



Legislation Text

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University of Florida Hotel and Convention Center (B)

The four star, 248 room, University of Florida Hotel and Conference Center ("Hotel") is being constructed by a private consortium on University of Florida property. The facility could be served by the University of Florida's electrical distribution system, water distribution system, and wastewater collection and treatment system, at a lower cost than from Gainesville Regional Utilities, especially with regard to water and wastewater.

The Hotel will be a major consumer of utility resources (in excess of 1,000 kW) and is a desirable customer for the system. Despite the facility's unique ability to obtain utility services elsewhere, staff was able to negotiate a long term agreement committing the Hotel to purchasing utilities solely from Gainesville Regional Utilities in exchange for contributions in aid of construction.

In addition to electric, natural gas, water and wastewater the Hotel has made provisions to provide GRUCom with building entry for telecommunication services.

The City Commission authorize the General Manager, or his designee, to execute an agreement substantially in the form of the attached contract with Florida Conference Center Associates Incorporated committing the new University of Florida Hotel and Conference Center to purchasing electric, natural gas, water and wastewater services exclusively from Gainesville Regional Utilities for a period of ten (10) years in exchange for contributions in aid of construction, not to exceed \$415,446.36 at the time the facility enters commercial service.

GRU will provide transformers, underground electric facilities in front of the Hotel, and provide additional funds or services up to a value not to exceed \$415,446.36 when the facility enters commercial service. The Hotel will employ GRU as the sole provider of electric, natural gas, water and wastewater services for at least ten years. Furthermore, the Hotel will not be eligible for the City's 10% Business Partners Electric Discount otherwise available to large power customers. All other connection fees and service policies will apply pursuant to normal practice. GRU will earn in excess of a 14% Internal Rate of Return from the value of the considerations provided to the Hotel. In the alternative, the City could chose not to offer the CIAC and forgo \$181,000 of water and wastewater connection fees and estimated annual combined revenues in excess of \$430,000 per year.

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