

# City of Gainesville

City Hall  
200 East University Avenue  
Gainesville, Florida 32601



## Meeting Agenda

July 8, 2021

5:30 PM

City Hall Auditorium

## Utility Advisory Board

*Wendell Porter (Member)*

*Wes Wheeler (Member)*

*Barry Jacobson (Member)*

*Carla Lewis (Member)*

*Theresa Spurling-Wood (Non-Voting Member)*

*Tim Rockwell (Member)*

*Don Davis (Non-Voting Member)*

*Fletcher Crowe (Member)*

*Jason Fults (Member)*

*If you have a disability and need an accommodation in order to participate in this meeting, please contact the Office of Equal Opportunity at (352) 334-5051 at least two business days in advance. TTY (Text Telephone Telecommunication Device) users please call 711 (Florida Relay Service). For Speech to Speech (STS) relay, please call 1-877-955-5334. For STS Spanish relay, please call 1-877-955-8773. For STS French Creole relay, please call 1-877-955-8707.*

**CALL TO ORDER****ROLL CALL****APPROVAL OF CONSENT ITEMS**

[210156.](#)                    **UAB May 25, 2021 Workshop Minutes (Revised) and June 10, 2021 Meeting Minutes (B)**

*Explanation:* The minutes of the May 25, 2021 workshop were presented for review and approval at the UAB's June 10, 2021 meeting. The board agreed that the minutes did not include important points that were discussed in the meeting and voted to disapprove. They agreed that Chair Wheeler would send a list of points to be added to the minutes and have staff present them again for approval. Staff has added the additional notes and present those minutes today for board approval.

Staff has also prepared minutes from the UAB's June 10, 2021 regular meeting and present them for board approval.

*Fiscal Note:* None.

**RECOMMENDATION**                    Approve the revised version of the May 25, 2021 workshop minutes and the June 10, 2021 meeting minutes.

[210156\\_UAB\\_5-25-21\\_Workshop\\_Minutes\\_Revised\\_20210708](#)

[210156\\_UAB\\_6-10-21\\_Meeting\\_Minutes\\_20210708](#)

**ADOPTION OF THE AGENDA****CITIZEN COMMENT****STATE OF THE UTILITY**

[210157.](#)                    **GRU Operational Update for the Month of June 2021 (B)**

*Explanation:* Staff has prepared a report of statistical and operational data related to GRU's operations in the month of June 2021.

*Fiscal Note:* None.

**RECOMMENDATION**                    Receive report.

**OLD BUSINESS**

[180258.](#)      **Utility Advisory Board’s Draft Energy Policy for the City of Gainesville  
(B)**

*Explanation: The City Commission and UAB met jointly on October 30, 2018, to discuss the UAB’s draft work plan. The Board expressed the desire to focus on creation of an energy policy for the City of Gainesville and the Commission agreed. The UAB held a series of workshops to work on crafting the policy document and presented the draft to the City Commission in a joint meeting on April 23, 2019. The Commission received the presentation and gave direction for the Board to continue their work. The Board discussed the policy document at each of their monthly scheduled regular meetings and workshops and prepared to present the draft document to the City Commission.*

*Following the Board's presentation of the document at the joint UAB/City Commission meeting on October 22, 2019, the Commission gave direction to have both GRU and GG staff do an analysis of the energy policy for potential impacts on operations and bring it back for further discussion. Staff has completed their analysis and submitted the report to the UAB for review before the Board gives another presentation to the City Commission.*

*The City Commission and UAB met jointly on October 27, 2020 and directed staff to obtain citizen input on the energy policy. Staff prepared and completed a survey of GRU customers and presented the findings to the UAB on June 10, 2021. After the staff presentation, the Board expressed concern that the outreach effort was insufficient in that staff did not use a variety of methods designed to reach a significant portion of GRU's customer base. The board expressed that in particular, the electronic survey method employed by staff most likely left out a large portion of under-served citizens and therefore the results were not truly representative of the community as a whole. They further discussed the need to go out into the community to conduct workshops and/or GRU in the Neighborhood events where the board and staff could explain the nuances of the policy, as well as the need for the City to have an energy policy, and solicit feedback in a more hands-on manner.*

*The plan was for the board to discuss this further at their June 22, 2021 workshop, but that meeting was cancelled. They therefore asked that the item be placed on the July 8th regular meeting agenda.*

*Fiscal Note: None at this time.*

**RECOMMENDATION**

*Discuss and decide whether to bring this item to the July 27, 2021 joint UAB/City Commission meeting for discussion and direction.*

