



# **Annual Operating and Capital Budget**

**Budget Years 2017-18**

# Annual Operating Budget

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## **Section A – Budget Overview**

### System Overview

#### *Electric System*

The Energy Supply department operates the J.R. Kelly Generating Station with a net summer generation capability of 108 Megawatts (MW), the Deerhaven Generating Station with a total net summer generation capability of 413 MW and the South Energy Center with a net summer capability of 3.5 MW. In addition, the System also has two Power Purchase Agreements (PPA): one for all of the available energy, delivered energy and environmental attributes from a 102.5 MW biomass fuel generating facility, Gainesville Renewable Energy Center (GREC), located on property leased from GRU and one for the entire output generated from landfill gas derived from the Baseline Landfill in Marion County, which has a net summer capability of 3.7 MW. The total combined generating and PPA resources for GRU are 631 MW.

The Energy Delivery department operates 120 miles of 138 Kilovolt (KV) and 230 KV transmission lines, 562 miles of 12 KV overhead distribution lines, 857 miles of 12 KV underground distribution lines, and 10 substations. The Department is also responsible for the construction and maintenance of all GRU-owned substations as well as all transmission and distribution infrastructure including: conductors, cables and wires, poles, protection devices, isolating and interrupting devices, voltage regulators, meters, control systems and lighting systems.

#### *Water System*

The Water System is responsible for operating and maintaining the Murphree Water Treatment Plant, which has a treatment capacity of 54 million gallons of water per day (MGD). The plant is responsible for providing safe, reliable, high-quality drinking water to customers at acceptable pressures and volumes. The System is also responsible for construction, operation and maintenance of over 1,130 miles of water transmission and distribution mains, as well as the installation and maintenance of water meters, fire hydrants and backflow prevention devices.

#### *Wastewater System*

The Wastewater System operates and maintains the 14.9 MGD treatment facility at Kanapaha Water Reclamation Facility, the 7.5 MGD treatment facility at Main Street Water Reclamation Facility, 168 lift stations, 631 miles of gravity main and 139 miles of associated force main. Responsibilities include pumping, treating and discharging high-quality treated effluent that meets federal and state drinking water standards, and providing high-quality reclaimed water to residential and business customers primarily for irrigation. The Wastewater System also administers the utility's industrial pretreatment, biosolids, grease and backflow prevention programs.

#### *Gas System*

The Gas System covers approximately 115 square miles and provides service to 30 percent of Alachua County's population. The Energy Delivery Department is responsible for the construction, operation and maintenance of six natural gas gate stations, as well as all transmission and distribution system infrastructure, including 774 miles of pipelines in various sizes and materials, valves, pressure regulators, protection devices, odorant injection systems, meters and control systems. The system also includes a number of propane gas distribution systems operated in developments where natural gas is not yet available.

## *GRUCom*

The Telecommunications System, GRUCom, provides transport services utilizing a 448.9-mile fiber-optic network. GRUCom's four basic product lines include Telecommunication (data transport and carrier services), Public Safety Radio, Tower and Colocation Leasing and Internet Access. GRUCom is divided into several operating units, including Business Management, Engineering, Construction, Electronics, Network Operations, and Public Safety Radio System. The GRUCom fiber-optic network continues to expand, providing customers with unmatched service and reliability.

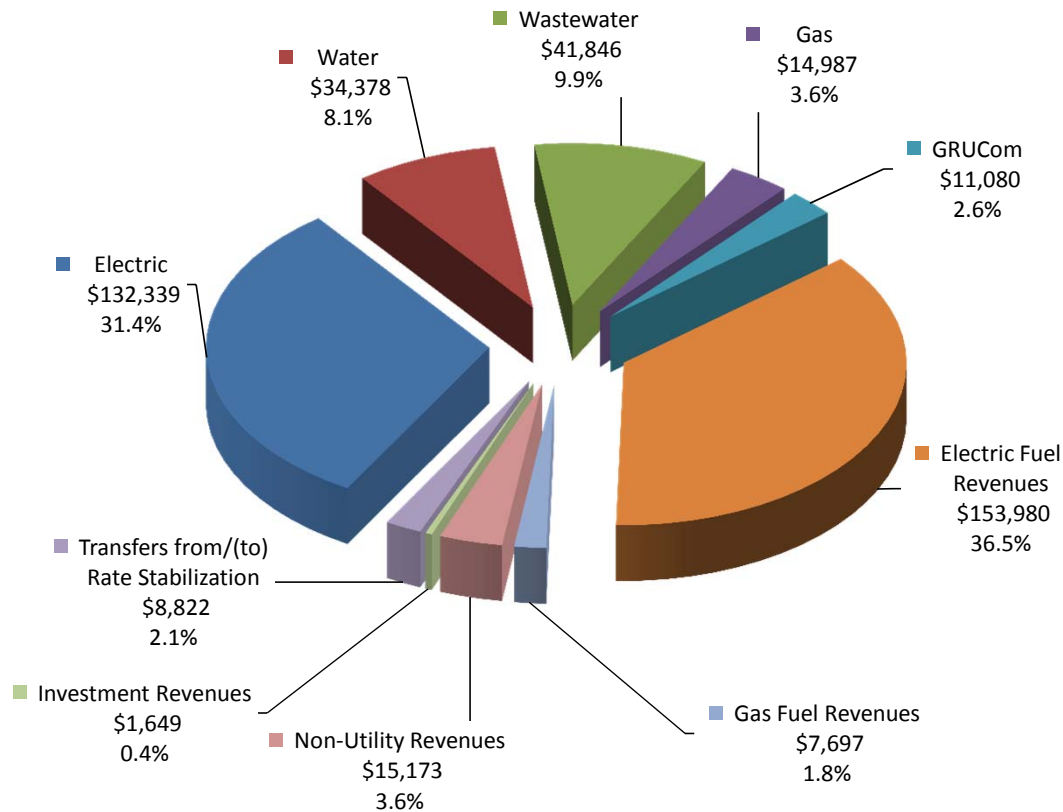
Through expansion of its product base or affiliation with other service providers to deliver bundled services, GRUCom continues its mission of bringing new communications technologies and services to Gainesville at affordable prices.

## Annual Operating Budget

## Budget Overview

### FY17 Revenues

Dollars in Thousands



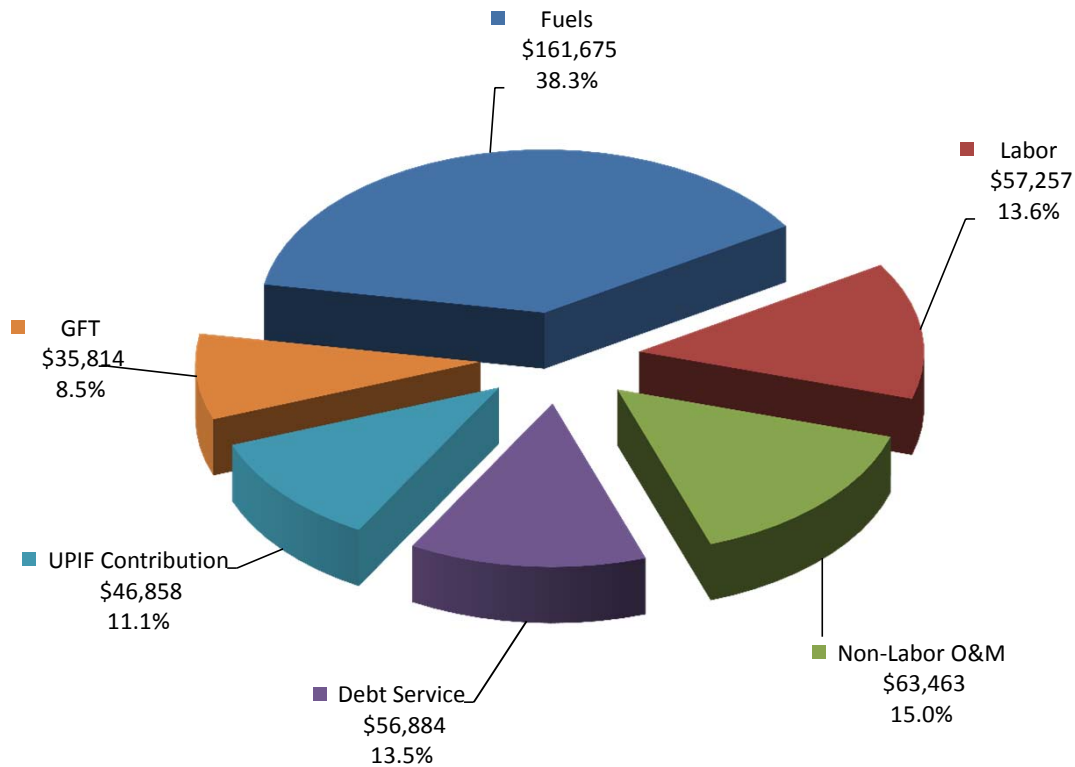
	Budget 2016	Projection 2016	Budget 2017	Budget 2018
Revenues:				
Electric	\$ 128,192	\$ 130,173	\$ 132,339	\$ 141,096
Water	33,125	33,871	34,378	35,086
Wastewater	41,494	41,352	41,846	42,680
Gas	13,692	13,334	14,987	15,514
GRUCom	11,081	10,983	11,080	11,323
Electric Fuel Revenues	158,306	147,511	153,980	160,188
Gas Fuel Revenues	8,407	7,432	7,697	11,963
Non-Utility Revenues	16,785	22,954	15,173	15,478
Investment Revenues	1,320	1,474	1,649	1,304
Transfers from/(to) Rate Stabilization	(4,824)	2,921	8,822	2,330
<b>Total Revenues</b>	<b>\$ 407,578</b>	<b>\$ 412,005</b>	<b>\$ 421,951</b>	<b>\$ 436,962</b>

## Annual Operating Budget

## Budget Overview

### FY17 Expenses and Uses of Net Revenues

Dollars in Thousands



	Budget 2016	Projection 2016	Budget 2017	Budget 2018
Expenses and Use of Net Revenues:				
Fuels	\$ 166,714	\$ 154,944	\$ 161,675	\$ 172,150
Labor	54,178	54,423	57,257	58,642
Non-Labor O&M	51,096	62,125	63,463	66,650
Debt Service	56,356	62,094	56,884	56,893
UPIF Contribution	43,778	43,713	46,858	46,466
GFT	35,456	34,706	35,814	36,161
<b>Total Expenses</b>	<b>\$ 407,578</b>	<b>\$ 412,005</b>	<b>\$ 421,951</b>	<b>\$ 436,962</b>

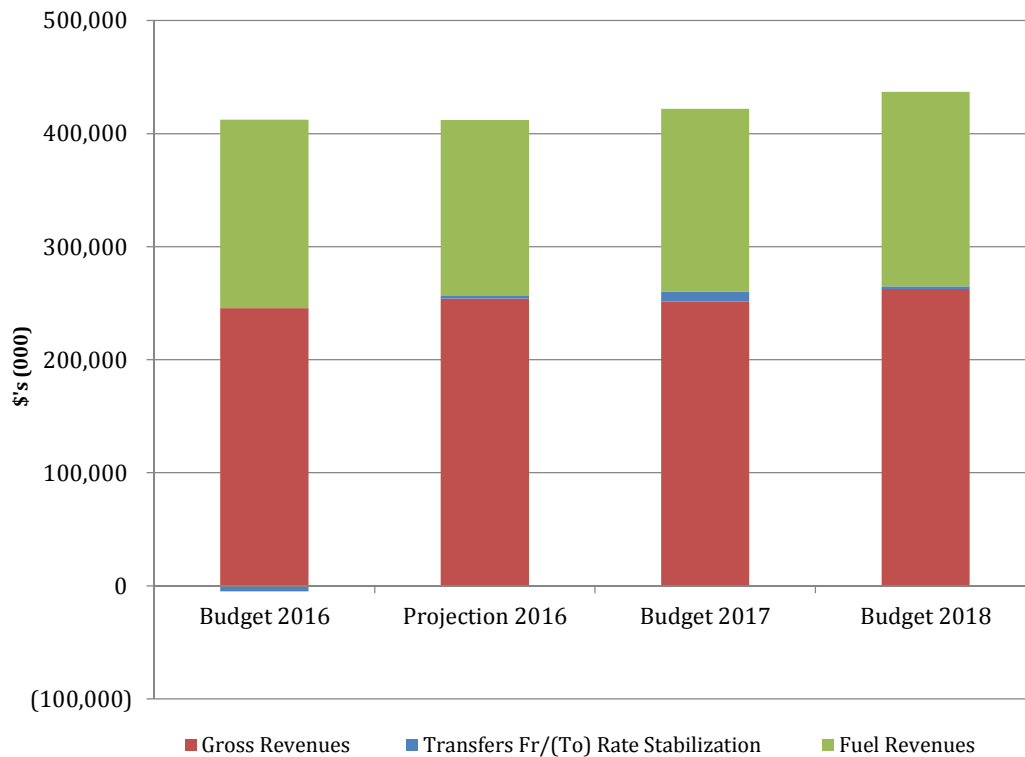


## Annual Operating Budget

## Budget Overview

### Revenues Trend

Fiscal Years Ending September 30

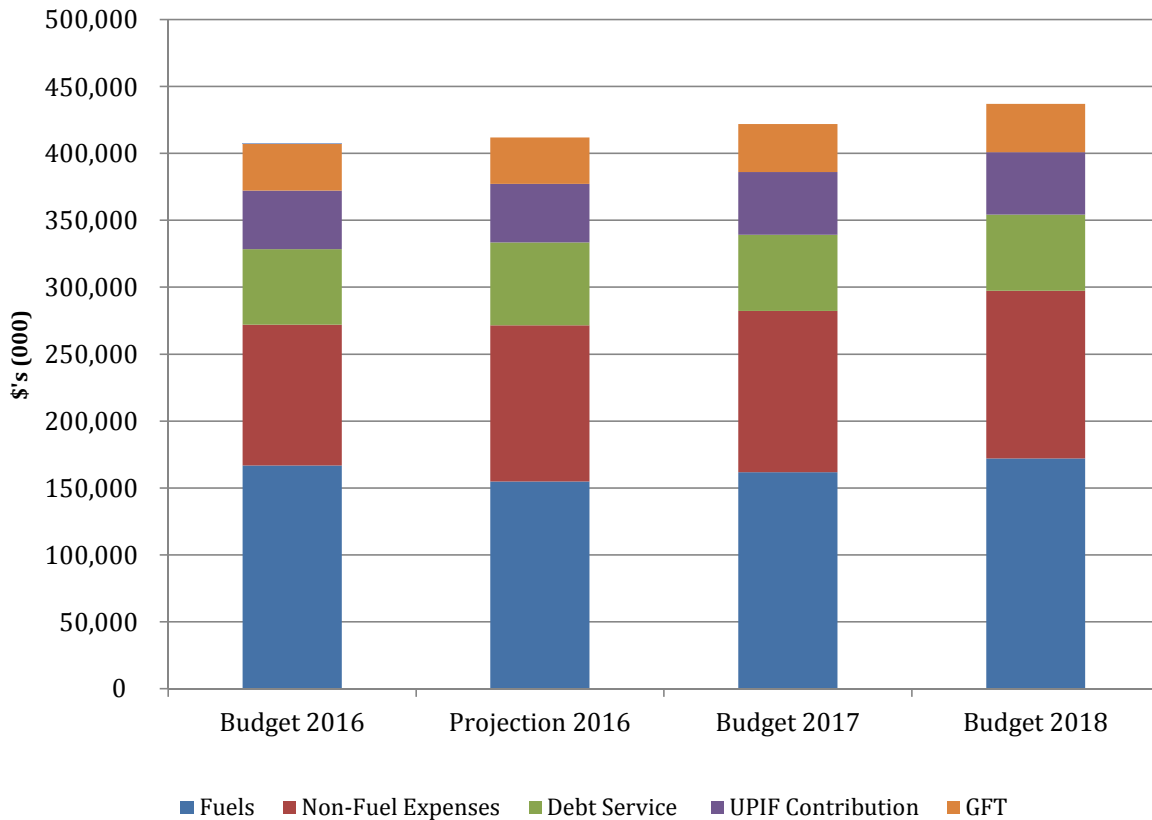


	Budget 2016	Projection 2016	Budget 2017	Budget 2018
Utility Operating Revenues				
Electric	\$ 128,192	\$ 130,173	\$ 132,339	\$ 141,096
Water	33,125	33,871	34,378	35,086
Wastewater	41,494	41,352	41,846	42,680
Gas	13,692	13,334	14,987	15,514
GRUCom	11,081	10,983	11,080	11,323
Fuel Revenues	166,713	154,943	161,677	172,151
Non-Utility Revenues	16,785	22,954	15,173	15,478
Investment Revenues	1,320	1,474	1,649	1,304
Transfer from/(to) Rate Stabilization	(4,824)	2,921	8,822	2,330
<b>Total Revenues</b>	<b>\$ 407,578</b>	<b>\$ 412,005</b>	<b>\$ 421,951</b>	<b>\$ 436,962</b>

