

City of Gainesville

City Hall
200 East University Avenue
Gainesville, Florida 32601



Meeting Agenda

June 11, 2020

6:00 PM

Virtual Meeting

Utility Advisory Board

Wendell Porter (Member)

Wes Wheeler (Member)

Barry Jacobson (Member)

Carla Miles (Member)

Theresa Spurling-Wood (Non-Voting Member)

Tim Rockwell (Member)

Don Davis (Non-Voting Member)

Fletcher Crowe (Member)

Jason Fults (Member)

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**[191197.](#)**UAB March 12, 2020 and May 13, 2020 Meeting Minutes (B)**

Explanation: Staff has prepared minutes from the March 12, 2020 and May 13, 2020 UAB meetings.

Fiscal Note: None.

RECOMMENDATION

Approve the minutes of the March 12, 2020 and the May 13, 2020 UAB meetings as drafted.

[191197 UAB 3-12-20 Meeting Minutes 20200611](#)

[191197 UAB 5-13-20 Meeting Minutes 20200611](#)

[200030.](#)**GRU's FY19 Audited Financial Statements, FY20 Quarter 2 Unaudited Financial Statement, Budget-to-Actual Comparison, and Supplementary Data (B)**

Explanation: Staff presented the FY19 Audited Financial Statements and FY20 Quarter 2 Unaudited Financial Statement, Budget-to-Actual Comparison, and Supplementary Data to the Audit Finance Committee on May 20, 2020 and the committee recommended that the items be presented to the full commission for approval. The items were then presented to the full commission on June 4, 2020. The items are presented to the UAB today for informational purposes only.

Fiscal Note: GRU's FY19 Audited Financial Statements, FY20 Quarter 2 Unaudited Financial Statement, Budget-to-Actual Comparison, and Supplementary Data.

RECOMMENDATION

Receive reports for informational purposes.

[200030 GRU AUD 9-30-19 FS Final 20200611](#)

[200030 GRU Auditors Report to Gov Body 20200611](#)

[200030 GRU 9-30-19 Report to Management and Governing Body Final](#)

[200030 Interim Financial Statements Unaudited PE 202031March 2020061](#)

[200030 GRU Budget to Actual PE202031March 20200611](#)

[200030 GRU Supplementary Data PE202031March 20200611](#)

ADOPTION OF THE AGENDA

STATE OF THE UTILITY**200017. GRU Operational Update for April 2020 (B)**

Explanation: Staff has prepared a report of statistical data for GRU's operations in the month of April 2020.

Fiscal Note: None.

RECOMMENDATION Receive report.

[200017 GRU Ops Update April2020 All Depts 20200611](#)

NEW BUSINESS**200028. GRU FY2021 Budget Discussion (B)**

Explanation: Staff has prepared an overview of GRU's baseline fuels budget and other information related to GRU's proposed FY2021 budget.

Fiscal Note: Information and data in these presentations is preliminary and subject to change before final approval by the City Commission based on any Commission direction to staff.

RECOMMENDATION Hear presentations from staff.

[200028 GRU 2021 Fuels Budget Pres 20200611](#)

[200028 GRU 2021 Budget Discussion 202010611](#)

200029. Approval of Deerhaven Unit 2 Dual Fuel Project (B)

Explanation: Deerhaven Unit 2 (DH2) is GRU's largest power generator and is fueled primarily by coal, with limited supplemental natural gas firing capacity. Currently, natural gas usage is limited to approximately 30MW of the total 235MW rating of DH2. Based on staff's observations of potential cost savings due to the current and anticipated future cost forecasts for coal and natural gas, GRU management initiated studies to determine the feasibility of adding dual fuel capability to DH2 to permit fueling the unit with up to 100% natural gas. In addition to cost savings, staff has identified significant potential to reduce carbon emissions and other air emissions from converting from coal to natural gas.

It has been determined that this capital project, which is named the DH2 Dual Fuel Project, required feasibility studies in the following areas: technical and operational, financial, and environmental.

The technical and operational feasibility studies indicated conversion of the DH2 facility to fire on natural gas would have no adverse impact on unit longevity, performance or operational flexibility.

The potential of favorable financial results are largely dependent on maintaining the current cost differential between coal and natural gas. As a reference, currently the cost of Coal is approximately 50% more expensive than natural gas, a situation which is not anticipated to reverse in the near term. The reason: GRU no longer has a low-priced transportation contract, which is a significant portion of its all-in coal costs; natural gas supplies are plentiful and the futures pricing is significantly below that of coal.

Environmental studies indicated that emissions of SO₂, Mercury, Particulate Matter, CO₂, and Nitrogen Oxides would all decrease, and that the project would be permissible by regulatory agencies. It is estimated that the annual decrease in Carbon Dioxide emissions of over 200,000 tons/year would be achieved based on current operating projections for DH2. This would further progress towards reducing GRU's carbon emissions.

The estimated capital cost of adding dual fuel capability is less than \$12.5M. To take maximum advantage of the financial and emission benefits of this project, staff has developed an accelerated implementation plan in which certain hardware will be installed during a short duration outage in early December 2020, with project completion in March 2021. The next available outage slot for a DH2 outage is in October 2022. Due to the manufacturing lead times (approximately 20 weeks) for equipment manufacture and delivery, as well as for detailed design, timely approval to proceed is required.

Fiscal Note: Due to lead times, nearly all of the funding must be committed during FY20, though the cash flow indicates expenditures of approximately \$2.2 million in FY20 and approximately 10.3 million in FY21. The project reflects an average return on investment (ROI) of 39%, and a net present value of \$14.4M based on maintaining the current differential between natural gas and coal pricing. The beneficial financial results support accelerated execution of the project during a DH2 short duration outage window in December 2020.

RECOMMENDATION

Authorize the General Manager or his designee to execute agreements as required to complete the project in accordance with GRU procurement policies and procedures, subject to approval by the City Attorney as to form and legality.

[200029 DH2Gas Project Presentation 20200611](#)

NEXT MEETING DATE

July 9, 2020

ADJOURNMENT