[180258 Energy Policy Presentation 20210610](#)

[180258 Energy Policy Survey Analysis 20210610](#)

**NEW BUSINESS**[201103.](#)**Proposed Cost Agreement with St. Johns River Water Management District to Meet Lake Brooklyn and Geneva Minimum Flows and Levels (MFLs) (B)**

**Summary:** GRU staff worked with St. Johns River Water Management District (SJRWMD) staff to develop a proposed cost participation agreement which will enable the City of Gainesville d/b/a Gainesville Regional Utilities (“GRU”) to comply with Minimum Flows and Levels (MFLs) rules for Lakes Brooklyn and Geneva. Under the proposed agreement GRU will pay \$2.71 million to SJRWMD as a cost participation for the Black Creek Water Resource Development Project. The agreement will ensure GRU’s compliance with these MFLs through at least 2045. GRU will pay the money into an escrow account, which has a separate escrow agreement associated with it. The proposed cost participation and escrow agreements will be presented to the SJRWMD governing board for their approval on July 13, 2021. Staff recommends that City Commission approve the agreements and have the mayor sign them, upon approval of SJRWMD governing board.

*Explanation: Groundwater withdrawals in Florida are regulated by five regional water management districts. GRU has a consumptive use permit (CUP) for the Murphree Wellfield issued by the SJRWMD. A portion of GRU’s service area also extends into the Suwannee River Water Management District (SRWMD) to the West. The water management districts develop regulatory criteria known as MFLs for individual water bodies in order to ensure that they are not significantly harmed by aquifer drawdowns due to pumping in the region. If it is deemed that a water body is being significantly harmed, the district must issue a recovery plan for restoring water levels. Recovery plans often include projects and other provisions that CUP permit holders must comply with.*

*The SJRWMD has developed proposed MFLs for Lakes Brooklyn and Geneva in Keystone Heights along with a proposed recovery plan. The Lake Brooklyn and Geneva MFLs are of particular significance in our region. The recovery plan includes construction of the Black Creek Water Resource Development Project to increase recharge and restore water levels in these lakes. SJRWMD has secured \$48 million in funding for the project which has an estimated construction cost of \$83 million. SJRWMD has proposed that CUP holders participate in the cost of the project as a means to comply with the MFLs.*

*GRU staff have been working with SJRWMD staff and other utilities in order to develop an equitable agreement for cost participation. SJRWMD had originally proposed a cost share of \$5.5 million for GRU. However, through a series of discussions and refinement of groundwater modeling*

and cost calculations, GRU and SJRWMD staff have agreed upon the proposed \$2.71 million amount as being appropriate based on the methodology for determining the proportional impacts of groundwater pumping from GRU's wellfield. The amount will be paid in two payments, with half being paid by November 1, 2021 and the other half being paid by November 1, 2022.

Other key provisions of the agreement include:

- The agreement will allow GRU to meet the Lake Brooklyn and Geneva MFLs for its current CUP allocation of 30 mgd through 2045
- If in the future GRU needs additional CUP allocation, it can provide additional cost share funding to the project to continue to meet these MFLs
- The project will be solely owned and operated by SJRWMD
- GRU has no responsibility for project implementation, project success, cost overruns, or other issues
- If the project construction cost is lower than estimated, GRU's cost will be reduced proportionally

Prior to resolution of the cost share agreement, staff and City Commission had requested that the SJRWMD delay adoption of the MFLs and recovery strategy rules until the cost participation could be negotiated. However, SJRWMD moved forward with adoption despite this request. In response GRU, along with other utilities, had to file legal petitions in order to preserve its rights in negotiation. However, if the proposed cost participation and escrow agreements are approved by both the SJRWMD governing board and the City Commission, GRU will dismiss all petitions. The other utilities involved, JEA, Clay County, and St. Johns County are developing similar cost share and escrow agreements with SJRWMD and are expecting to dismiss their petitions as well.

Following approval of these agreements, GRU staff intends to apply for early renewal of its CUP. The current CUP expires in 2034. Early renewal will allow us to extend it to 2041.

*Fiscal Note:* If the City Commission approves the proposed agreement, GRU will pay \$2.71 million, with one half due November 1, 2021 and the other half due November 1, 2022.

**RECOMMENDATION**

- 1) The City Commission approve the proposed cost participation and escrow agreements and have the mayor sign them.
- 2) The City Commission approve the dismissal of all petitions related to the MFLs and Recovery Strategy, upon approval of these agreements by the SJRWMD governing board.