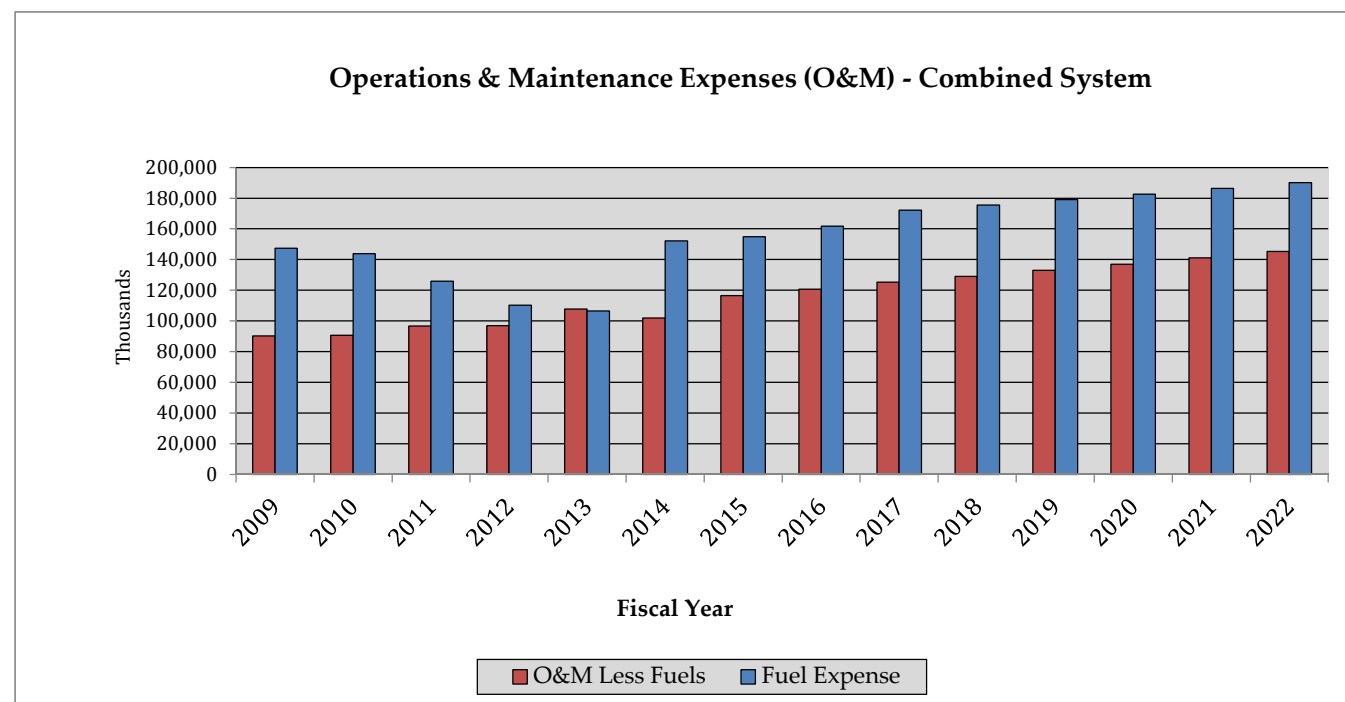
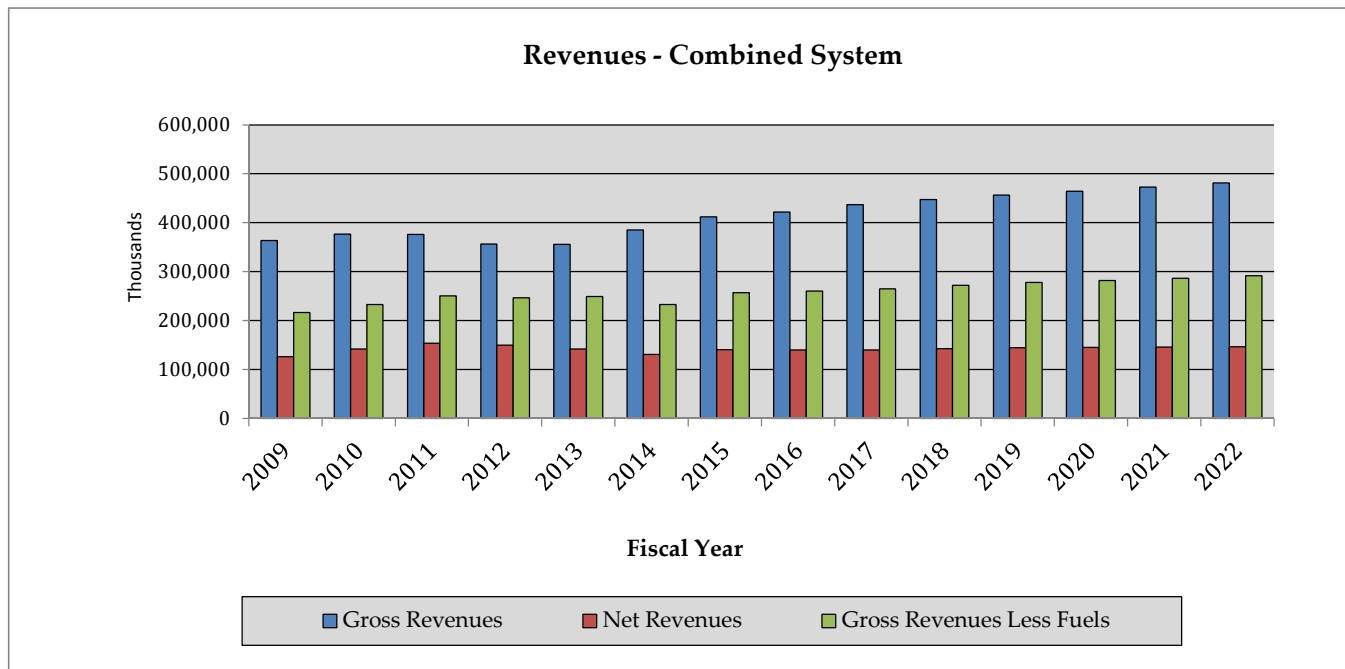
# Annual Operating Budget

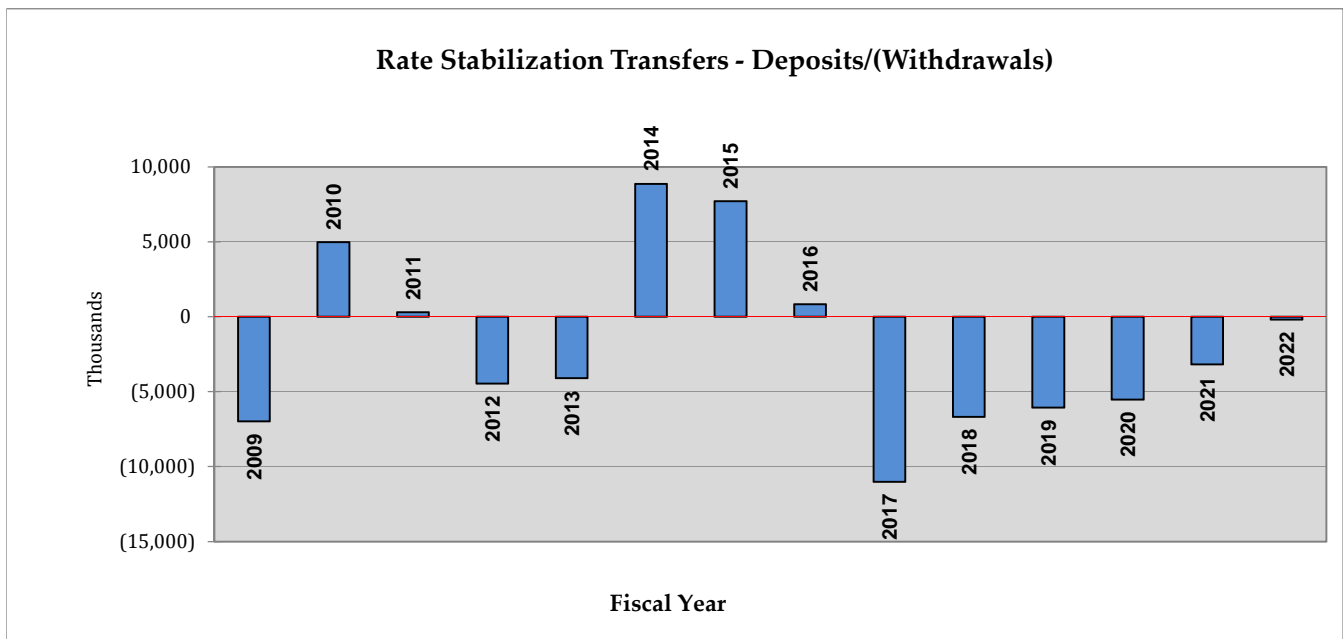
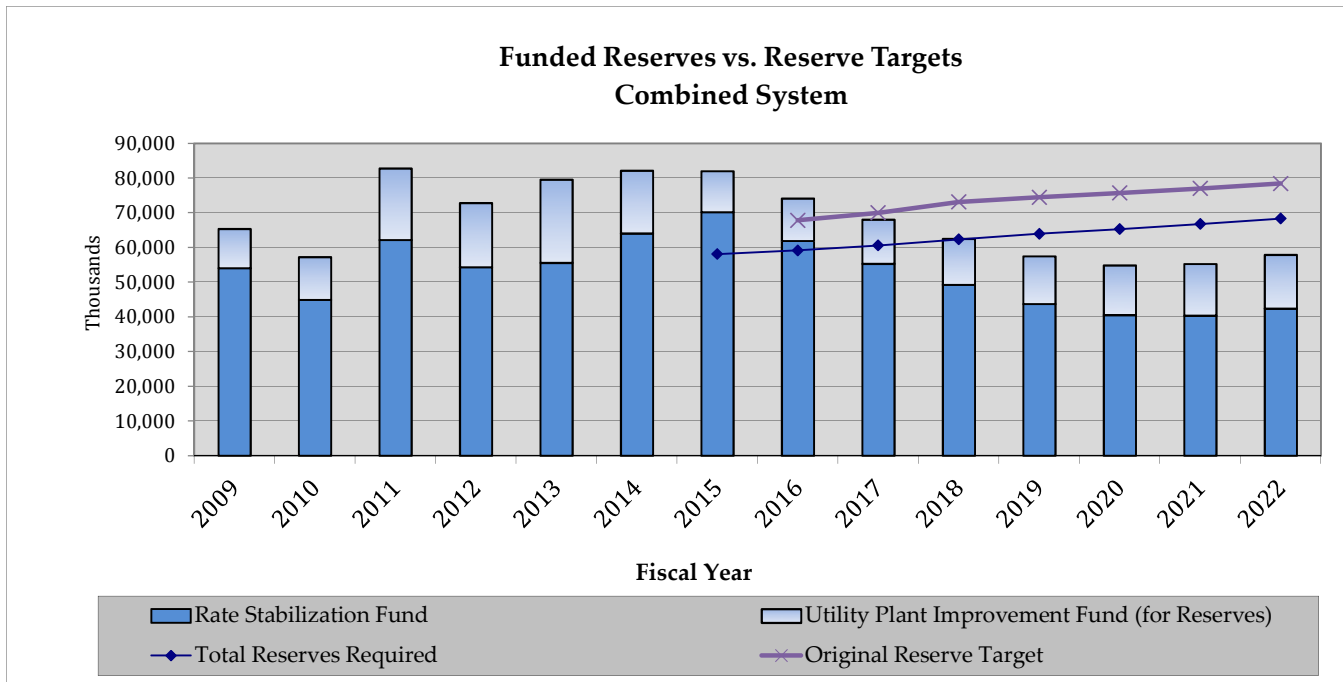
## Budget Overview

### Expenses Trend Fiscal Years Ending September 30

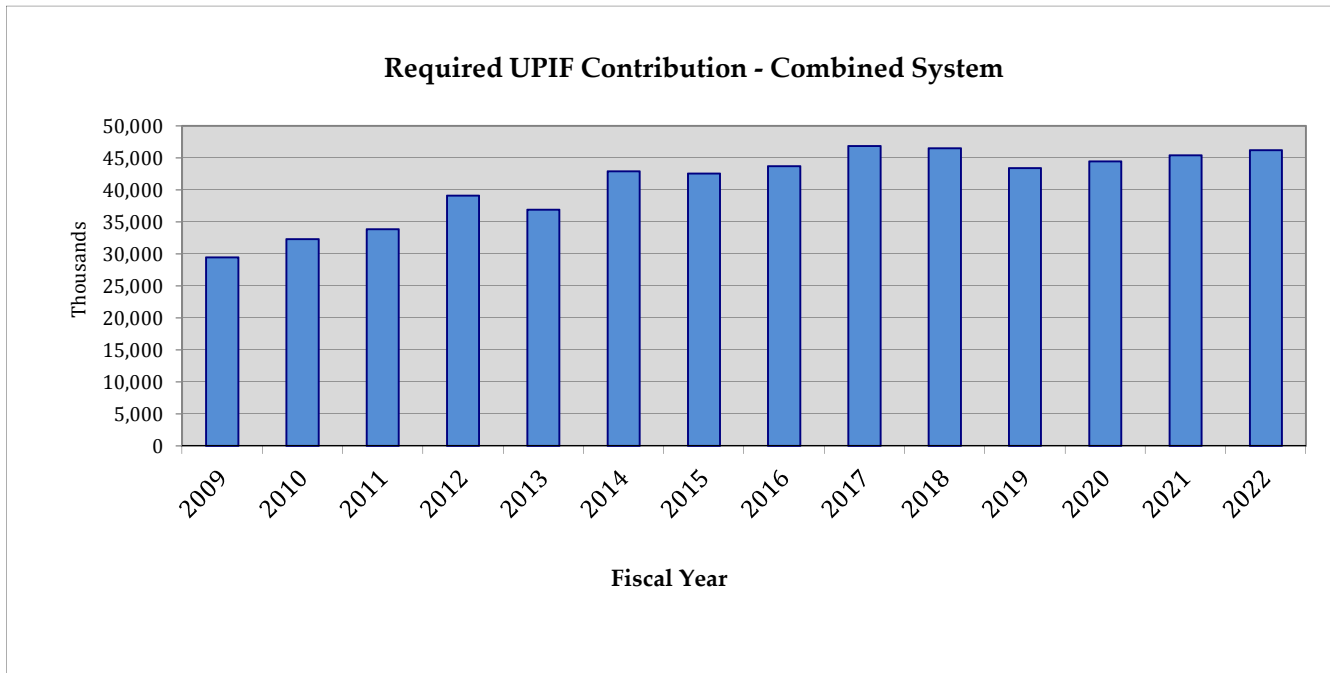


	Budget 2016	Projection 2016	Budget 2017	Budget 2018
Fuels	\$ 166,714	\$ 154,944	\$ 161,675	\$ 172,150
Labor - Operations	32,856	33,411	35,042	36,089
Labor - Administrative	21,322	21,012	22,215	22,553
Total Labor	54,178	54,423	57,257	58,642
O&M - Operations	31,671	31,816	32,081	34,727
O&M - Administrative	19,425	30,309	31,382	31,923
Total O&M	51,096	62,125	63,463	66,650
<b>Total Expenses</b>	<b>271,988</b>	<b>271,492</b>	<b>282,395</b>	<b>297,442</b>
Debt Service	56,356	62,094	56,884	56,893
UPIF Contribution	43,778	43,713	46,858	46,466
GFT	35,456	34,706	35,814	36,161
<b>Uses of Net Revenues</b>	<b>135,590</b>	<b>140,513</b>	<b>139,556</b>	<b>139,520</b>
<b>Total Expenses and Uses</b>	<b>\$ 407,578</b>	<b>\$ 412,005</b>	<b>\$ 421,951</b>	<b>\$ 436,962</b>

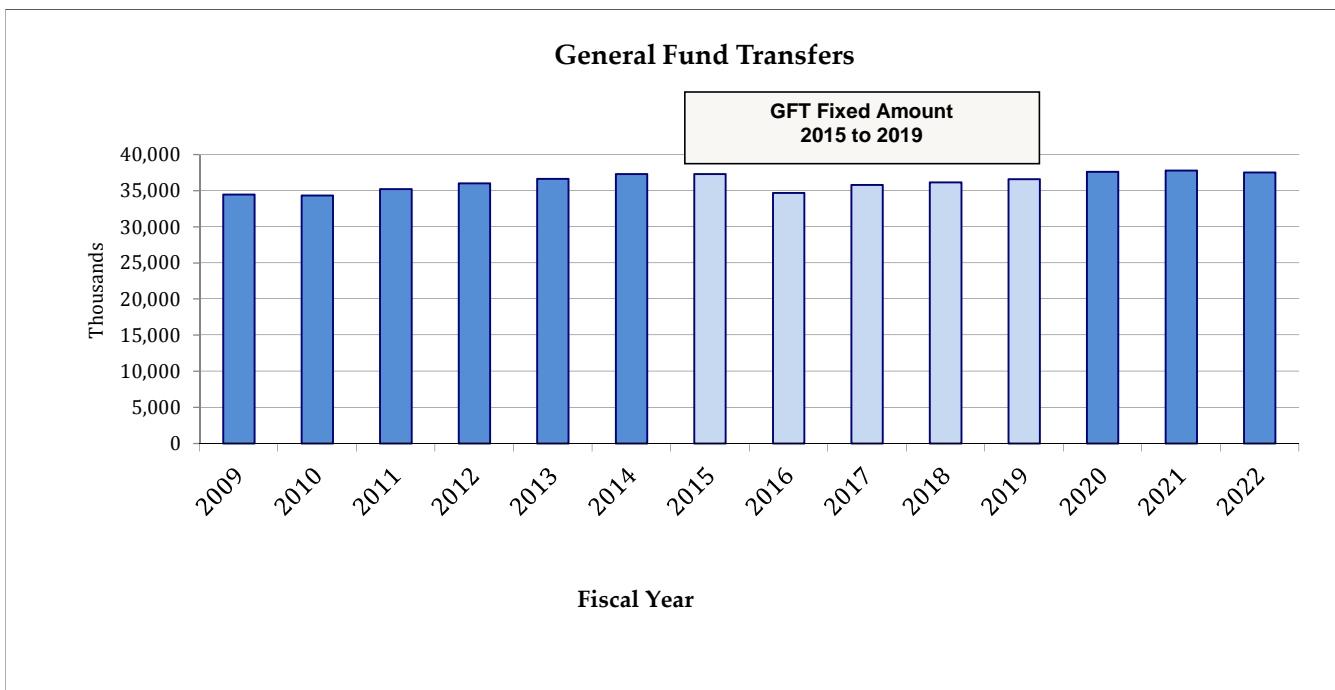




Positive numbers reflect a deposit into the Rate Stabilization Fund (RSF). This indicates that Utility revenues were greater than expenses, including General Fund Transfer, Debt Service and UPIF contributions. Negative numbers reflect a withdrawal from the Rate Stabilization Fund. This indicates that Utility revenues were less than expenses, including General Fund Transfers, Debt Service and UPIF contributions. RSF activity is projected over the planning horizon to manage rates and mitigate significant pricing variances to customers.

