

City of Gainesville

City Hall
200 East University Avenue
Gainesville, Florida 32601



Meeting Agenda

August 11, 2022

6:30 PM

City Hall Auditorium

Utility Advisory Board

Barry Jacobson (Member)

Carla Lewis (Member)

Theresa Spurling-Wood (Non-Voting Member)

Tim Rockwell (Member)

Fletcher Crowe (Member)

Jason Fults (Member)

Daniel Morse (Non-Voting Member)

Charles Covey (Member)

John Paul (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****ADOPTION OF THE AGENDA****CITIZEN COMMENT****STATE OF THE UTILITY**[211482.](#)**Brief Operational Update (NB)**

Explanation: The interim General Manager will give a brief update on GRU's operations.

Fiscal Note: None.

RECOMMENDATION

Receive update.

NEW BUSINESS[211457.](#)**Update on GRU's Customer Service**

Explanation: The Interim General Manager will give an update on GRU's customer service and billing.

Fiscal Note: None.

RECOMMENDATION

Receive an update from the Interim General Manager.

[211449.](#)**Resolution Authorizing an Amendment to a Swap Transaction Between the City of Gainesville D/B/A Gainesville Regional Utilities and Citibank N.A., Amending the Floating Rate Payable to the City Thereunder (B)**

****This item is for informational purposes.****

Explanation: In November of 2017, the City acquired the facility now known as Deerhaven Renewables. This acquisition was funded through the issuance of the following bonds:

\$415,920,000 in fixed rate bonds, Series 2017A.

\$150,000,000 in variable rate bonds Series 2017B. These bonds were synthetically fixed through swap agreements with Goldman Sachs and Citibank N.A. shortly after issuance.

\$115,000,000 in variable rate bonds, Series 2017C, which at the time were left unhedged.

In December of 2019, GRU entered into a swap agreement with Citibank N.A. to synthetically fix the Series 2017C bonds. Under the provisions of the swap agreement, GRU agreed to make fixed rate payments of 1.41% to Citibank N.A., and Citibank N.A. agreed to make variable rate payments to GRU equal to 70% of the one month LIBOR (London Interbank Offering Rate).

LIBOR is now being transitioned away from as an index for financial transactions, and will no longer be published as a benchmark rate as of June 30, 2023. In anticipation of the cessation of the use of LIBOR as a benchmark rate, Citibank N.A. has proposed amending the existing swap agreement on the 2017 Series C bonds by replacing the floating rate payable by Citibank N.A., currently based on one month LIBOR, with a floating rate based on the 10 year SOFR (Secured Overnight Financing Rate).

Fiscal Note: As of this writing, one month LIBOR is 2.13%, and the 10 year SOFR is 2.77%. Therefore converting the basis on GRU's variable rate receiving leg of the Series 2017 C swap from one month LIBOR to 10 year SOFR translates to an increased receiving rate for GRU of 0.64%. Assuming the continued relative relationship of these indices, applying this variance against the \$115,000,000 notional amount of the Series 2017 C swap results in an annual benefit to GRU of approximately \$736,000.

RECOMMENDATION

The City Commission authorized the resolution amending the swap between the City of Gainesville D/B/A Gainesville Regional Utilities and Citibank N.A. by amending the floating rate payable to the City at their August 4, 2022 meeting. Staff requests that the UAB hear the presentation for informational purposes.

[211249 Amend S2017C Swap Presentation 20220804](#)

[211249 Constant Maturity Swap Resolution 20220804](#)

[211458.](#)

Murphree Water Treatment Plant Administration Building Renovation (B)

****This item is for informational purposes.****

Explanation: The Murphree Water Treatment Plant (MWTP) became the centerpiece of GRU's drinking water treatment in 1975. The MWTP serves approximately 200,000 people in the City of Gainesville and surrounding

area. This facility has historically hosted tours from many community groups to educate citizens on the drinking water supplied to our distribution system. In 2019, GRU embarked on a risk assessment of our water assets as required by America's Water Infrastructure Act (AWIA). Several security improvements were identified at MWTP. These project improvements are driven by both safety and security concerns with the administration building where most employees are housed and visitors are hosted.

