuance of City of Gainesville Utility System Revenue Bonds 2019 Series C (B)**

Explanation: Gainesville Regional Utilities (GRU) is planning the issuance of 2019 Series C revenue bonds. 2019 Series C bonds are a variable rate tax-exempt issue which will:

- Generate \$10 million in new proceeds to fund capital projects and
- Restructure certain maturities of existing variable rate bonds.

For a list of the variable rate bonds targeted for restructuring, see Table 1 in the back-up for this item.

Near term debt service savings will be generated by this restructuring through issuing longer term bonds to refund these targeted shorter term maturities. These savings from restructuring will be used to bolster Rate Stabilization Fund balances. While there is a present value savings of \$9.1 million from the restructuring portion of the 2019 Series C bonds, there are gross principal and interest dissavings associated with this series over the period FY25 through FY47.

The 2019 Series C bonds will be issued as variable rate demand bonds secured by a direct pay letter of credit issued by Bank of America, N.A. and remarketed upon optional tender by Merrill Lynch, Pierce Fenner & Smith, Incorporated as remarketing agent.

Fiscal Note: As noted above, the 2019 Series C issue will provide resources to

- Fund \$10 million of capital projects
- Refund approximately \$57 million of existing variable rate debt

RECOMMENDATION

The City Commission approve the Thirty-First Supplemental Utilities System Revenue Bond resolution and thereby approve the issuance and sale of the 2019 Series C Bonds to the underwriters and approve the form of the Bond Purchase Agreement, Preliminary Official Statement, Continuing Disclosure Agreement, Tender Agency Agreement, Reimbursement Agreement and Fee Letter and Remarketing Agreement and authorize the execution and delivery thereof, subject to approval of the City Attorney as to form and legality.

[180818 Resolution 2019C 20190314](#)

[180818 Series C 2019 Presentation 20190314](#)

[180818 Table 1 20190314](#)

[180822.](#)**UAB Budget Calendar for FY2020 (NB)**

Explanation: Staff has scheduled a series of workshops with the UAB to present the details of GRU's proposed budget for FY2020 as follows below. The workshops will be structured differently than in past years and staff wants to provide a brief description of the new structure.

Wednesday, March 20, 2019 - O&M and Capital

Wednesday, April 10, 2019 - Sales, Customer & Revenue Forecast, and Debt Service/Cash/Liquidity

Tuesday, April 30, 2019 - Fuels and First Review of Rates

Thursday, May 30, 2019 - Overall Budget Presentation

Fiscal Note: None.

RECOMMENDATION

Discuss the structure of the budget workshops.

[180819.](#)**Cash Balance Policy (B)**

Explanation: On February 7th the City Commission approved the GRU Cash Balance Study prepared by GRU's financial advisor, PFM Advisors LLC. The study is an analysis of the revenue and expense risks for GRU and its individual systems and reflects various economic, environmental, and climate risks. The purpose of the study was to determine an appropriate level of cash to reserve against each of these identified risks to establish an overall target level of cash. The study identified this proposed cash target, and lower and upper bounds around the target figure to generate an acceptable range of cash levels.

Staff committed to bring a cash balance policy sheet back for City Commission review in March, and this draft policy sheet is attached as backup. The policy will establish processes for maintaining GRU cash balances consistent with the acceptable range of cash levels.

Fiscal Note: The cash balance policy will establish protocols for addressing situations in which GRU's cash levels move outside the acceptable cash range.

RECOMMENDATION

The Utility Advisory Board advise the City Commission to approve the proposed cash balance policy.

[180819_CASH_BALANCE_POLICY_20190314](#)

[180820.](#)**Energy Supply Department of Gainesville Regional Utilities Request to Add Permanent GRU Staff For Direct Operation of the Deerhaven Renewable Plant (NB)**

Explanation: Under the Power Purchase Agreement (PPA) between GRU and the former Gainesville Renewable Energy Center (GREC), staffing for the

plant was supplied by North American Energy Services (NAES). When GRU bought out of the PPA in November 2017, and renamed the plant Deerhaven Renewable (DHR), GRU management felt it was prudent to continue staffing the plant with the existing NAES employees due to the specialized knowledge and skills required to operate the plant. Staff therefore requested and received approval from the City Commission to enter a contract with NAES for one year. In September 2018, the City Commission gave GRU permission to amend the contract to allow NAES to continue operation for an additional year while GRU management created a plan to transition the facility to staffing with GRU employees. The current contract does allow for termination of the contract with 60 days' notice to NAES to facilitate transition. Approval of these positions will allow GRU to hire employees into permanent positions as positions become open through attrition, retirement or termination, and to decrease the overhead costs of the third party. GRU is working with the City Human Resources on the optimal methodology for considering DHR NAES employees for GRU employment. It is in the City's best interest to retain an experienced level of employees who have working knowledge on the operation and maintenance of the facility to maintain safety and reliability of our newest generating unit.