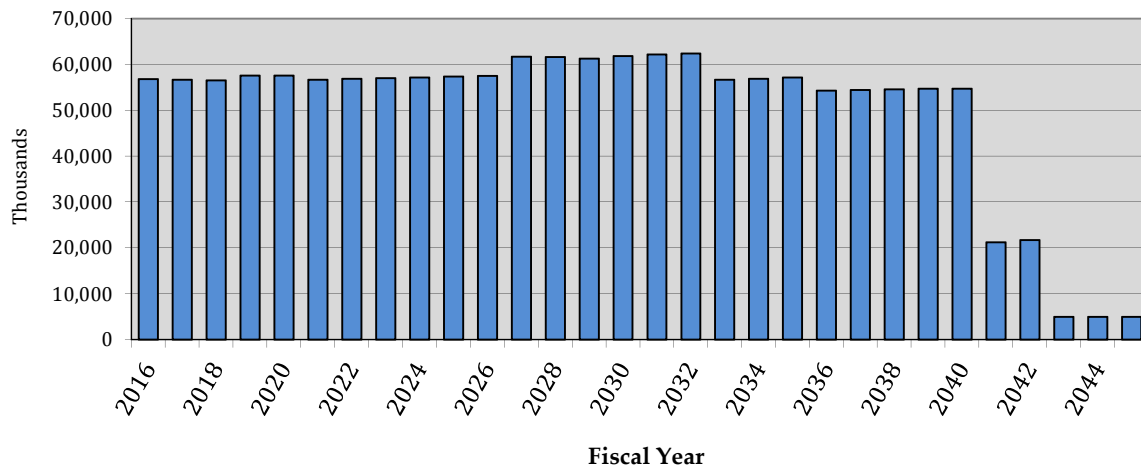


The Utility Plant Improvement Fund (UPIF) Contribution is required by the Utilities System Revenue Bond Resolution, As Amended.



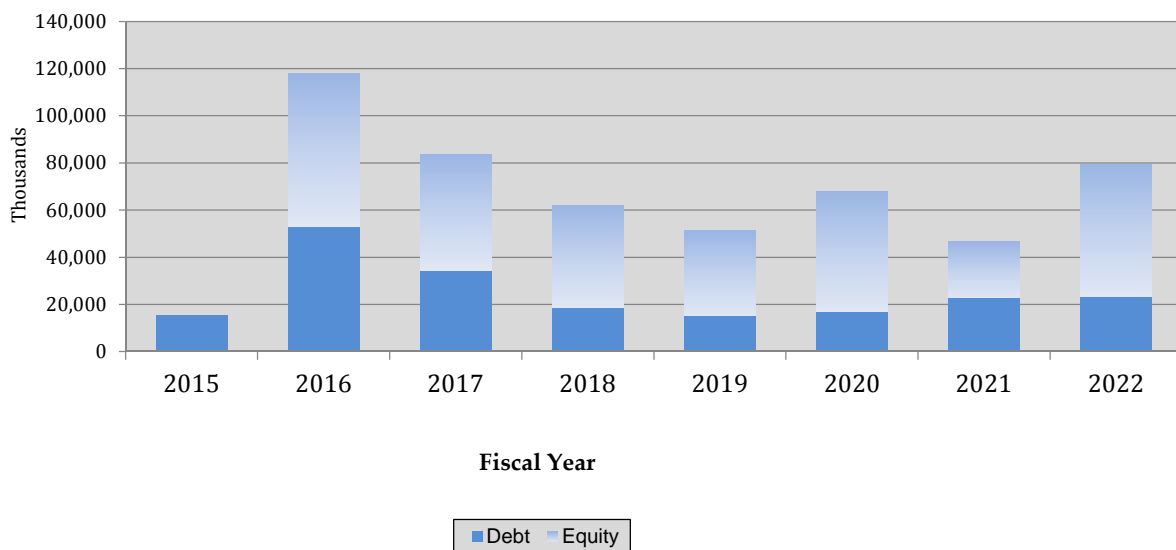
The General Fund Transfer (GFT) represents transfers to the City of Gainesville's General Fund, in total, for all Systems.

**Current Annual Debt Service - Combined System**



Includes Commercial Paper. Excludes future issuances beyond 2022.

**Debt vs. Equity Funding for Capital**



# Annual Operating Budget

## Budget Overview

### FY17 Rate

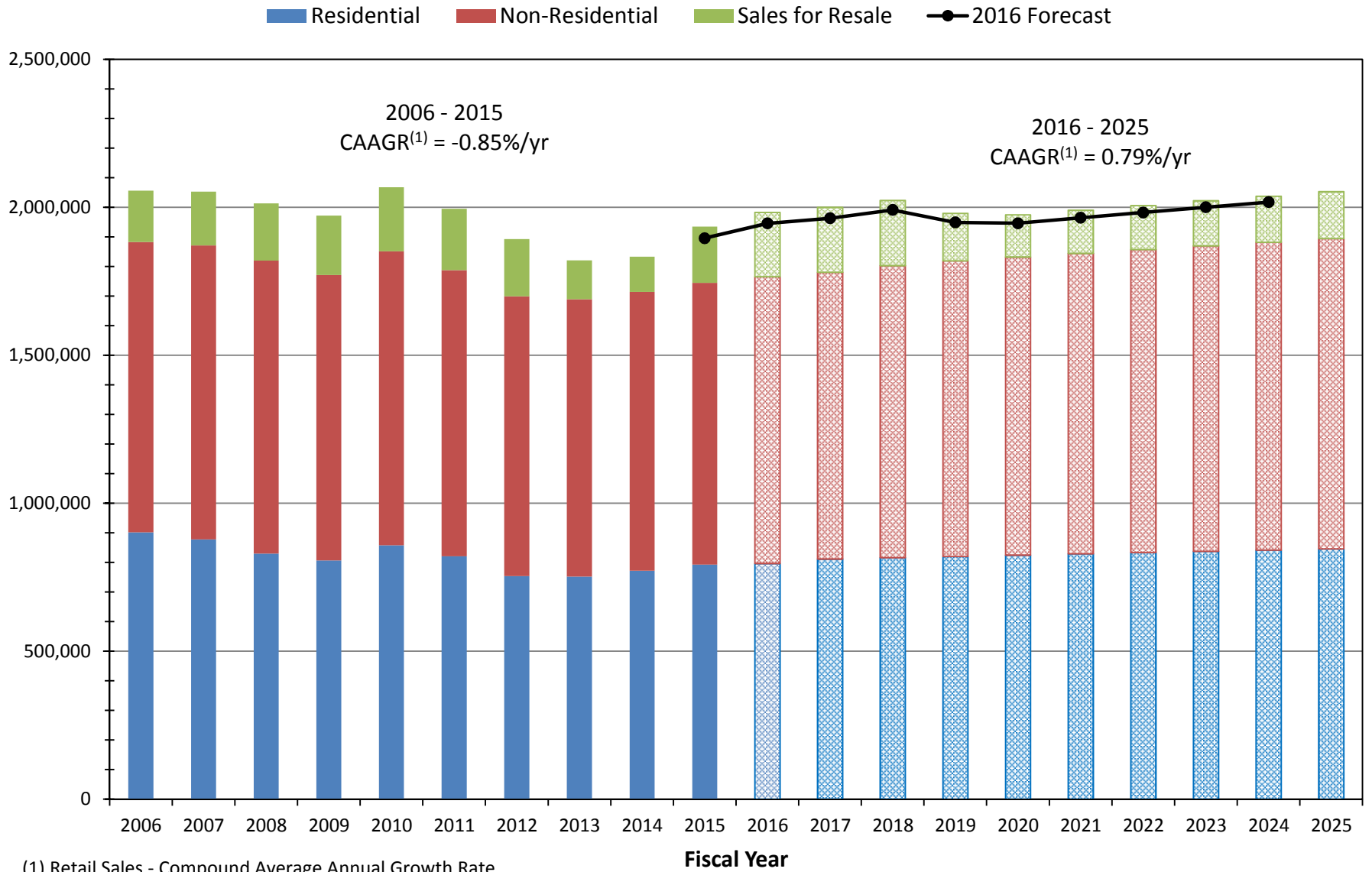
Electric	Consumption		FY16 Rate	FY17 Rate
Residential Customer Charge	Per Bill	\$	14.25	No Change
Residential	Tier One (0-850 kWh)	\$	0.043	No Change
Residential	Tier Two (>850 kWh)	\$	0.064	No Change
General Service Non-Demand Customer Charge	Per Bill	\$	29.50	No Change
General Service Non-Demand	Tier One (0-1500 kWh)	\$	0.069	No Change
General Service Non-Demand	Tier Two (over 1500 kWh)	\$	0.100	No Change
General Service Demand Customer Charge	Per Bill	\$	100.00	No Change
General Service Demand Charge	Per kW	\$	8.50	No Change
General Service Energy Charge	Per kWh	\$	0.0400	No Change
Large Power Customer Charge	Per Bill	\$	350.00	No Change
Large Power Demand Charge	Per kW	\$	8.50	No Change
Large Power Energy Charge	Per kWh	\$	0.0360	No Change

Water	Consumption		FY16 Rate	FY17 Rate
Residential Customer Charge (5/8" & 3/4")	Per Bill	\$	9.20	\$ 9.45
Residential	Tier One (0-6 kgals)	\$	2.35	\$ 2.45
Residential	Tier Two (7 - 20 kgals)	\$	3.75	No Change
Residential	Tier Three (over 20 kgals)	\$	6.00	No Change
Commercial Customer Charge	Per Bill		<i>Based on Meter Size</i>	<i>Based on Meter Size</i>
Commercial	All kgals	\$	3.85	No Change
Multi-Family Customer Charge	Per Bill		<i>Based on Meter Size</i>	<i>Based on Meter Size</i>
Multi-Family	All kgals	\$	3.45	\$ 3.75
Irrigation Residential Customer Charge	Per Bill	\$	9.20	\$ 9.45
Irrigation Residential	Tier One (0-12 kgals)	\$	3.75	No Change
Irrigation Residential	Tier Two (over 12 kgals)	\$	6.00	No Change
Irrigation Commercial Customer Charge	Per Bill		<i>Based on Meter Size</i>	<i>Based on Meter Size</i>
Irrigation Commercial	All kgals	\$	4.6000	No Change

Wastewater	Consumption		FY16 Rate	FY17 Rate
All Customers	Per Bill	\$	9.00	\$ 9.10
	All kgals	\$	6.20	\$ 6.30
Reclaimed Water	Per Bill	\$	9.00	\$ 9.10
	All kgals	\$	0.85	\$ 0.95

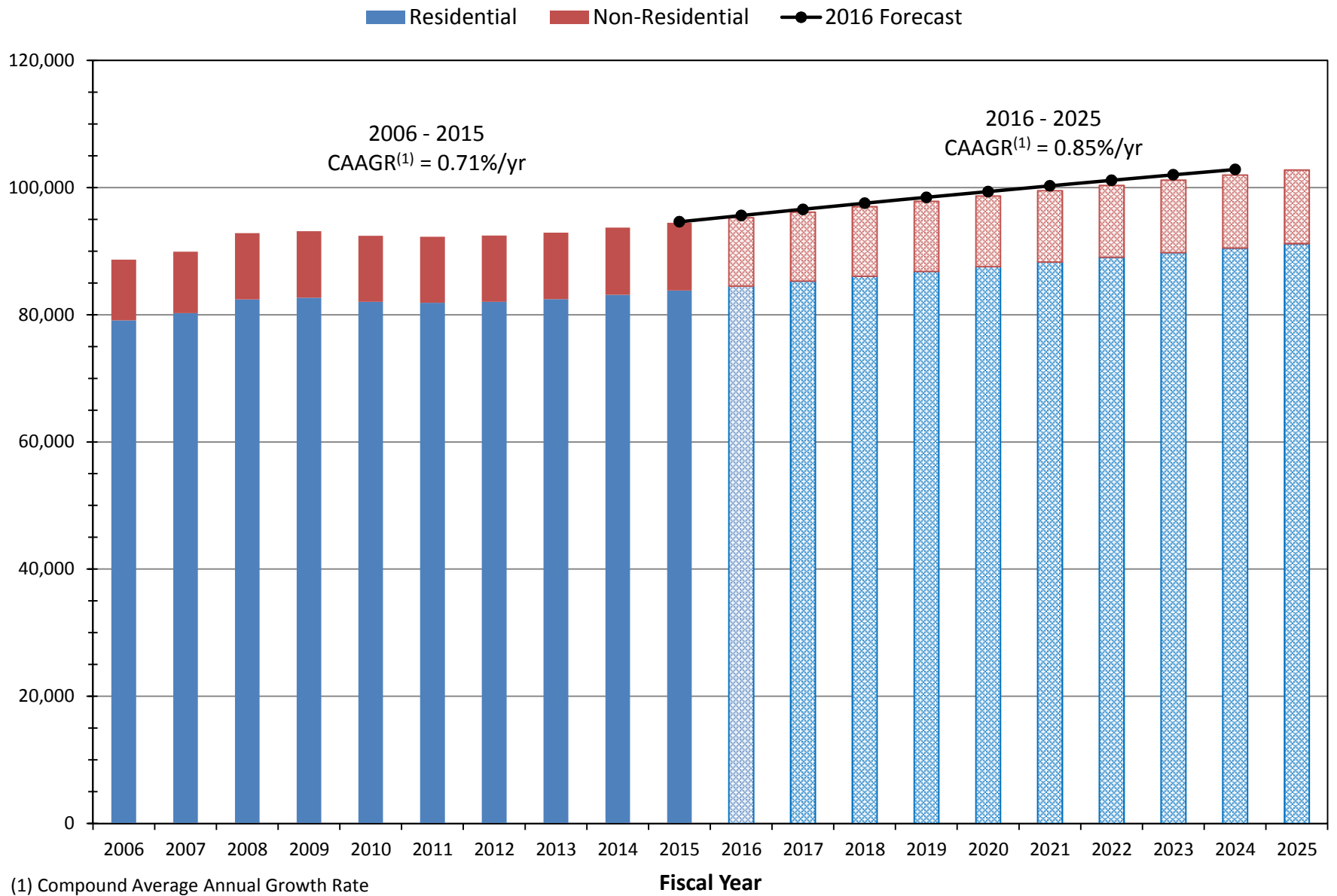
Natural Gas	Consumption		FY16 Rate	FY17 Rate
Residential Customer Charge	Per Bill	\$	9.75	No Change
Residential Energy Charge	Per Therm	\$	0.5400	\$ 0.6300
Residential - MGP Charge	Per Therm	\$	0.0556	No Change
Small Commercial Customer Charge	Per Bill	\$	20.00	No Change
Small Commercial Energy Charge	Per Therm	\$	0.5400	\$ 0.6200
Small Commercial MGP Charge	Per Therm	\$	0.0556	No Change
Commercial Customer Charge	Per Bill	\$	45.00	No Change
Commercial Energy Charge	Per Therm	\$	0.3800	\$ 0.4400
Commercial MGP Charge	Per Therm	\$	0.0556	No Change
Large Commercial Customer Charge	Per Bill	\$	400.00	No Change
Large Commercial Energy Charge	Per Therm	\$	0.23000	\$ 0.27000
Large Commercial MGP Charge	Per Therm	\$	0.0556	No Change