In 2020, GRU staff began the design for upgrades to the MWTP Administration Building. Donnelly Architecture and Foresight Construction were identified to participate on this project given their history of successfully working together on other building projects at MWTP. Upgrades planned for the facility include replacement of doors and associated security provisions to increase the security of the treatment plant as recommended by the AWIA assessment. The work also includes replacement of failing floor and wall finishes as well as improvements to meeting and gathering spaces. This project will also capitalize on educational opportunities to showcase how GRU provides clean, safe, and reliable drinking water to our community.

Fiscal Note: The cost of construction is \$1,614,634.23 and will be accomplished in FY22 and FY23. This project is accounted for in the current Water Fund Budget for FY22 and FY23.

RECOMMENDATION

The City Commission approved the Guaranteed Maximum Price (GMP) agreement under contract 2018-074-B with Foresight Construction for Construction Manager at Risk services at their August 4, 2022 meeting. Staff requests that the UAB hear the presentation for information purposes.

[211458_GMP_Proposal_SUMMARY_GRU_MWTP_Renovation_20220804](#)

[211458_MWTP_Reno_Presentation_20220811](#)

[211448.](#)

Proposed 2023 Water/Wastewater Connection Charges and Other New Development Related Fees (B)

****This item is for informational purposes.****

Explanation: As a standard industry practice, GRU charges connection charges for new customer connections to the water and wastewater systems. These charges, along with other new development related fees, are reviewed and adjusted on an annual basis. GRU has been using the Engineering News Record Construction Cost Index for annual inflationary adjustments in most years, with detailed reviews of the basis for these charges on a periodic basis. Based on the construction cost index, connection charges and other fees are proposed to increase by 8.24% from 2022 to 2023.

In addition to the requested fee increase, staff is proposing to delete the Connection Charge Installment provision (Section 27-103) from the City ordinance. This provision allowed owners of existing homes connecting to GRU water and/or wastewater to finance connection charges over 10 years. This provision is no longer needed since ConnectFree pays for connection charges to connect existing homes. Also, it is no longer supported by GRU's Customer Information System.

Staff is also proposing an ordinance modification regarding connection charge credits which apply to redevelopment. Under this provision, if applicable connection charges had been paid for a structure that previously existed on a property, GRU will issue a credit toward connection charges for redevelopment of the property. It is proposed that a clarification be added that the previous structure had to have had GRU water and wastewater accounts within last 10 years in order to get credit. The reason for this proposed change is that the billing system can only go back 10 years and it is very difficult to track and verify structures that have not existed for more than 10 years. The proposed policy is consistent with those of other utilities.

Fiscal Note: There are no significant fiscal impacts. The increase in connection fees would be expected to result in a small increase in revenue. However, connection charge revenues vary from year to year depending on development activity.

RECOMMENDATION

The City Commission approved the proposed FY2023 water and wastewater connection charges and other related fees, as well as the proposed ordinance modifications at their August 4, 2022 meeting. Staff requests that the UAB hear the presentation for informational purposes.

[211248 WW Connection Charges 20220804](#)

[211479.](#)

Distributed Solar Generation Intake to GRU System (B)

Explanation: In mid-2021, members of the building community raised questions to the City Commission about GRU Energy Delivery's policy of not allowing solar systems of more than 2 MW to interconnect to GRU's grid. In response to these questions, GRU staff contracted with an independent consultant to do a distributed solar penetration study. The results of the study revealed that some circuits could not accept more than 2 MW, while other circuits could accept more than 2 MW, which confirmed that GRU's policy is sound.

Staff has drafted a memo to the City Commission to explain the results of the study and present the memo now to the UAB for their feedback before staff takes it to the City Commission.

Fiscal Note: None.

RECOMMENDATION

The UAB review staff's memo and provide

feedback for staff's consideration.

[211479 Distributed Solar Generation Intake in GRU System Memo 202201](#)

MEMBER COMMENT

CITIZEN COMMENT

NEXT MEETING DATE

*August 23, 2022 - Workshop
September Regular Meeting TBD*

ADJOURNMENT