GRU is seeking approval to staff directly with GRU employees to decrease the overhead costs of having a third party directly oversee its operation. This will allow GRU to operate DHR as GRU operates all the other generating units in GRU's ownership.

Staff requests approval to create 38 GRU Energy Supply positions for DHR site staffing to transition current NAES employees and/or fill through competitive process. The new staff will consist of 5 Management Administrative Professional (MAPS) positions and 33 CWA positions.

Fiscal Note: The addition of these positions will not increase Energy Supply budget request; it will only change the allocation of costs.

RECOMMENDATION

The UAB advise the City Commission to authorize the creation of thirty-eight full time equivalent positions for staffing the Deerhaven Renewable site.

[160262.](#)

Expand the Use of MIMS Mobile (B)

Explanation: On 01 September 2016 the Commission approved Tadpole Cartesia, Inc. d/b/a TC Technology, as the specified source provider for the purchase of MIMS Mobile to replace legacy applications. Since that approval Tadpole Cartesia, Inc. was acquired by SSP Innovations LLC. SSP Innovations is now the specified source provider of MIMS Mobile.

Energy Delivery's GIS is a critical system that is used for designing, maintenance, construction, outage management, planning, analysis, utility line location and damage assessments. These work flows rely upon

related GIS applications and plays a crucial role in safety and regulatory compliance.

GRU is expanding the use of MIMS Mobile to:

- o Continue replacing obsolete GIS related applications
- o Improve efficiencies in GIS related work flows
- o Comply with regulatory agencies.

Three projects are planned to meet these goals:

One - \$594,953

- o Replace two applications originally created 20 years ago which are no longer supported
- o Replace legacy electric and gas utility systems design application with MIMS Mobile
- o Use MIMS Mobile to comply with a federal regulatory agency, Pipeline and Hazardous Materials Safety Administration (PHMSA),
- o Automate manual work flows to replace paper forms in support of PHMSA

Two - \$285,760

- o Integrate MIMS Mobile with the new Outage Management System
- o Automate manual work flows to replace paper forms

Three - \$262,248

- o Enhance existing Hurricane Damage Assessment work flows with MIMS Mobile
- o Automate manual work flows to replace paper forms in support of Federal Emergency Management Agency reporting using MIMS Mobile.

Fiscal Note: Funds for this request are included in the approved Fiscal Year 2019 Operations and Maintenance and Capital Budgets in the amount of \$1,142,961.

RECOMMENDATION

The UAB advise the City Commission to:

- 1) authorize the General Manager, or his designee, to execute an amendment to the contract with SSP Innovations recognizing SSP Innovations as specified source provider of MIMS Mobile and related GIS applications, subject to approval of the City Attorney as to form and legality; and
- 2) approve the issuance of purchase orders in amounts not-to-exceed approved budgeted amounts for these services and applications for each year of the contract, subject to the final appropriation of funds

[160262 MIMSMobileUAB Pres. 2016.08.17](#)

[160262_MIMSMobile_Presentation_20190314](#)

Enterprise Asset Management and Advanced Metering Infrastructure (B)

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

The ERP concept uses a suite of applications to communicate as one system. The 2014 estimate for the new ERP system included the available hardware, software (licensing), and proposed implementation costs only. No consideration for application maintenance, data migration, training, Advanced Metering Infrastructure (AMI), enterprise asset management (EAM) or compatibility/ communications between applications was given, due to the fact that GRU staff was still collecting information about benefits and potential risks associated with the different systems.

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

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

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

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

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

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

Although \$35.4M was submitted for the FY19 budget, the City Commission's final approval was to allocate \$20M to our projects.

At the request of the City Commission, staff provided information about AMI in reference to its benefits, deployment options, and envisioned timeline. The AMI initiative over the last year has led to GRU contracting services for a business case and AMI management consultants to begin the meter selection, communication canopy build, and meter data management (MDM), and staff have released multiple Invitation to Negotiate (ITN) bids for these services.

Staff returns today to update the UAB and City Commission on the status of Customer Information System project and the AMI project.

Fiscal Note: None at this time

RECOMMENDATION *Hear update from staff*

[180140 ERP Presentation 20180709](#)

[180140 ERP Presentation UAB 20181213](#)

[180140 ERP Presentation UAB 3 14 2019](#)

MEMBER COMMENT

CITIZEN COMMENT

NEXT MEETING DATE

ADJOURNMENT