## Electric Energy Sales MegaWatt-hours



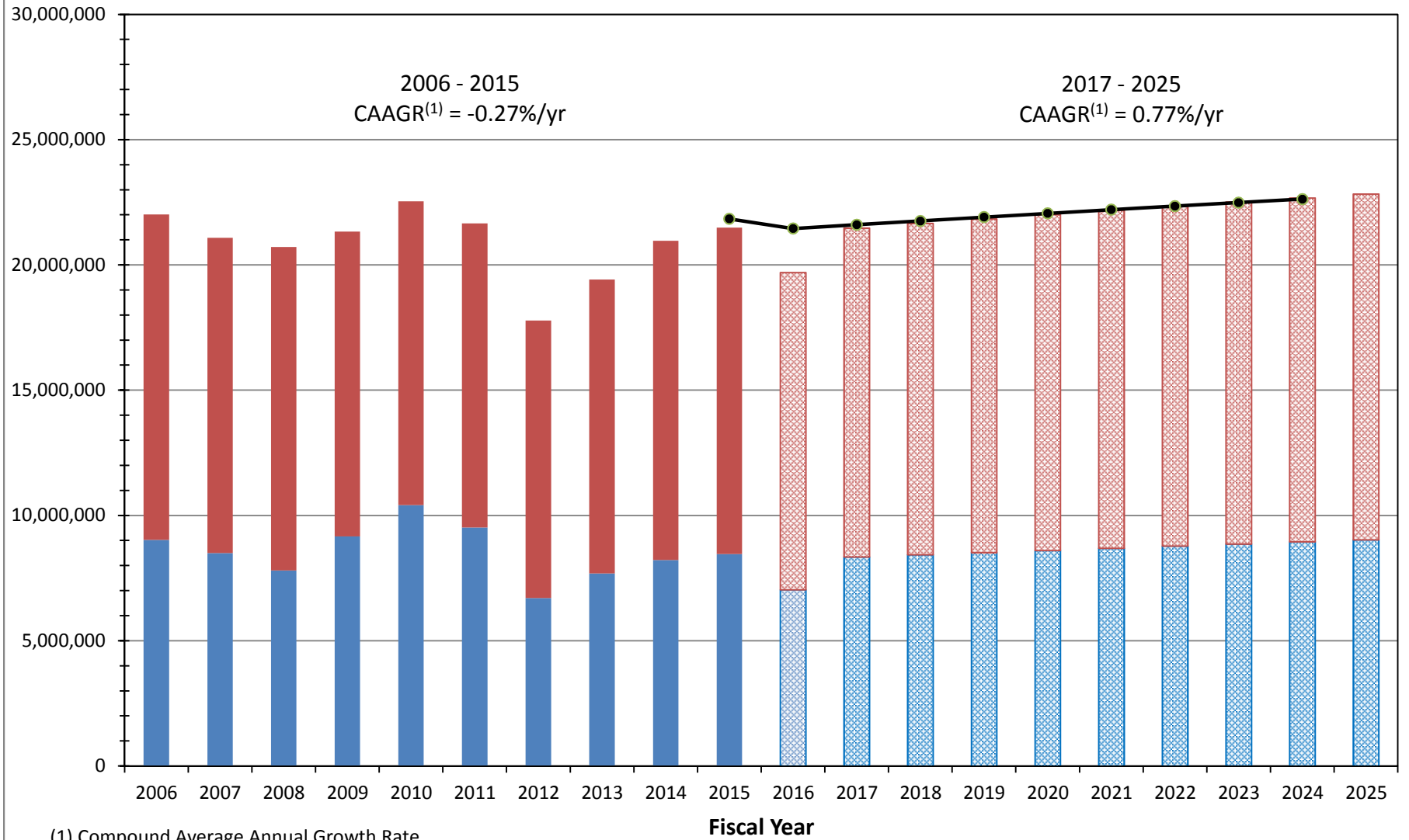


## Electric Customers

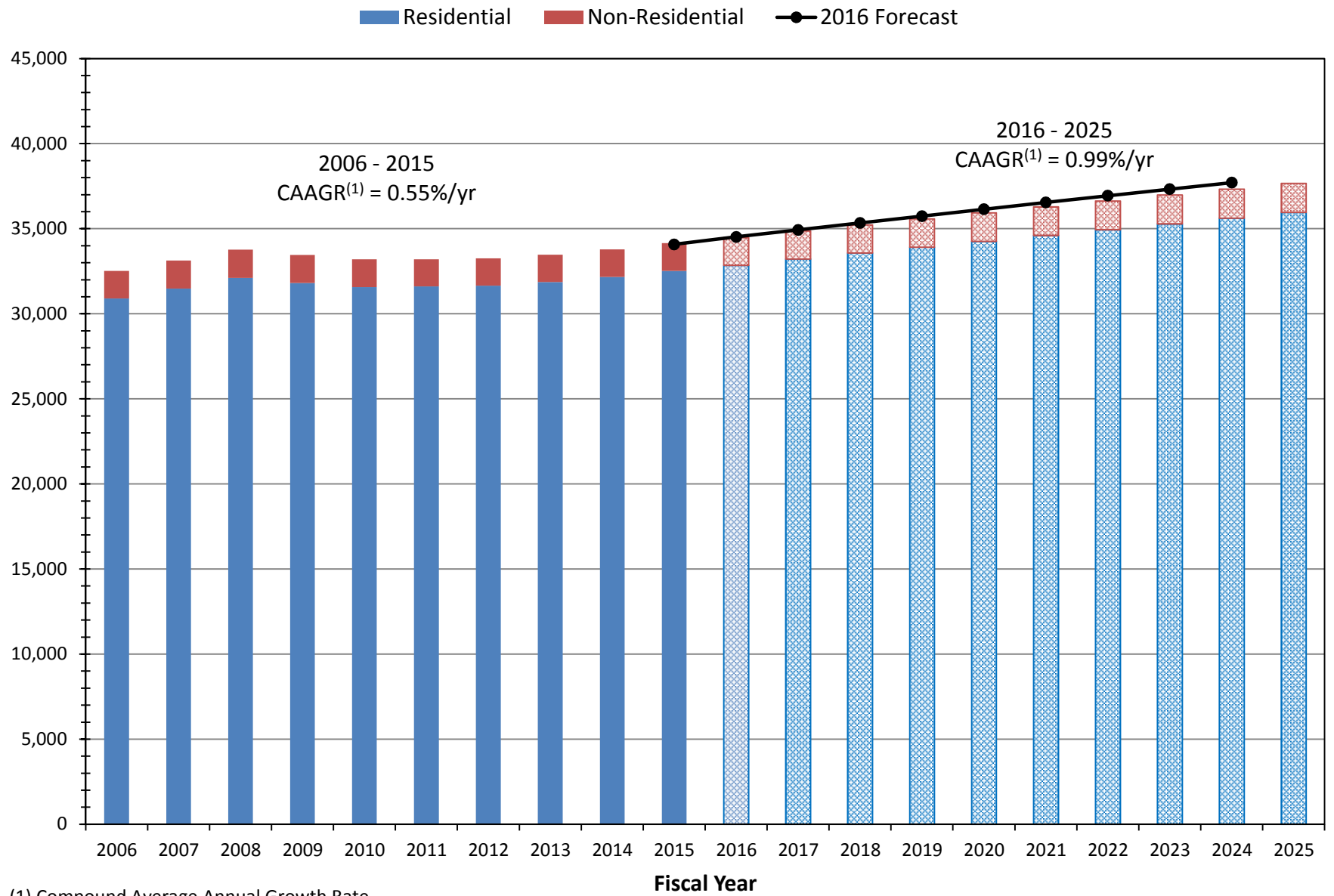


## Natural Gas Energy Sales Therms

■ Residential    
 ■ Non-Residential    
 —●— 2016 Forecast

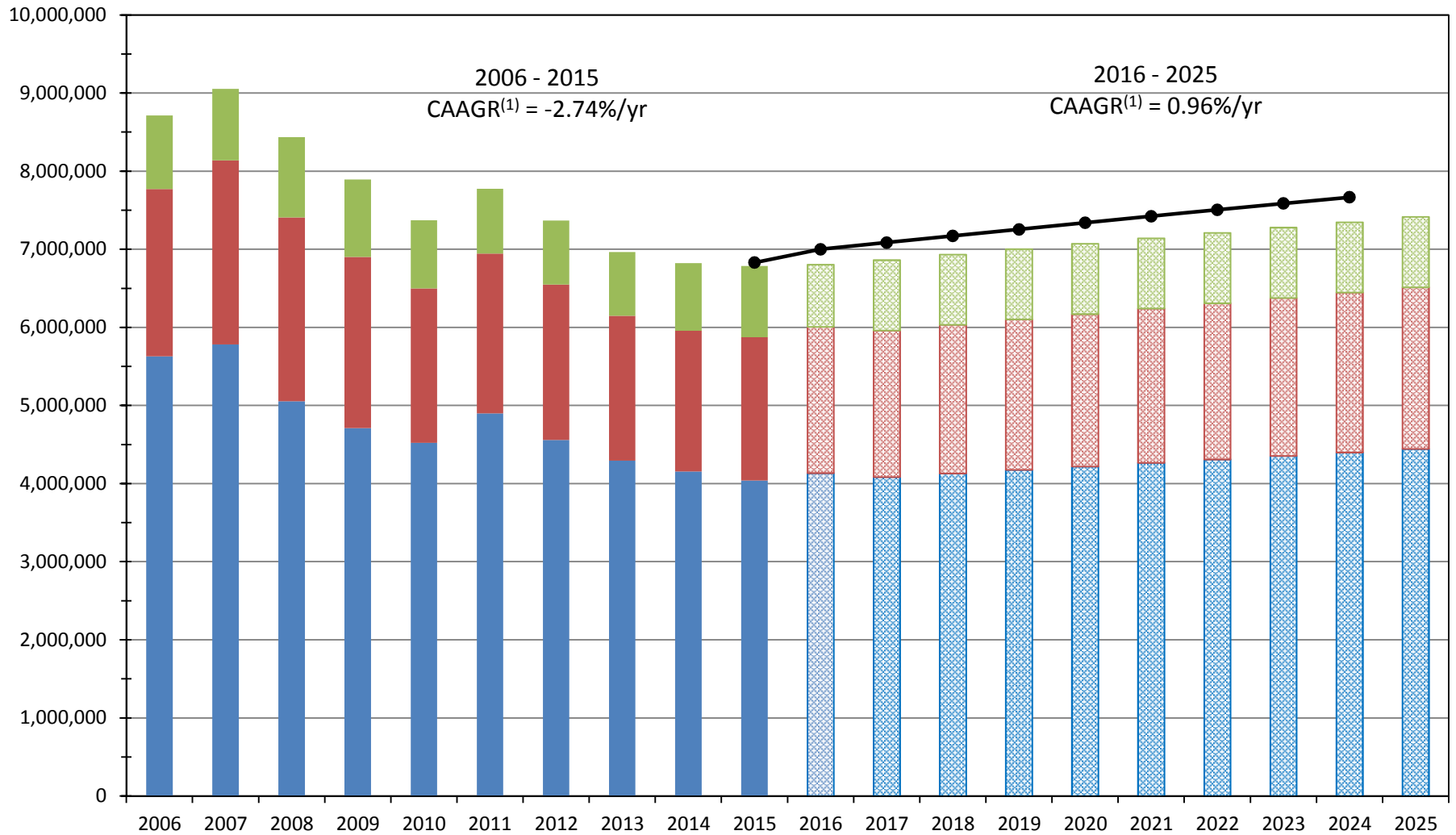


## Natural Gas Customers



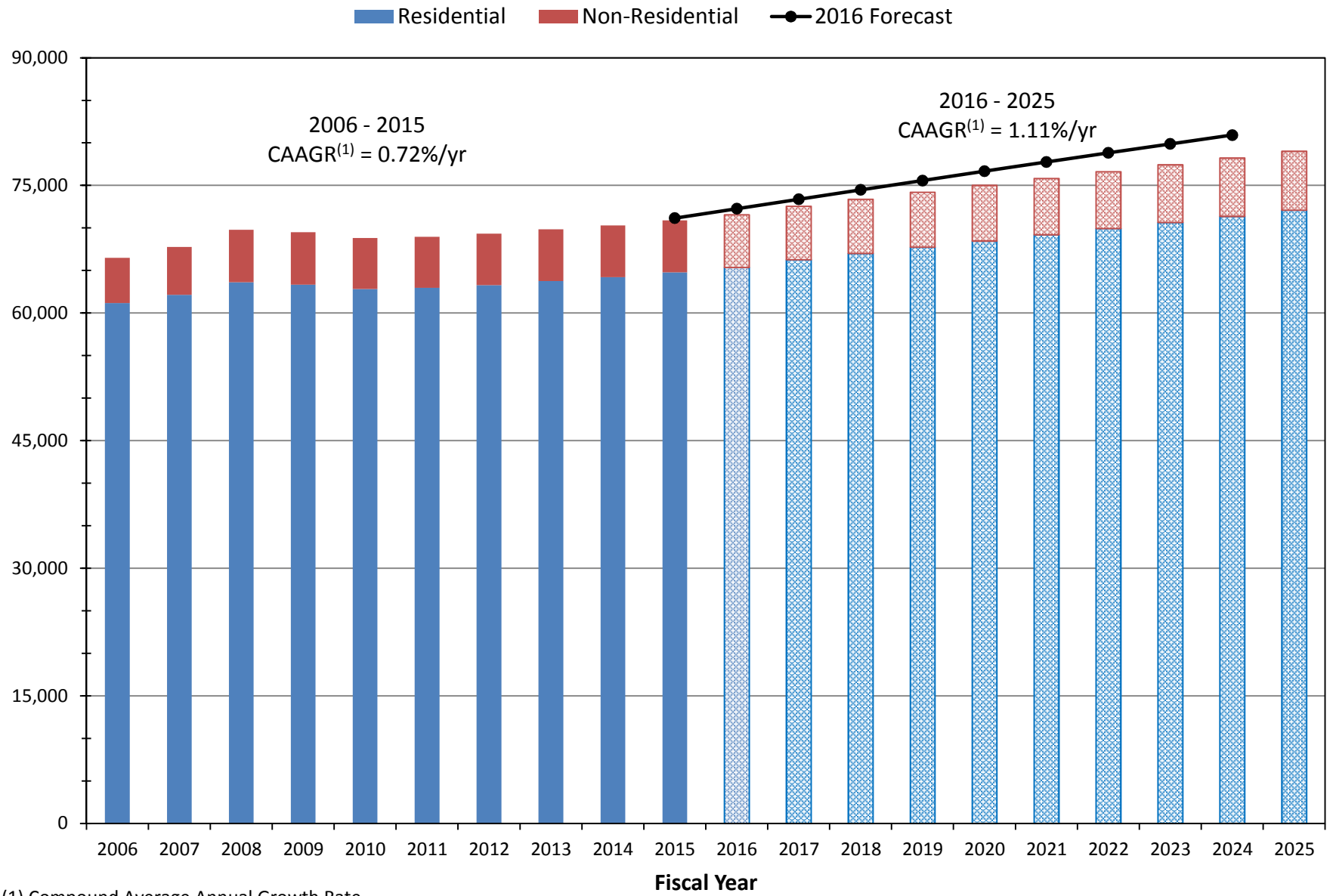
## Water Sales Thousand Gallons (kgal)

■ Residential    
 ■ Non-Residential    
 ■ University of Florida    
 ●— 2016 Forecast



