



Legislation Text

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Advanced Utility Services University Corners Project (B)

Staff is proposing to provide chilled water, emergency electrical generation, and communications services including Internet, high speed data, telephone, and video to University Corners on a contractual basis. The terms and conditions for these services have been broadly defined in the Memorandum of Understanding and staff needs authorization to negotiate the required final agreement(s).

Since the summer of 2004 staff and the developers of the University Corners project have been exploring ways to make it a model of energy efficiency and advanced utility services. The Memorandum of Understanding (MOU) is the result of those discussions to date, and provides a framework to provide University Corners with chilled water for air conditioning, emergency generation, and a communications network for the delivery and installation of advanced communication services such as Internet access, private line data, telephone, and video. The provision of television type entertainment services is among a range of issues currently under consideration as part of a previous referral to the Regional Utilities Committee.

Chilled water for air conditioning can be very energy efficient but is only cost-effective for large installations. Two municipal utilities in Florida, JEA and the Orlando Utilities Commission, provide chilled water as a utility service to their downtown areas as a way to make these systems more cost-effective and available. Staff is proposing to provide similar services to the University Corners development, with a long-range intent to potentially offer these services to other projects. Compared to a conventional direct expansion air conditioning system (similar to most apartment buildings in Gainesville), chilled water can reduce energy consumption for air conditioning by as much as half. Space for the chilled water plant has been reserved by the developer within the project limits of the University Corners development. However, in accordance with the MOU, the City retains the option to locate an alternative site suitable for the placement of the facilities that would be more advantageous for the City. If staff determines an alternative site is in the City's best interest, acquisition of the site will be submitted to the City Commission for approval.

Emergency generation will be provided pursuant to our existing ATTENGEN program.

The proposed communications network will demonstrate the deployment of fiber optics to the home with bandwidth capacity sufficient to allow the delivery of telephone and video as well as broadband Internet services. Access to local and inter-exchange carrier-grade services would also be made available to the professional, retail and commercial occupants of the project. The network will also be used for security and closed-circuit video applications.

The Memorandum of Understanding calls for chilled water, emergency generation, Internet access, local telephone service, and standard television packages to be purchased in bulk by the Master Association. Individuals will be able to purchase additional services as desired. The bulk contract aspect of the Memorandum of Understanding greatly enhances the feasibility of the advanced utility services as well as reduces costs for the users.

None of the advanced services are based on standard rates and charges, and a final agreement will require both the utility and the Developer to be satisfied with the price and the services to be provided. System sizing and capacity requirements still need to be finalized before pricing and cost estimates can be developed. It is staff's intent to provide these services on an enterprise basis, earning a rate of return commensurate with other utility enterprise

activities. Conventional utility services, such as for electricity, water, wastewater, and natural gas, will be provided pursuant to existing policies, practices and tariffs and will not be addressed in the agreement for advanced utility services.

The City Commission authorize the General Manager or his designee to negotiate and execute final agreement pursuant to the attached Memorandum of Understanding with University Development of Gainesville, LLC, for Gainesville Regional Utilities to provide advanced utility services to the University Corners Development, including chilled water for air conditioning, emergency generation, and a network for the delivery and distribution of advanced communication services such as Internet access, private line data, telephone, and video entertainment, subject to approval of the City Attorney as to form and legality.

The System's capital investment will be in the range of \$4 to \$7 million for chilled water, generation, and network facilities. Staff will not recommend any agreements that will not recover the System's capital and operating costs as well as earning a rate of return commensurate with other System investments and expenditures. Funding for this project has not been included in the approved budget for FY 2006, but will be included in the budget for FY 2007. Depending upon the cost for property acquisition and the availability of capital funds in the current fiscal year, staff may recommend a budget amendment.

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