[201103GRU Black Creek Project Participation Agreement 20210708](#)

[201103 Escrow Agreement 20210708](#)

[201103 CCom Ltr to SJWMD Re Keystone Lakes Project 20210415](#)

[201103 SJRWMD Brooklyn-Geneva MFLs 20210617](#)

[210088.](#)

### **Resolution Authorizing the Execution of Gainesville Regional Utilities Financial Transactions (B)**

**\*\*This item is informational only.\*\***

*Explanation: Like other multi-system utilities GRU is a capital intensive operation. Every two to three years we need to access the financial markets to secure the funding necessary to assist us in acquiring, constructing and maintaining our capital infrastructure. Staff is planning a new money bond issue of up to approximately \$130 million for the July-August time frame to replenish construction funds used for such infrastructure improvements. Staff is proposing issuing these bonds in two series, one of which will be issued as "green bonds" given that a portion of the proceeds will be going to fund renewable water and wastewater projects. Additionally, working with our financial advisor PFM LLC, we have identified an opportunity to create significant present value debt service savings through a refunding of a portion of our outstanding 2012 Series A bonds. The refunding candidates bonds have maturities ranging from 2023 to 2028; the bonds issued to refund these bonds will not have a maturity longer than the refunded bonds. Given current market conditions, depending upon the refunding method chosen, the transaction could generate between \$3.75 and \$5.5 million in present value savings. Outlined below are the details associated with the various refunding methodology options. We are requesting that the City Commission provide authorization to the General Manager or his designee to execute any of these prescribed options dependent upon what is most beneficial to GRU based on market conditions. This authorization will provide staff the flexibility to execute the transaction in a timely fashion and deliver the projected savings.*

*Taxable Advance Refunding - Several years ago Treasury regulations were changed to eliminate the authority for tax-exempt advance refundings (issuing tax-exempt bonds more than 90 days prior to the official "call" date to refund the bonds). The initial call date of the 2012 bonds is October 1, 2022. With taxable interest rates at near historic lows, it is economically viable to issue taxable debt to advance refund the 2012 bonds and achieve savings.*

*Tax-exempt Forward Delivery - A forward delivery transaction allows GRU to lock in savings based on current favorable interest rates. This transaction would be accomplished through a forward delivery direct purchase with a single investor whereby GRU agrees to deliver the refunding bonds within 90 days of the redemption date of the 2021 bonds.*

*Tax-Exempt Advance Refunding - There is currently momentum towards Congressional reauthorization of tax-exempt advance refundings. In the*

event this occurs, GRU would potentially pursue this avenue versus the taxable refunding described above and utilize the most economically efficient transaction.

The attached resolution authorizes these potential approaches. Additionally, the proposed resolution satisfies federal tax law requirements to permit GRU to reimburse from tax-exempt bond proceeds eligible costs on the capital projects paid prior to the issuance of this debt. Staff presented this item to the City Commission on June 17, 2021 with the recommendation that they authorize the General Manager or his designee to negotiate and execute the listed transactions, and approve the:

- 1) Thirty-fifth Supplemental Utilities System Revenue Bond Resolution
- 2) forms of the Escrow Deposit Agreement, Bond Purchase Contract, Preliminary Official Statement and Continuing Disclosure Certificate,
- 3) forms of a Forward Bond Purchase Agreement and Continuing Covenant Agreement used in connection with the forward delivery private placement of the refunding bonds and
- 4) the intent of the City for purposes of compliance with federal tax law to reimburse the expenditure of costs of certain capital projects with the proceeds of tax-exempt bonds, and authorize the execution and delivery thereof, subject to approval of the City Attorney as to form and legality.

The commission approved staff's recommendation.

*Fiscal Note:* The new money issue will provide construction fund monies to support acquisition, construction and maintenance of utility infrastructure. The refunding of the portion of the 2012 Series A Bonds will potentially provide significant present value debt service savings.

**RECOMMENDATION**            Receive information from staff.

[210088 Thirty-Fifth Award Resolution with Exhibits A-H 20210617](#)

[210088\\_Resolution Final\\_20210617.pdf](#)

[210088\\_Resolution Final B\\_20210617.pdf](#)

[210089.](#)

### **Resolution Authorizing the Cash Defeasance of Certain Outstanding Utility System Debt (B)**

**\*\*This item is informational only.\*\***

*Explanation:* During fiscal year 2020 there were two initiatives executed which generated significant savings to GRU. First was the 2020 GRU debt restructuring process. This undertaking encompassed seven individual transactions completed between December 2019 and July 2020 that resulted in just over \$134 million in reduced debt service costs through 2047. The second initiative was the issuance by General Government of the 2020 Pension Obligation Bonds in September of 2020. Funding 95% of the then-existing Unfunded Actuarial Accrued Liability in the Employees' Pension Plan with the proceeds of this bond issue will reduce

GRU's expected pension expense by approximately \$64 million through 2042.