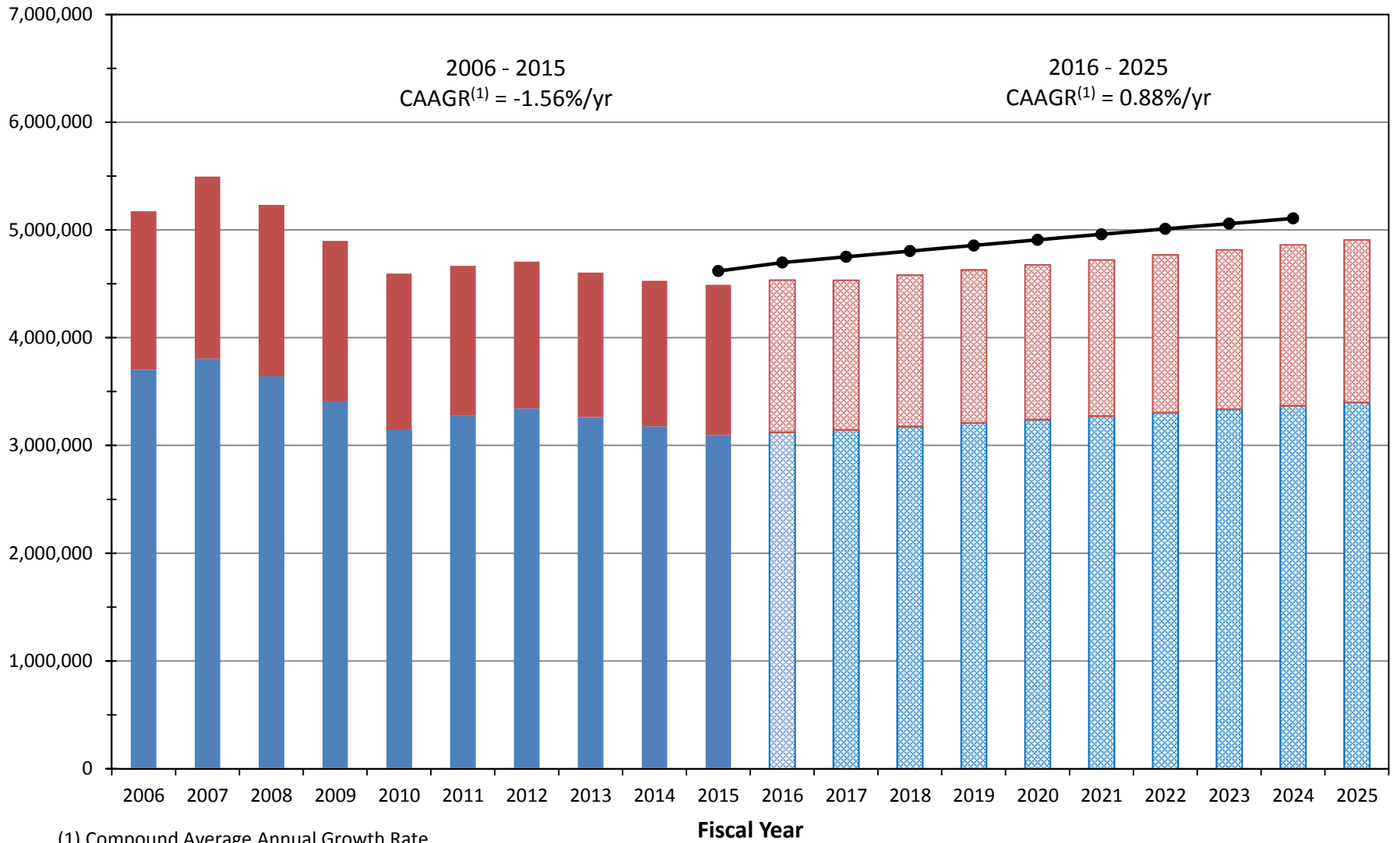
(1) Compound Average Annual Growth Rate

## Water Customers

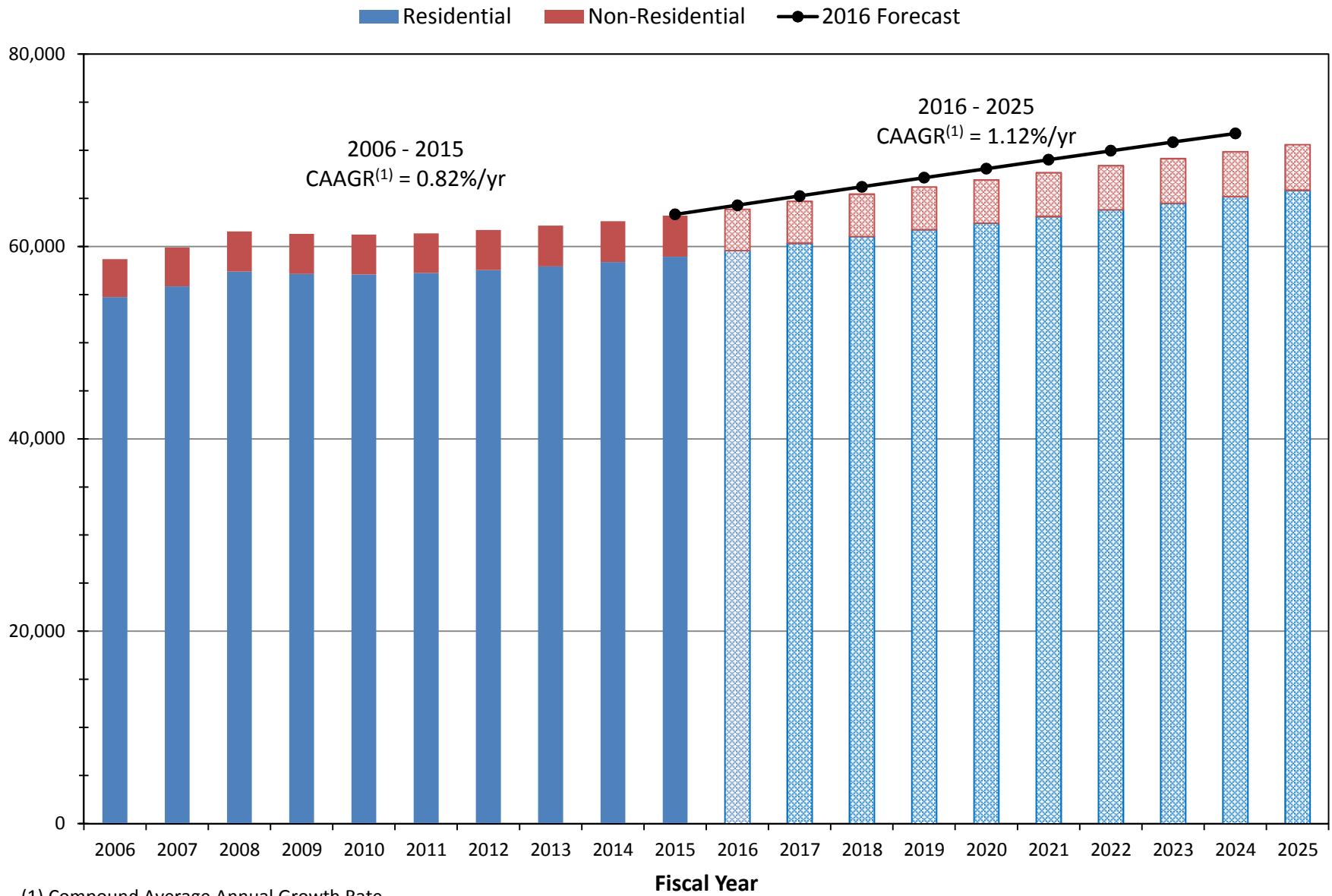


## Wastewater Billings Thousand Gallons (kgal)

■ Residential    
 ■ Non-Residential    
 ●— 2016 Forecast



## Wastewater Customers



## **Section B – Flow of Funds**



# Annual Operating Budget

## Flow of Funds

### Combined System

	Budget 2016	Projection 2016	Budget 2017	Budget 2018
Revenues:				
Sales Revenue	\$ 215,842,546	\$ 216,267,683	\$ 220,732,152	\$ 231,367,452
Fuel Adjustment Revenue	158,305,701	147,511,383	153,980,032	160,187,660
PGA Revenue	8,407,472	7,432,106	7,696,897	11,963,422
Surcharge Revenue	8,567,992	8,751,876	9,113,778	9,451,305
Connection Revenue	2,872,892	4,693,639	4,786,121	4,880,359
Interchange Revenue	-	-	-	-
Other Revenue	17,084,923	22,953,505	15,172,622	15,478,171
Interest Income	1,320,303	1,474,448	1,648,550	1,304,030
Rate Stabilization (to)/from	(4,824,306)	2,921,153	8,821,839	2,330,380
<b>Total Revenues</b>	<b>407,577,523</b>	<b>412,005,793</b>	<b>421,951,991</b>	<b>436,962,780</b>
O&M Expenses:				
Native Load Fuel Cost	158,305,701	147,511,383	153,980,032	160,187,660
Interchange Fuel Cost	-	-	-	-
Purchased Gas	8,407,472	7,432,106	7,696,897	11,963,422
Other O&M	105,274,411	116,548,929	120,719,075	125,291,868
<b>Total Expenses</b>	<b>271,987,584</b>	<b>271,492,418</b>	<b>282,396,004</b>	<b>297,442,950</b>
Net Revenues:				
General	135,589,939	140,513,375	139,555,987	139,519,830
Interchange	-	-	-	-
<b>Total Net Revenues</b>	<b>135,589,939</b>	<b>140,513,375</b>	<b>139,555,987</b>	<b>139,519,830</b>
Uses of Net Revenues:				
Debt Service (Net of UPIF used for DS)	56,355,741	62,094,259	56,883,881	56,892,725
UPIF	43,778,139	43,713,057	46,858,096	46,466,093
General Fund Transfer	35,456,059	34,706,059	35,814,010	36,161,012
<b>Total Use of Net Revenues</b>	<b>135,589,939</b>	<b>140,513,375</b>	<b>139,555,987</b>	<b>139,519,830</b>
<b>Net Revenue/(Deficit)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

# Annual Operating Budget

## Flow of Funds

### Electric System

	Budget 2016	Projection 2016	Budget 2017	Budget 2018
Revenues:				
Residential Revenue	\$ 45,700,464	\$ 47,231,132	\$ 47,968,381	\$ 48,292,570
Residential Rate Change Revenue	-	-	-	965,851
Non-Residential Revenue	64,518,143	65,463,724	66,573,688	67,660,151
Non-Residential Rate Change Revenue	-	-	-	1,353,203
Other Electric Sales	3,934,461	3,451,926	3,372,509	3,301,911
South Energy Center Revenue	10,845,560	10,834,656	11,122,588	16,002,032
Innovation Square Revenue	182,378	187,000	191,000	303,000
Fuel Adjustment Revenue	158,305,701	147,511,383	153,980,032	160,187,660
Surcharge Revenue	3,010,596	3,005,335	3,113,562	3,217,223
Interchange Revenue	-	-	-	-
Other Revenue	14,692,706	17,902,438	8,794,042	8,990,521
Interest Income	973,365	987,739	1,176,208	933,255
Rate Stabilization (to)/from	(2,785,973)	3,041,315	9,813,458	3,084,341
<b>Total Revenues</b>	<b>299,377,401</b>	<b>299,616,648</b>	<b>306,105,469</b>	<b>314,291,718</b>
O&M Expenses:				
Native Load Fuel Cost	158,305,701	147,511,383	153,980,032	160,187,660
Interchange Fuel Cost	-	-	-	-
Other O&M	61,254,398	68,023,858	70,535,394	73,528,082
<b>Total Expenses</b>	<b>219,560,099</b>	<b>215,535,241</b>	<b>224,515,426</b>	<b>233,715,742</b>
Net Revenues:				
General	79,817,302	84,081,407	81,590,043	80,575,976
Interchange	-	-	-	-
<b>Total Net Revenues</b>	<b>79,817,302</b>	<b>84,081,407</b>	<b>81,590,043</b>	<b>80,575,976</b>
Uses of Net Revenues:				
Debt Service (Net of UPIF used for DS)	35,404,469	38,594,782	33,449,414	33,273,557
UPIF	24,734,721	24,734,721	27,046,177	25,860,966
General Fund Transfer	19,678,113	20,751,903	21,094,452	21,441,454
<b>Total Use of Net Revenues</b>	<b>79,817,302</b>	<b>84,081,407</b>	<b>81,590,043</b>	<b>80,575,976</b>
<b>Net Revenue/(Deficit)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

# Annual Operating Budget

## Flow of Funds

### Water System

	Budget 2016	Projection 2016	Budget 2017	Budget 2018
Revenues:				
Sales of Water	\$ 27,028,011	\$ 28,023,813	\$ 27,945,028	\$ 28,272,788
Rate Change Revenue	1,013,550	-	243,436	493,255
UF Revenue	1,791,331	1,869,913	2,089,481	2,089,481
South Energy Center Revenue	34,670	33,019	34,670	36,404
Innovation District Revenue	-	-	-	-
Surcharge Revenue	2,360,858	2,274,171	2,363,115	2,460,468
Connection Revenue	896,835	1,543,029	1,572,161	1,601,850
Other Revenue	1,025,952	1,803,286	2,190,182	2,236,339
Surcharge on Connections	-	127,300	129,703	132,153
Interest Income	65,101	110,427	165,520	130,083
Rate Stabilization (to)/from	(1,182,023)	(1,825,693)	(981,358)	(383,324)
<b>Total Revenues</b>	<b>33,034,285</b>	<b>33,959,265</b>	<b>35,751,938</b>	<b>37,069,497</b>
O&M Expenses:				
Other O&M	14,613,057	15,115,841	16,209,661	16,723,331
<b>Total Expenses</b>	<b>14,613,057</b>	<b>15,115,841</b>	<b>16,209,661</b>	<b>16,723,331</b>
<b>Total Net Revenues</b>	<b>18,421,228</b>	<b>18,843,424</b>	<b>19,542,277</b>	<b>20,346,166</b>
Uses of Net Revenues:				
Debt Service (Net of UPIF used for DS)	5,910,315	6,780,589	6,751,417	7,198,377
UPIF	6,758,167	6,435,338	7,042,712	7,399,641
General Fund Transfer	5,752,746	5,627,498	5,748,149	5,748,149
<b>Total Use of Net Revenues</b>	<b>18,421,228</b>	<b>18,843,424</b>	<b>19,542,277</b>	<b>20,346,166</b>
<b>Net Revenue/(Deficit)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

# Annual Operating Budget

## Flow of Funds

### Wastewater System

	Budget 2016	Projection 2016	Budget 2017	Budget 2018
Revenues:				
Wastewater Charges	\$ 34,727,627	\$ 35,222,828	\$ 35,295,667	\$ 35,675,072
Rate Change Revenue	1,672,746	-	270,669	547,263
South Energy Center Revenue	91,770	91,764	91,764	91,764
Innovation District Revenue	-	-	-	-
Biosolids Revenue	300,000	304,588	300,000	300,000
Surcharge Revenue	2,725,361	2,626,505	2,708,413	2,817,260
Connection Revenue	1,976,058	3,150,610	3,213,960	3,278,509
Other Revenue	70,669	989,599	1,403,205	1,415,602
Surcharge on Connections	-	259,925	265,152	270,477
Interest Income	157,558	135,779	187,649	150,381
Rate Stabilization (to)/from	(688,436)	(427,556)	299,041	667,780
<b>Total Revenues</b>	<b>41,033,352</b>	<b>42,354,042</b>	<b>44,035,520</b>	<b>45,214,109</b>
O&M Expenses:				
Other O&M	16,712,303	17,942,491	18,955,816	19,494,007
<b>Total Expenses</b>	<b>16,712,303</b>	<b>17,942,491</b>	<b>18,955,816</b>	<b>19,494,007</b>
<b>Total Net Revenues</b>	<b>24,321,049</b>	<b>24,411,551</b>	<b>25,079,704</b>	<b>25,720,102</b>
Uses of Net Revenues:				
Debt Service (Net of UPIF used for DS)	7,387,529	8,440,960	8,413,025	8,709,335
UPIF	9,337,059	8,934,097	9,432,248	9,776,337
General Fund Transfer	7,596,461	7,036,494	7,234,430	7,234,430
<b>Total Use of Net Revenues</b>	<b>24,321,049</b>	<b>24,411,551</b>	<b>25,079,704</b>	<b>25,720,102</b>
<b>Net Revenue/(Deficit)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

# Annual Operating Budget

## Flow of Funds

### Gas System

	Budget 2016	Projection 2016	Budget 2017	Budget 2018
Revenues:				
Residential Revenue	\$ 7,119,375	\$ 7,154,854	\$ 7,817,427	\$ 7,899,315
Residential Rate Change Revenue	338,170	-	703,568	947,918
Non-Residential Revenue	4,363,621	4,624,834	4,347,392	4,382,876
Non-Residential Rate Change Revenue	207,272	-	391,265	525,945
MGPCRF Revenue	1,192,663	1,095,368	1,193,632	1,204,028
Purchased Gas Adjustment Revenue	8,407,472	7,432,106	7,696,897	11,963,422
Surcharge Revenue	471,177	458,639	533,832	553,725
Other Revenue	995,596	1,567,455	2,305,849	2,352,777
Interest Income	90,255	147,506	119,792	90,117
Rate Stabilization (to)/from	784,319	1,876,378	(1,099,917)	(2,171,121)
<b>Total Revenues</b>	<b>23,969,921</b>	<b>24,357,142</b>	<b>24,009,737</b>	<b>27,749,002</b>
O&M Expenses:				
Purchased Gas	8,407,472	7,432,106	7,696,897	11,963,422
Other O&M	6,417,594	7,635,165	7,265,415	7,425,865
<b>Total Expenses</b>	<b>14,825,066</b>	<b>15,067,271</b>	<b>14,962,312</b>	<b>19,389,287</b>
<b>Total Net Revenues</b>	<b>9,144,855</b>	<b>9,289,871</b>	<b>9,047,425</b>	<b>8,359,715</b>
Uses of Net Revenues:				
Debt Service (Net of UPIF used for DS)	3,891,611	4,599,844	4,592,767	4,020,157
UPIF	2,824,504	3,399,862	3,093,726	2,978,626
General Fund Transfer	2,428,740	1,290,165	1,360,932	1,360,932
Working Capital	-	-	-	-
<b>Total Use of Net Revenues</b>	<b>9,144,855</b>	<b>9,289,871</b>	<b>9,047,425</b>	<b>8,359,715</b>
<b>Net Revenue/(Deficit)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

# Annual Operating Budget

## Flow of Funds

### GRUCom

	Budget 2016	Projection 2016	Budget 2017	Budget 2018
Revenues:				
Telecommunications Revenue	\$ 7,547,844	\$ 7,494,448	\$ 7,610,821	\$ 7,819,233
Public Safety Radio Revenue	1,801,655	1,736,265	1,781,119	1,790,024
Tower Lease Rental Revenue	1,731,236	1,752,138	1,688,047	1,713,367
Other Income	-	386,139	179,345	182,931
Interest Income	34,024	92,997	(620)	194
Rate Stabilization (to)/from	(952,193)	256,710	790,616	1,132,703
<b>Total Revenues</b>	<b>10,162,565</b>	<b>11,718,697</b>	<b>12,049,327</b>	<b>12,638,453</b>
O&M Expenses:				
Other O&M	6,277,059	7,831,574	7,752,789	8,120,583
<b>Total</b>	<b>6,277,059</b>	<b>7,831,574</b>	<b>7,752,789</b>	<b>8,120,583</b>
<b>Total Net Revenues</b>	<b>3,885,506</b>	<b>3,887,123</b>	<b>4,296,538</b>	<b>4,517,870</b>
Uses of Net Revenues:				
Debt Service (Net of UPIF used for DS)	3,761,818	3,678,084	3,677,258	3,691,300
UPIF	123,688	209,039	243,233	450,523
General Fund Transfer	-	-	376,047	376,047
Working Capital	-	-	-	-
<b>Total Use of Net Revenues</b>	<b>3,885,506</b>	<b>3,887,123</b>	<b>4,296,538</b>	<b>4,517,870</b>
<b>Net Revenue/(Deficit)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## **Section C – Revenues**

## Annual Operating Budget

### Revenues

#### Electric System

	Budget 2016	Projection 2016	Budget 2017	Budget 2018
Revenues:				
Residential Revenue	\$ 45,700,464	\$ 47,231,132	\$ 47,968,381	\$ 48,292,570
Residential Rate Change Revenue	-	-	-	965,851
Non-Residential Revenue	64,518,143	65,463,724	66,573,688	67,660,151
Non-Residential Rate Change Revenue	-	-	-	1,353,203
Sales for Resale	3,934,461	3,451,926	3,372,509	3,301,911
South Energy Center Revenue	10,845,560	10,834,656	11,122,588	16,002,032
Innovation Square Revenue	182,378	187,000	191,000	303,000
Fuel Adjustment Revenue	158,305,701	147,511,383	153,980,032	160,187,660
Surcharge Revenue	3,010,596	3,005,335	3,113,562	3,217,223
Interchange Revenue	-	-	-	-
Other Revenue	14,692,706	17,902,438	8,794,042	8,990,521
Interest Income	973,365	987,739	1,176,208	933,255
Rate Stabilization (to)/from	(2,785,973)	3,041,315	9,813,458	3,084,341
<b>Total</b>	<b>\$ 299,377,401</b>	<b>\$ 299,616,648</b>	<b>\$ 306,105,468</b>	<b>\$ 314,291,717</b>

#### Description

- Forecasts were developed from econometric models that project number of customers and usage per customer for each major billing class. External inputs used in these models were sourced from the Bureau of Economic and Business Research (demographics), IHS Global Insight (economics), and the National Oceanic and Atmospheric Administration (climate). Revenue projections are the product of number of customers, billed sales, and GRU's prevailing prices.
- Cumulative increases in retail revenues from proposed rate changes are shown.
- The South Energy Center (SEC) is a combined heat and power plant providing electricity, chilled water, steam, and the storage and delivery of medical gases to the UF Health Cancer Center. The SEC has contributed significant revenues to the Electric System since May 2009. Phase II of SEC is being completed in conjunction with the completion of the new UF Health Heart & Vascular and Neuromedical hospitals in 2018.
- Innovation Square is a research and business development effort of the University of Florida and is served by the Electric System.
- Fuel adjustment revenues collect the fuel and purchased power costs for retail and firm contract unit electricity sales.
- Surcharge revenues are a 10 percent charge applied to the non-fuel portion of retail rates for customers outside incorporated Gainesville.
- Interchange revenues are capacity charges associated with Winter Park and sales made through The Energy Authority. Revenues do not include fuel and variable O&M production costs.
- Other Revenue includes late fees and other miscellaneous service charges.
- Interest Income is generated from the investment earnings for the Operating Fund, Rate Stabilization Fund, and Utility Plant Improvement Fund for each system.
- Rate Stabilization revenues are withdrawals from (if positive) or deposits to (if negative) financial reserve accounts.



### *Budget Highlights*

- Projected Residential and Non-Residential sales revenues for FY16 are 1.4 percent and 0.7 percent higher than originally budgeted, respectively. This is primarily the result of warmer weather during late fall and early winter that translated to higher usage levels for cooling loads not typical of these months. Residential revenues are projected to increase 1.6 percent in FY17 and 0.7 percent in FY18, not including rate-change revenue. Non-Residential revenues are projected to increase 1.7 percent in FY17 and 1.6 percent in FY18, exclusive of rate-change revenue. FY16 is the last year for Business Partner's discounts, and we anticipate additional sales from a new hospital beginning FY18 as referenced in the electric system highlights.
- Revenues from Sales for Resale are slightly lower than originally budgeted because the agreement to serve the City of Alachua was restructured and the new rate is slightly lower.

## Annual Operating Budget

### Revenues

#### Water System

	Budget 2016	Projection 2016	Budget 2017	Budget 2018
Revenues:				
Sales of Water	\$ 27,028,011	\$ 28,023,813	\$ 27,945,028	\$ 28,272,788
Rate Change Revenue	1,013,550	-	243,436	493,255
UF Revenue	1,791,331	1,869,913	2,089,481	2,089,481
South Energy Center Revenue	34,670	33,019	34,670	36,404
Innovation District Revenue	-	-	-	-
Surcharge Revenue	2,360,858	2,274,171	2,363,115	2,460,468
Connection Revenue	896,835	1,543,029	1,572,161	1,601,850
Other Revenue	1,025,952	1,803,286	2,190,182	2,236,339
Surcharge on Connections	-	127,300	129,703	132,153
Interest Income	65,101	110,427	165,520	130,083
Rate Stabilization (to)/from	(1,182,023)	(1,825,693)	(981,358)	(383,324)
<b>Total</b>	<b>\$ 33,034,285</b>	<b>\$ 33,959,265</b>	<b>\$ 35,751,939</b>	<b>\$ 37,069,498</b>

#### Description

- Forecasts were developed from econometric models that project number of customers and usage per customer for each major billing class. External inputs used in these models were sourced from the Bureau of Economic and Business Research (demographics), IHS Global Insight (economics), and the National Oceanic and Atmospheric Administration (climate). Revenue projections are the product of number of customers, billed sales, and GRU's prevailing prices.
- Revenues are obtained from retail sales to Residential and Non-residential customers served by the potable water system and include monthly customer charges and usage charges (Kgal) based on metered water sales.
- UF Revenues represent wholesale water sales to the UF campus, which maintains its own distribution system, as well as off-campus UF facilities.
- Cumulative increases in retail revenues from proposed rate changes are shown.
- The SEC, as described in the electric system, is a generation facility that became operational in 2009, and is served by the Water System.
- The Innovation District Infrastructure Improvement Area is a designated geographic area in which GRU is constructing Water and Wastewater System capacity improvements to meet development capacity needs. GRU is recouping this investment via Infrastructure Improvement Area (IIA) fees which are being charged to development projects constructed within this designated area.
- A surcharge of 25 percent is collected outside incorporated Gainesville.
- Connection fees are collected to recover the costs of water supply, treatment and distribution required for each new customer. There is a 25 percent surcharge on connection fees for customers outside incorporated Gainesville.
- Interest Income is generated from the investment earnings for the Operating Fund, Rate Stabilization Fund, and Utility Plant Improvement Fund for each system.
- Rate Stabilization revenues are withdrawals from (if positive) or deposits to (if negative) our financial reserve accounts.

### *Budget Highlights*

- General Service water sales revenues for FY16 are nearly unchanged from the original budget, and are projected to be relatively flat through the next two years, not including rate change revenue.
- Projected FY16 revenues from sales to UF are 4 percent higher than originally budgeted due to the FY16 price increase. Projected revenues for FY17 are 12 percent higher than FY16 as the result of an increase in the forecast of water usage to reflect recent trends. Projected revenues for FY18 are the same as FY17 projections.
- Connection charge revenues are significantly higher than projected due to a significant increase in development activity in 2016 as compared to recent previous years as a result of the economic recovery. Development activity in 2016 has included several apartment complexes, Butler Plaza expansion, Celebration Point, UF Health Shands Medical Center expansion, and several other commercial and residential projects. Development activity and connection charge revenue are expected to remain stable in FY17 and FY18.

## Annual Operating Budget

### Revenues

#### Wastewater System

	Budget 2016	Projection 2016	Budget 2017	Budget 2018
Revenues:				
Wastewater Charges	\$ 34,727,627	\$ 35,222,828	\$ 35,295,667	\$ 35,675,072
Rate Change Revenue	1,672,746	-	270,669	547,263
South Energy Center Revenue	91,770	91,764	91,764	91,764
Innovation District Revenue	-	-	-	-
Biosolids Revenue	300,000	304,588	300,000	300,000
Surcharge Revenue	2,725,361	2,626,505	2,708,413	2,817,260
Connection Revenue	1,976,058	3,150,610	3,213,960	3,278,509
Other Revenue	70,669	989,599	1,403,205	1,415,602
Surcharge on Connections	-	259,925	265,152	270,477
Interest Income	157,558	135,779	187,649	150,381
Rate Stabilization (to)/from	(688,436)	(427,556)	299,041	667,780
<b>Total</b>	<b>\$ 41,033,352</b>	<b>\$ 42,354,041</b>	<b>\$ 44,035,520</b>	<b>\$ 45,214,108</b>

#### Description

- Forecasts were developed from econometric models that project number of customers and usage per customer for each major billing class. External inputs used in these models were sourced from the Bureau of Economic and Business Research (demographics), IHS Global Insight (economics), and the National Oceanic and Atmospheric Administration (climate). Revenue projections are the product of number of customers, billed quantities, and GRU's prevailing prices.
- Revenues are obtained from wastewater charges to residential and non-residential customers served by our wastewater collection, treatment, re-use and disposal system.
- Cumulative increases in retail revenues from proposed rate changes are shown.
- Wastewater is not metered. Charges for most residential customers are based on winter water consumption to avoid billing customers for irrigation and other outdoor uses that do not discharge to the Wastewater System.
- Non-residential customers are billed based on 95 percent of water consumption each month. Customers are given the option of installing irrigation water meters, which are not included in wastewater bill calculations, as a way to manage wastewater costs.
- The SEC is a generation facility that became operational in 2009 and is served by the Wastewater System.
- The Innovation District Infrastructure Improvement Area is a designated geographic area in which GRU is constructing Water and Wastewater System capacity improvements to meet development capacity needs. GRU is recouping this investment via Infrastructure Improvement Area (IIA) fees which are being charged to development projects constructed within this designated area.
- Biosolids revenue is generated for the receipt, treatment, and beneficial reuse of waste residuals of other municipalities and septage haulers.
- A surcharge of 25 percent is collected from customers outside incorporated Gainesville.
- Connection charges are collected to recover the capital costs of wastewater collection and treatment required for each new customer. There is a 25 percent surcharge on connection fees for customers outside incorporated Gainesville.
- Interest Income is generated from the investment earnings for the Operating Fund, Rate Stabilization Fund, and Utility Plant Improvement Fund for each System.

- Rate Stabilization revenues are withdrawals (if positive) or deposits (if negative) from our financial reserve accounts.

### *Budget Highlights*

- Projected revenues from wastewater billings are 3.2 percent lower than originally budgeted. This is a function of water sales tracking below last year's forecast. Going forward, revenues are projected to grow very modestly; 0.2 percent in FY17, and 1.1 percent in FY18, exclusive of rate change revenue.
- Connection charge revenues are significantly higher than projected due to a significant increase in development activity in 2016 as compared to previous years. Development activity in 2016 has included several apartment complexes, Butler Plaza expansion, Celebration Point, UF Health Shands Medical Center expansion, and several other commercial and residential projects. Development activity and connection charge revenue are expected to remain stable in FY17 and FY18.
- Surcharge revenues are directly proportional to a portion of revenues from billings, and are projected to be 3.6 percent lower than originally budgeted for FY16. The increase in revenue for FY17 and FY18 includes the impact of base rate increases.

## Annual Operating Budget

### Revenues

#### Gas System

	Budget 2016	Projection 2016	Budget 2017	Budget 2018
Revenues:				
Residential Revenue	\$ 7,119,375	\$ 7,154,854	\$ 7,817,427	\$ 7,899,315
Residential Rate Change Revenue	338,170	-	703,568	947,918
Non-Residential Revenue	4,363,621	4,624,834	4,347,392	4,382,876
Non-Residential Rate Change Revenue	207,272	-	391,265	525,945
MGPCRF Revenue	1,192,663	1,095,368	1,193,632	1,204,028
Purchased Gas Adjustment Revenue	8,407,472	7,432,106	7,696,897	11,963,422
Surcharge Revenue	471,177	458,639	533,832	553,725
Other Revenue	995,596	1,567,455	2,305,849	2,352,777
Interest Income	90,255	147,506	119,792	90,117
Rate Stabilization (to)/from	784,319	1,876,378	(1,099,917)	(2,171,121)
<b>Total</b>	<b>\$ 23,969,921</b>	<b>\$ 24,357,142</b>	<b>\$ 24,009,736</b>	<b>\$ 27,749,001</b>

#### Description

- Forecasts were developed from econometric models that project number of customers and usage per customer for each major billing class. External inputs used in these models were sourced from the Bureau of Economic and Business Research (demographics), IHS Global Insight (economics), and the National Oceanic and Atmospheric Administration (climate). Revenue projections are the product of number of customers, billed sales, and GRU's prevailing prices.
- Cumulative increases in retail revenues from proposed rate changes are shown.
- The Manufactured Gas Plant Cost Recovery Factor (MGPCRF) is a component of revenue based on therm sales. It recovers the cost of environmental clean-up at the Depot Park Manufactured Gas Plant. This cost is partially offset with insurance proceeds, with the project expected to total nearly \$29 million when complete.
- Purchased Gas Adjustment (PGA) revenue collects for the natural gas fuel distributed to customers.
- Surcharge revenues are a 10 percent charge applied to the non-fuel portion of retail rates for customers outside incorporated Gainesville.
- Other Revenue typically includes late fees, service charges, and sales revenue from liquid propane distribution system customers.
- Interest Income is generated from the investment earnings for the Operating Fund, Rate Stabilization Fund, and Utility Plant Improvement Fund for each System.
- Rate Stabilization revenues are withdrawals from (if positive) or deposits (if negative) to financial reserve accounts.

### *Budget Highlights*

- Residential and non-residential revenues are projected to be approximately 4% lower than originally budgeted. This is the result of mild winter temperatures. Heating degree days were 25% lower than average for FY16. The long term trend for residential revenues is an increase of 1% per year, not including rate change revenue, and non-residential revenues are projected to increase 0.7% per year over the forecast horizon, exclusive of rate change revenue.
- Corresponding with lower sales revenues for FY16, surcharge revenue is projected to be 2.7% lower than originally projected for FY16. Over the forecast horizon, surcharge revenue is projected to increase 0.9% per year, not including the impact of rate change revenue.