As part of the City Commission's approval of these initiatives, the Commission directed that the savings realized from these transactions be utilized to defease existing GRU debt. The resolution presented here for the City Commission's consideration authorizes the cash defeasance of certain utility system debt as directed by the Commission, as well as approving the selection of an escrow agent and execution of escrow deposit agreements necessary to accomplish this debt defeasance.

Staff presented this item to the City Commission on June 17, 2021 with the following recommendation:

The City Commission approve:

- 1) the resolution authorizing the cash defeasance of certain outstanding utility system debt and
- 2) the form, execution and delivery of one or more escrow deposit agreements with respect to this cash defeasance and the appointment of the escrow agent.

The Commission approved the staff recommendation.

*Fiscal Note:* Accelerating principal repayment through cash defeasance will reduce annual GRU debt service expense.

**RECOMMENDATION**            Receive information from staff.

[210089 Resolution GRU Cash Defeasance w Exhibits A-B Revised 20210](#)  
[210089 Resolution Final 20210617.pdf](#)

## [210116.](#)

### **Setting the Amount of the General Fund Transfer (B)**

Resolution No. 210116

Resolution of the City Commission of the City of Gainesville, Florida, setting the amount of the general fund transfer from Gainesville Regional Utilities Funds to the General Government Fund through fiscal year 2027; providing an immediate effective date.

*Explanation:* As part of the FY22 budget deliberations, GRU and General Government staff have participated in several discussions with the City Commission regarding the level of the General Fund Transfer in upcoming years. At their June 7, 2021 special meeting, the City Commission directed staff to return with a resolution for the Commission's consideration reducing the General Fund Transfer by \$2 million per year from its current level each year through FY27.

**RECOMMENDATION**            The City Commission adopt the proposed resolution.



[210116A\\_draft\\_resolution\\_20210715](#)

[210125.](#)                    **Establish Rates for Electric and Wastewater through Fiscal Year 2027;  
Resolving to Establish Utility Rate Assistance Programs (B)**

Resolution No. 210125

A resolution of the City Commission of the City of Gainesville resolving to establish rates for electric and wastewater through fiscal year 2027; resolving to establish utility rate assistance programs; providing an immediate effective date.

*Explanation: As part of the FY22 budget deliberations, utility staff explained that revenues were not keeping pace with rising costs to operate and maintain the utility systems. After reviewing the reasons why revenue was not keeping pace and after exploring alternatives, the City Commission determined that multi-year rate increases were necessary to meet the Commission's stated mission for its utilities. The Commission also determined that it was necessary to explore and develop financial assistance programs for neighbors who were most impacted by rising utility rates.*

**RECOMMENDATION**                    *The City Commission adopt the proposed resolution.*

[210125A\\_draft\\_resolution\\_20210715](#)

## MEMBER COMMENT

[210158.](#)                    **Member Fletcher Crowe - Suggestion for Possible Federal Funding  
Source for Achieving GRU's Goal of 100% Renewable Energy Sources  
(B)**

*Explanation: Member Crowe submitted an idea for a possible partnership between GRU and UF's College of Engineering that he believes might engender federal funding for helping GRU start the transition to providing 100% of it's energy from renewable sources and has requested that the Board discuss the idea.*

*Fiscal Note: None at this time.*

**RECOMMENDATION**                    *Discuss and take any action deemed appropriate.*

[210158\\_Potential\\_Federal\\_Funding\\_for\\_GRU\\_20210708](#)

[210159.](#)                    **Members Jason Fults and Fletcher Crowe - Sharing of Information**

**Learned at the 2021 American Public Power Association (APPA)  
National Conference (B)**

*Explanation: Members Fults and Crowe attended the APPA's 2021 National Conference from June 19-23, 2021. They will share the information they learned with the other board members.*

*Fiscal Note: None.*

**RECOMMENDATION**

*Hear information from Members Fults and Crowe.*

[210159 Member Crowe Notes 2021 APPA Conference 20210708](#)

**CITIZEN COMMENT**

**NEXT MEETING DATE**

*July 27, 2021 - Joint with City Commission*

*August 12, 2021 - Regular meeting*

**ADJOURNMENT**