## Annual Operating Budget

### Revenues

#### GRUCom

	Budget 2016	Projection 2016	Budget 2017	Budget 2018
Revenues:				
Telecommunications Revenue	\$ 7,547,844	\$ 7,494,448	\$ 7,610,821	\$ 7,819,233
Public Safety Radio Revenue	1,801,655	1,736,265	1,781,119	1,790,024
Tower Lease Rental Revenue	1,731,236	1,752,138	1,688,047	1,713,367
Other Income	-	386,139	179,345	182,931
Interest Income	34,024	92,997	(620)	194
Rate Stabilization (to)/from	(952,193)	256,710	790,616	1,132,703
<b>Total</b>	<b>\$ 10,162,565</b>	<b>\$ 11,718,697</b>	<b>\$ 12,049,327</b>	<b>\$ 12,638,454</b>

#### Description

- GRUCom Telecommunication revenues are based on historical sales trends, anticipated customer and market changes and local economic growth forecasts. Projections have been adjusted to reflect expected continued growth in Metro Ethernet based data services and a migration away from traditional SONET/TDM services.
- Public Safety Radio revenue projections are based on the historical trends of number of radios deployed pursuant to the billing rates established under the existing inter-local agreement which is due to expire in 2020. GRUCom is currently in negotiations with subscribers to update and expand coverage of the system and the potential revenues (along with potential expenses) are not reflected in projections.
- Tower Lease Rental services are primarily tower space leases with Personal Wireless Communications Services (PCS) providers and co-location space leases in the GRUCom Central Office. Revenues from new leases executed in recent months are included in the forecast. The tower space leases contain provisions for automatic annual rent increases, included in the projections.
- Interest Income is generated from the investment earnings for the Operating Fund, Rate Stabilization Fund, and Utility Plant Improvement Fund for each system.
- Rate Stabilization revenues are withdrawals from (if positive) or deposits to (if negative) from financial reserve accounts.

#### Budget Highlights

GRUCom fiber transport and data services continue to be in high demand by PCS providers, other carriers and local businesses. Wireless carriers are continuing to increase their data services as customer demand dictates. Expansion of the system into the neighboring communities of Hawthorne, Archer and Newberry, due to the successful award and implementation of a scalable 10 gigabit network for the School Board of Alachua County, provides further potential development growth opportunities throughout the county.

- GRUCom continues to receive requests from existing apartment complexes for GATOR NET services. Revenues from these new contracts are included in projections.
- Demand for co-location space at the GRUCom Central Office continues to grow at a steady pace as more companies and agencies seek to take advantage of the security, reliability and network access benefits available there. Growth of GRUCom Internet access sales are projected to increase, driven by a combination of additional bandwidth demands from existing business



- customers and the capture of new business customers seeking the higher level of performance, reliability and scalability provided by GRUCom fiber optic technology. GRUCom's technology exceeds the capabilities and availability of traditional broadband services offered by the local incumbent cable TV and telephone companies. Expansion of e-commerce and increased adoption and use of web-based hosted software, services and applications by businesses continue to increase the importance of Internet access as a mission critical component of most business operations. This trend is expected to continue to fuel growth in this product segment.
- GRUCom is working with a cellular carrier to design and install a small cell system in the local area. This system will provide revenue opportunities for GRUCom and the Electric department.
  - GRUCom is delivering 1 Gigabit "Gator Net" Internet service to residential MDU and student housing communities. It is expected that demand for this service offering will continue to increase as housing consumers seek the benefits of fiber-to-the-home (FTTH) technology and housing owners, developers and managers seek to improve the value and income potential of multifamily properties through the installation of all-fiber, ultra-fast broadband services.

## **Section D – Non-Labor**

## Annual Operating Budget

### Non-Labor

#### Fuel

	Budget 2016	Projection 2016	Budget 2017	Budget 2018
Expenditures:				
Coal	\$ 42,039,494	\$ 26,816,064	\$ 29,143,156	\$ 35,604,182
Natural Gas - Generation	8,217,889	19,605,729	30,652,137	28,046,076
Natural Gas - Customer Sales	8,407,472	7,432,106	7,696,897	11,963,422
Fuel Oil #6 #2	-	26,466	-	-
Purchase Power	10,377,630	15,087,033	14,005,828	13,543,364
GREC	95,375,418	88,913,429	75,145,559	80,581,538
Landfill Gas	2,295,270	2,265,004	2,352,364	2,412,500
<b>Total Expenditures</b>	<b>\$ 166,713,173</b>	<b>\$ 160,145,831</b>	<b>\$ 158,995,941</b>	<b>\$ 172,151,082</b>

\* 2016 Projections include actuals through April 2016 for fuel expense, purchase power and landfill plus updated budget for remainder of FY16

#### Description

Coal generation is estimated to satisfy approximately 37 percent of the total system load during FY17 compared to 54 percent projected for FY16. The decrease in coal generation is due to the lower projected gas costs in FY17.

Natural gas generation is estimated to satisfy 48 percent of total system load during FY17. Natural gas is also supplied directly to customers (LDC) to operate appliances within their homes and businesses. Natural gas is purchased through The Energy Authority (TEA) and transported via Florida Gas Transmission (FGT) interstate pipeline. Natural gas cost for generation and LDC will differ due to the timing and volume of usage during the year.

GRU has a 30-year Power Purchase Agreement (PPA) The Gainesville Renewable Energy Center (GREC) for 102.5 MW of biomass generated power. Biomass is expected to satisfy 1 percent of total system load for FY17.

Power is purchased off the electric grid when customers benefit financially or if there is a need to maintain system reliability. GRU also secures short-term and long-term purchased power arrangements as a hedge to meet native load.

GRU has a four-year power sales agreement, which began January 1, 2015, for 10MW with the city of Winter Park. While this agreement increases fuel expense, it will bring additional net revenue to reduce costs for GRU customers.

### *Budget Highlights*

- The FY16 “as-burned” cost of coal is projected to average \$2.79/MMBtu. The budgeted FY17 “as burned” cost of coal is \$2.95/MMBtu.
- FY17 “as burned” coal price includes \$2,297,195 for pebble lime and \$262,952 for urea required for operation of the dry scrubber and SCR.
- FY17 “as burned” coal price also includes Fly Ash sales which are projected to generate revenues of \$172,170. This is an offset to coal expenses for the fiscal year.
- GRU has no coal supply contract at this time.
- Natural gas price for FY16 are projected to average \$4.22/MMBtu. Prices for FY17 are budgeted to average \$3.51/MMBtu.
- Natural gas costs for customer sales (local distribution company or LDC) for FY16 are projected to average \$3.64/MMBtu. Prices for FY17 are budgeted to average \$3.73/MMBtu delivered.
- Expenses for power from GREC in FY17 are estimated to be \$66.98 million for fixed charges, \$514,096 for variable charges and \$7.65 million for annual property tax assessment.

## Annual Operating Budget

### Non-Labor

#### Energy Supply

	Budget 2016	Projection 2016	Budget 2017	Budget 2018
Expenditures:				
Administration	\$ 150,000	\$ 149,820	\$ 180,500	\$ 184,110
Safety and Training	136,150	154,837	152,700	155,554
Fuels Management	10,750	11,018	11,750	11,373
Production Assurance Support	38,200	38,200	41,600	42,432
Maintenance of Plant - Kelly Plant	980,676	980,630	966,388	983,116
Maintenance of Plant - Deerhaven	4,108,307	4,108,934	4,320,065	3,820,466
Maintenance of Plant - Plant Outage	4,580,000	4,580,086	2,731,000	3,979,020
Power Systems Operations	163,600	176,652	170,600	173,712
Electric Environmental	124,850	128,735	128,750	128,500
<b>Total Expenditures</b>	<b>\$ 10,292,533</b>	<b>\$ 10,328,912</b>	<b>\$ 8,703,353</b>	<b>\$ 9,478,283</b>

#### Description

Energy Supply operates and maintains GRU's Electric Generating and Combined Heating and Power (CHP) assets. Other areas of responsibility under Energy Supply are Power Engineering, Outage Planning and Major Maintenance, Power Systems Operation, Transmission Switching, Power Marketing, Generation Planning and Fuels Management (includes procurement, transportation and risk management for both the electric generating and gas distribution systems.)

#### Budget Highlights

In FY17, Energy Supply proposes a \$1.5 million decrease to non-labor expenditures, as compared to the FY16 budget. The majority of the proposed decrease in FY17 is in the Planned Outage budget:

- Over several years, Energy Supply has performed diagnostics and analytics required to move from a 12-month planned outage frequency to an 18-month planned outage frequency without a material increase in operational risk. This frequency reduces non-labor outage costs by 25 to 30 percent over a three-year period.
- Savings over the next six years from transitioning DH2 to an 18-month planned outage frequency are expected to be approximately \$5 million.

## Annual Operating Budget

### Non-Labor

#### District Energy

	Budget 2016	Projection 2016	Budget 2017	Budget 2018
New Business Services	\$ 43,950	\$ 39,826	\$ 40,950	\$ 30,950
South Energy Center	2,295,705	2,498,217	2,911,367	3,980,557
Innovation Energy Center	186,009	185,800	186,750	328,750
<b>Total Expenditures</b>	<b>\$ 2,525,665</b>	<b>\$ 2,723,843</b>	<b>\$ 3,139,067</b>	<b>\$ 4,340,257</b>

#### *Description*

District Energy develops, operates and maintains GRU's special-purpose energy and thermal plants at the SEC and the Innovation Energy Center. District Energy also evaluates and implements new energy and thermal business ventures for GRU.

#### *Budget Highlights*

- Expenses related to the SEC are in accordance with the contractual terms of the agreement between GRU and UF Health.
- Increased expenses at the SEC in FY17 and FY18 reflect the expansion of the SEC to serve the new UF Health Heart & Vascular and Neuromedicine Hospitals.
- Innovation Energy Center expenses reflect chilled water and backup power production sales as the Gainesville Innovation District develops.

## Annual Operating Budget

### Non-Labor

#### Energy Delivery

	Budget 2016	Projection 2016	Budget 2017	Budget 2018
Expenditures:				
Energy Delivery Administration	\$ 24,709	\$ 17,770	\$ 21,670	\$ 21,674
Work and Resource Management	325,766	318,366	208,114	207,471
Electric Transmission and Distributio	2,820,384	3,172,984	3,345,467	3,407,180
Energy Delivery Engineering	288,442	265,283	101,233	100,819
Substation and Relay Operations	472,733	507,625	515,413	525,722
Gas and Electric Measurement	272,557	292,263	302,590	305,382
Systems Control	953,284	990,814	1,237,927	1,208,685
Gas Transmission and Distribution	412,470	315,701	604,850	614,200
Field Services	551,178	445,571	530,115	542,620
<b>Total Expenditures</b>	<b>\$ 6,121,523</b>	<b>\$ 6,326,377</b>	<b>\$ 6,867,379</b>	<b>\$ 6,933,753</b>

#### Description

The Energy Delivery Department is responsible for the design, construction, operation and maintenance of approximately 120 miles of electric transmission, 1,419 miles of electric distribution lines, 774 miles of gas distribution mains, 10 electric substations, and six natural gas gate stations. The department's other responsibilities include electric and gas metering; electric and gas system engineering; electric and gas system protection; power quality assurance; electric and gas system monitoring and control (SCADA); water, electric and gas service initiation and termination; all underground facility locates; and all meter reading. The department is responsible for compliance with federal, state and local regulations related to safety, gas operator qualification, gas pipeline integrity, electric system reliability and operation, construction standards and associated reporting requirements.

#### Budget Highlights

In response to strengthening economic conditions and the need to develop staff required to ensure business continuity, FY17 projected operating and maintenance expenses will increase, as compared with the FY16 original budget.

- Electric T&D has had two lead line workers promoted within the last fiscal year, three Lead Line Workers have retired (both planned and unplanned), and one line worker resigned. Within FY17, Electric T&D will promote five line workers into these vacant lead line worker positions. As a result of these promotions and additional resignations, a new class of six apprentice line workers will begin training in October 2016 (FY17). The development of these new employees into skilled workers will help ensure that the utility will be positioned to deliver high quality and reliable services in the future.
- Federally mandated regulatory requirements, such as the NERC Reliability and Critical Infrastructure Protection Standards, continue to generate significant upward pressure on O&M expenses, particularly within the Systems Control and Substation & Relay work groups.

- In FY16, as part of a corporate restructuring, the Gas Marketing staff was transferred from the Work & Resource Management division to Business Services. In FY17 the GIS and Standards group will be transferred from Energy Delivery Engineering to Work and Resource Management along with all associated O&M expenses. These transfers resulted in a decrease in the O&M non-labor expenses of Energy Delivery Engineering and Work and Resource Management for FY17 and FY18.



## Annual Operating Budget

### Non-Labor

#### Water

	Budget 2016	Projection 2016	Budget 2017	Budget 2018
Expenditures:				
Administration	\$ 11,050	\$ 9,106	\$ 11,705	\$ 12,056
Safety Training	14,664	14,028	15,102	15,555
Planning	150,620	118,344	131,327	135,267
Engineering	85,175	63,025	82,200	84,666
Murphree Plant				
Electric Expense	2,425,000	2,155,155	2,250,000	2,363,850
Chemicals	1,624,359	1,464,643	1,646,846	1,706,551
Security Guard Service	126,480	116,090	129,000	132,870
Sludge Disposal Fees	285,000	288,356	285,000	293,550
Other	626,598	661,412	676,000	696,280
<b>Total</b>	<b>5,087,437</b>	<b>4,685,656</b>	<b>4,986,846</b>	<b>5,193,101</b>
Water Distribution				
Maintenance of Water System	279,985	320,028	319,585	329,173
Maintenance of Fleet	307,000	275,993	280,000	288,400
Other	51,381	52,429	54,425	56,058
<b>Total</b>	<b>638,366</b>	<b>648,450</b>	<b>654,010</b>	<b>673,630</b>
<b>Total Expenditures</b>	<b>\$ 5,987,311</b>	<b>\$ 5,538,609</b>	<b>\$ 5,881,191</b>	<b>\$ 6,114,276</b>

#### Description

The Water System is responsible for operating and maintaining the Murphree Water Treatment Plant, which has a treatment capacity of 54 million gallons of water per day (MGD). These responsibilities include providing safe, reliable, high-quality drinking water to 71,000 customers serving 192,000 people in the Gainesville urban area at acceptable pressures and volumes. The Water System is also responsible for construction, operation and maintenance of over 1,130 miles of water transmission and distribution lines, as well as the installation and maintenance of water meters, fire hydrants and backflow prevention devices.

#### Budget Highlights

Most of the O&M expenses in the Water System are not discretionary. For example, in order to meet federal and state safe drinking water standards, certain energy usage, chemicals, processes, and certified operational personnel for water treatment and transmission and distribution are required.

- Overall, the Water System proposes a \$106,120 decrease from FY16 original budget to FY17. The savings are achieved through reductions in operational expenses primarily consisting of electricity and chemicals.

## Annual Operating Budget

### Non-Labor

#### Wastewater

	Budget 2016	Projection 2016	Budget 2017	Budget 2018
Expenditures:				
Administration	\$ 11,050	\$ 9,106	\$ 11,705	\$ 12,056
Safety Training	14,664	14,028	15,102	15,555
Planning	9,520	11,047	16,277	16,766
Engineering	85,675	63,524	82,700	85,181
Water Reclamation Facilities				
Electric Service	3,027,000	2,927,056	2,620,000	2,700,000
Water Service	22,700	36,284	32,000	34,000
Chemicals	983,400	863,786	898,000	927,000
Maintenance - Plant & Fleet	1,009,692	1,669,272	2,122,000	2,198,000
Other	1,411,800	857,848	933,000	985,000
<b>Total</b>	<b>6,454,592</b>	<b>6,354,245</b>	<b>6,605,000</b>	<b>6,844,000</b>
Wastewater Collection				
Maintenance of Fleet	405,000	264,918	320,000	329,600
Radio and Communication Service	20,475	20,475	20,475	21,089
Other	160,300	189,696	223,700	230,411
<b>Total</b>	<b>585,775</b>	<b>475,089</b>	<b>564,175</b>	<b>581,100</b>
<b>Total Expenditures</b>	<b>\$ 7,161,276</b>	<b>\$ 6,927,039</b>	<b>\$ 7,294,959</b>	<b>\$ 7,554,658</b>

#### Description

The Wastewater System operates and maintains 14.9 million gallons of water per day (MGD) at Kanapaha Water Reclamation Facility, 7.5 MGD at Main Street Water Reclamation Facility, 168 lift stations, 631 miles of gravity main and 139 miles of associated force main, providing service to 63,000 customers in the Gainesville urban area. Responsibilities include pumping, treating and discharging high-quality treated effluent that meets federal and state drinking water standards, and providing high-quality reclaimed water to residential and business customers, primarily for irrigation. The Wastewater System also administers the utility's Industrial Pretreatment Program (IPP), biosolids disposal, fats, oils and greases (FOG) disposal, and reclaimed water programs.

#### Budget Highlights

Most of the O&M expenses in the Wastewater System are not discretionary. For example, in order to meet federal and state collection, treatment, effluent and disposal standards, certain chemicals, processes and certified operational personnel are required.

- Wastewater proposes an overall \$133,683 increase to its FY16 original budget to FY17. The proposed increases are for expenses related to the operation and maintenance of the new Sweetwater Wetlands Park and the new biosolids dewatering facility at the Kanapaha Water Reclamation Facility.

## Annual Operating Budget

### Non-Labor

#### GRUCom

	Budget 2016	Projection 2016	Budget 2017	Budget 2018
Expenditures:				
Operations	\$ 898,775	\$ 1,030,338	\$ 1,040,385	\$ 1,173,334
Public Safety Radio	561,000	537,909	658,000	765,092
Professional Services	135,000	156,450	177,500	186,150
Circuits	1,245,000	1,099,846	1,170,000	1,193,400
<b>Total Expenditures</b>	<b>\$ 2,839,775</b>	<b>\$ 2,824,543</b>	<b>\$ 3,045,885</b>	<b>\$ 3,317,976</b>

#### *Description*

GRUCom's four basic product lines include Telecommunications (data transport and carrier services), Public Safety Radio, Tower and Colocation leasing, and internet access.

#### *Budget Highlights*

- GRUCom expenditures reflect the ongoing costs to operate and maintain the fiber optic network and the equipment used to provide data transport, carrier services, and Internet access.
- Operations costs are associated with network expansion for new growth (revenue) and support of existing services.
- Projections include increased costs for annual maintenance service agreements. GRUCom is currently in negotiations with subscribers to update and expand coverage of the system and the potential expenses (along with potential revenues) are not reflected in projections.
- Professional Services expenditures reflect costs associated with utilizing external sources to assist with ongoing business, product and service development with the cellular, long-distance transport and other telecommunication organizations that provide internet services and peering relationships.
- Expenditures for circuits are associated with backbone internet access and transport connectivity purchased by GRUCom from other service providers. These circuits allow GRUCom to sell Internet access and data transport services to customers who are not in close proximity to GRUCom's fiber network.

## Annual Operating Budget

### Non-Labor

#### Administration

	Budget 2016	Projection 2016	Budget 2017	Budget 2018
Expenditures:				
General Manager	\$ 452,244	\$ 443,146	\$ 534,100	\$ 546,550
Utilities - Legal Services	26,841	20,084	210,659	212,052
Community Relations	43,457	112,651	204,212	237,747
Compliance	3,980	47,448	46,780	8,599
<b>Total Expenditures</b>	<b>\$ 526,522</b>	<b>\$ 623,328</b>	<b>\$ 995,751</b>	<b>\$ 1,004,948</b>

#### *Description*

The General Manager is responsible for all aspects of the combined utility systems – Electric, Gas, Water, Wastewater and GRUCom as well as the annual budget, policy recommendation, and the implementation of policies adopted by the City Commission.

Utilities/Legal Services is part of the City Attorney's Office and provides daily legal counsel for the combined utility systems.

Community Relations develops, implements, manages and evaluates more than 13 community outreach programs for the combined utility systems. Additionally, Community Relations is responsible for the utility's community partnerships, community charitable investments, and government relations.

Compliance is responsible for the management of the Electric System's compliance with North American Electric Reliability Corporation (NERC) regulatory requirements. This requires monitoring conformance to NERC standards for system reliability and security under authority delegated by the Federal Energy Regulatory Commission.

#### *Budget Highlights*

- The Administration FY17 budget is increasing from prior years. Factors in the increase include the addition of a corporate safety program, increased costs of memberships in organizations, and travel and training funds for the newly created Utility Advisory Board.

## Annual Operating Budget

### Non-Labor

#### Customer Support Services

	Budget 2016	Projection 2016	Budget 2017	Budget 2018
Expenditures:				
Customer Operations Administration	\$ 1,012,773	\$ 3,478,594	\$ 2,440,848	\$ 1,883,570
Energy and Business Services	553,449	548,105	527,195	583,573
Marketing and Communications	554,903	512,274	438,640	486,431
Facilities and Administrative Services	3,062,260	2,924,838	2,864,959	3,048,359
Business and Government Relations	113,750	91,077	202,547	312,547
<b>Total Expenditures</b>	<b>\$ 5,297,135</b>	<b>\$ 7,554,888</b>	<b>\$ 6,474,190</b>	<b>\$ 6,314,479</b>

#### Description

Customer Support Services includes the customer call center, lobby and drive-thru payment processing, billing and collections, conservation, new services, promotion of utility services, and customer and employee communications. It also includes administrative functions such as utilities purchasing and stores, mail services, land rights and real estate, facilities maintenance and security. Business and Government Relations includes gas marketing, telecommunications system, economic development and ancillary products and services for the combined utility systems.

#### Budget Highlights

- There was a substantial increase in Customer Operations Administration from the Budget 2016 figure to the Projected 2016 figure. This was due almost exclusively to the need to expense SAP project costs to O&M vs. the originally anticipated capitalization of those costs.
  - The SAP project accounted for \$2,404,384 of the increase
  - There was also a small increase in Customer Operations due to:
    - \$20,000 increase in Project Dux co-share vs. budgeted
    - \$20,000 in contract staffing to help fill vacancies
    - \$10,000 increase in postage and mailing vs. budgeted
- With the exception of Customer Operations Administration and Business and Government Relations, all other departments within Customer Support Services had a decrease in their Non-Labor O&M Budgets from 2016 to 2017.
  - The Customer Operations Administration increase consists of the following components:
    - Addition of a new department (105) which was created specifically for the SAP ERP project and its ongoing support for a total of \$940,700
    - Customer Operations had an overall increase of approximately \$425,000 due to:
      - Planning for IVR enhancements to improve self-service and outage reporting totaling \$248,528
      - Change in the way third party collection charges are accounted for in the budget as it was an added cost and recovery to the customers' balance and it wasn't budgeted previously. Going forward that recovery and payment to the third party collection agency needs to be budgeted for \$100,000
      - Planning for enhancements to the customer self-service web portal of \$75,000
  - The Business & Government Relations increase consists of the following components:
    - Addition of Gas Marketing expenses resulting from the reorganization from Energy Delivery to Business Services. No historical data is provided since the reorganization is effective in FY17.

## Annual Operating Budget

### Non-Labor

#### Information Technology

	Budget 2016	Projection 2016	Budget 2017	Budget 2018
Expenditures:				
Administration	\$ 677,024	\$ 676,962	\$ 3,341,830	\$ 3,442,574
Infrastructure Services	1,983,467	1,983,402	222,500	222,500
Application Development	179,135	178,000	170,480	171,694
Business Operations Support Services	1,181,147	1,428,796	302,125	463,125
IT Project Management Office	-	-	79,145	79,145
<b>Total Expenditures</b>	<b>\$ 4,020,773</b>	<b>\$ 4,267,161</b>	<b>\$ 4,116,080</b>	<b>\$ 4,379,039</b>

#### *Description*

Information Technology (IT) maintains the network, phone, server, storage, and data center infrastructure and provides IT and communication services for the combined utilities and General Government. IT supports over 2,100 users and approximately 2,500 desktop and laptop computers used by employees at over 30 locations. In addition, IT supports mission-critical systems such as the SAP financial management and customer care systems, the Advantage HR, payroll, General Government's financial system, multiple websites, and various revenue collection systems.

#### *Budget Highlights*

The IT budget is composed of major expenditures relating to the maintenance of mission critical systems, implementing infrastructure and software upgrades and network security improvements.

- Expenses were budgeted in three IT cost centers for ongoing application and infrastructure support and training for IT staff in order to provide the necessary support needed for GRU's Enterprise Resource Planning (ERP) system, SAP.
- IT and Systems Control combined personnel and effort to more effectively and efficiently support the applications and network infrastructure of Systems Control.
- The reimplementation of the SAP financial management and customer care systems are budgeted in Customer Support Services.

## Annual Operating Budget

### Non-Labor

#### Finance

	Budget 2016	Projection 2016	Budget 2017	Budget 2018
Expenditures:				
Finance	\$ 8,925	\$ 13,752	\$ 24,265	\$ 23,240
Rates, Forecasting and Business Analytics	22,750	28,145	37,750	38,250
Financial Analysis and Budget	36,395	31,600	61,391	63,741
Accounting	15,822	19,049	16,121	16,605
Accounts Payable	6,781	6,401	6,780	6,983
<b>Total Expenditures</b>	<b>\$ 90,673</b>	<b>\$ 98,947</b>	<b>\$ 146,307</b>	<b>\$ 148,819</b>

#### *Description*

Finance is responsible for preparation and administration of the utility budget; cash and debt management; administration, monitoring and control of investments; accounting for the combined utility systems; and rates, forecasting, benchmarking and business process documentation.

#### *Budget Highlights*

- The addition of budgeting a contractor for abandoned property check processing, financial software renewal and a PC and workspace for an added analyst are drivers of the change from FY16 to FY17.
- Additions to employee training and education in Rates, Forecasting & Business Analytics and Financial Analysis & Budget areas also contribute to the increase.

## Annual Operating Budget

### Non-Labor

#### Human Resources

	Budget 2016	Projection 2016	Budget 2017	Budget 2018
Expenditures:				
Travel and Training	\$ 39,359	\$ 10,066	\$ -	\$ -
Professional Services	-	-	-	-
Other	2,290	3,111	-	-
<b>Total Expenditures</b>	<b>\$ 41,649</b>	<b>\$ 13,177</b>	<b>\$ -</b>	<b>\$ -</b>

#### *Description*

The GRU Human Resources (HR) Department will be combined with the HR department at General Government beginning in FY17. General Government plans to increase the Joint Services charge to the utility for the HR services provided by this combined department. The Joint Services charge is budgeted in the System Expenditures department of the utility.



## Annual Operating Budget

### Non-Labor

#### General System Expenditures

	Budget 2016	Projection 2016	Budget 2017	Budget 2018
Expenditures:				
Insurance	\$ 3,933,771	\$ 3,570,055	\$ 2,850,184	\$ 2,944,667
Joint Services Allocation	2,121,921	2,121,921	3,266,488	3,258,684
Risk Management Fees	1,782,309	1,782,309	2,000,000	2,060,000
Professional/Contractual Services	700,000	786,251	576,000	576,000
Bank/Fiscal Agent Fees	2,014,238	2,014,420	2,230,429	2,295,533
Capital to O&M	-	2,058,305	687,479	687,479
Legal Services	450,000	731,418	730,000	730,000
Regulatory Fees/Permits	137,093	89,104	89,104	60,674
Fleet Maintenance Capitalization	(995,000)	9,739	-	-
System Expenditures Capitalized	(3,750,000)	-	-	-
Pension and OPEB Bonds	1,803,163	1,803,163	1,928,552	1,986,409
Recoveries	(2,728,203)	(2,728,203)	-	-
Uncollectible Accts	-	1,704,237	1,755,365	1,808,026
Other	721,934	955,608	684,924	655,721
<b>Total</b>	<b>\$ 6,191,226</b>	<b>\$ 14,898,328</b>	<b>\$ 16,798,525</b>	<b>\$ 17,063,192</b>

#### Description

General System Expenditures are of common benefit to all systems, such as financial audit fees, regulatory fees, fringe costs, insurance and payments to General Government for joint services rendered.

#### Budget Highlights

- Insurance premiums and payments for property and liability risks are projected to be below budget in FY16 due to a decrease in the boiler plant insurance. Risk Management at General Government negotiates and selects insurers for the utility. Risk Management fees, worker's compensation and general liability are contingent on the number and amount of claims that may be settled during a given year.
- Joint Services Allocation represents GRU's contribution to services such as the City Commission, City Auditor, Equal Opportunity Office, and other services that are provided by General Government. This amount increases by 3 percent each year, per agreement with General Government. Beginning in FY17, General Government assumed all HR related staff at GRU and will bill the utilities share of cost through the Joint Services Allocation.
- Professional/Contractual Services includes the utility's financial management expenses, rating-agency monitoring, cost-of-service studies, pay studies and other consulting services dealing with GASB pronouncements and taxation issues.
- Capitalization of fleet and administrative costs has been modified to more appropriately account for expenses. Projected FY16, FY17 and FY18 reflect the implementation of these changes.
- Pension costs are allocated out of System Expenditures to departments as fringe benefits.
- Examples of "Other" expenditures include record retention/storage, corporate dues and memberships, and annual audit services.

## Annual Operating Budget

### Non-Labor

#### Debt Service Expenditures

	Budget 2016	Projection 2016	Budget 2017	Budget 2018
Expenditures:				
Senior Lien Debt Service Payment	\$ 55,639,720	\$ 55,541,659	\$ 55,064,881	\$ 61,032,725
Subordinated Debt Service Payment	5,979,190	6,552,600	6,819,000	860,000
Total Before BABS and UPIF	61,618,910	62,094,259	61,883,881	61,892,725
BABS (Build America Bonds Subsidy)	(5,263,168)	(5,263,168)	(5,205,735)	(5,141,140)
UPIF	-	-	(5,000,000)	(5,000,000)
<b>Effective Debt Service</b>	<b>\$ 56,355,742</b>	<b>\$ 56,831,091</b>	<b>\$ 51,678,145</b>	<b>\$ 51,751,586</b>

#### Description

The Senior Lien Debt Service and Subordinated Debt Service Funds were established by the Amended and Restated Utilities System Revenue Bond Resolution. The amounts deposited into these funds must be used to pay outstanding senior lien or subordinated debt. The Bond Resolution requires that monthly deposits be made to the Senior Lien Debt Service and Subordinated Debt Service Funds after 1) operating and maintenance expenses and 2) required Rate Stabilization Fund transfers are paid. These monies are restricted from other uses and are held in a separate bank account by the utility's trustee.

#### Budget Highlights

- GRU continues to realize reduced interest expense on the 2009 Series B Bonds and the 2010 Series B Bonds as a result of issuing these series utilizing the Build America Bonds program created under the American Recovery and Reinvestment Act of 2009. This program provides a federal subsidy for a portion of the interest cost of the 2009 Series B Bonds and the 2010 Series B Bonds. Additionally, GRU's Variable Rate Debt continues to achieve historically low rates due to GRU's excellent credit rating and low interest rates.
- The FY17 and FY18 budgets each include the use of \$5 million of UPIF monies to pay a portion of debt service in the electric system.

## Annual Operating Budget

### Non-Labor

#### Utility Plant Improvement Fund

	Budget 2016	Projection 2016	Budget 2017	Budget 2018
Expenditures:				
Electric Revenue Contribution	\$ 24,734,721	\$ 24,734,721	\$ 27,046,177	\$ 25,860,966
Water Revenue Contribution	2,824,504	3,399,862	3,093,726	2,978,626
Wastewater Revenue Contribution	6,758,167	6,435,338	7,042,712	7,399,641
Gas Revenue Contribution	9,337,059	8,934,097	9,432,248	9,776,337
GRUCom Revenue Contribution	123,688	209,039	243,233	450,523
<b>Total Expenditures</b>	<b>\$ 43,778,139</b>	<b>\$ 43,713,057</b>	<b>\$ 46,858,096</b>	<b>\$ 46,466,093</b>

#### *Description*

The Utility Plant Improvement Fund (UPIF) was established by the Amended and Restated Utilities System Revenue Bond Resolution. The amounts deposited into this fund can be used to pay for construction costs or for debt service on outstanding debt. This fund represents the equity that is set aside for future construction projects. If, at any time, other monies are not available for the payment of O&M expenses, then UPIF may be used for O&M expenses.

#### *Budget Highlights*

- Per the Bond Resolution, the utility is required to deposit into UPIF at least one-half of the sum of Net Revenues, including interest income but excluding non-operating revenues and expenses less Senior Lien Debt Service. The decrease in FY16 deposits to UPIF are based on the revenue projection for those years.
- The UPIF monies represent the City's equity investment in the utility and are used to defray the costs of maintaining a capital-intensive operation. Currently UPIF is used to pay a portion of the utility's construction expenses for all systems. The utility is planning to contribute equity to the capital program, lowering potentially borrowed funds by \$64.75 million in FY17, and \$49.3 million in FY18.

## Annual Operating Budget

### Non-Labor

#### General Fund Transfer

	Budget 2016	Projection 2016	Budget 2017	Budget 2018
Expenditures:				
Electric	\$ 19,678,113	\$ 20,751,903	\$ 21,094,452	\$ 21,441,454
Water	5,752,746	5,627,498	5,748,149	5,748,149
Wastewater	7,596,461	7,036,494	7,234,430	7,234,430
Gas	2,428,740	1,290,165	1,360,932	1,360,932
GRUCom	-	-	376,047	376,047
<b>Total Expenditures</b>	<b>\$ 35,456,060</b>	<b>\$ 34,706,059</b>	<b>\$ 35,814,010</b>	<b>\$ 36,161,012</b>

#### *Description*

On April 17, 2014, a new transfer agreement was approved by the City Commission for FY15 through FY19. The transfers are projected to be \$35.8 million in FY17 and \$36.2 million in FY18. A portion of the calculation of the value is application of the property tax revenue received by the City from GREC toward GRU's total transfer. This value may vary from projections, yielding a slight variance from the numbers stated above.

#### *Budget Highlights*

- The FY17 GFT is projected to be 8.6 percent of Total Revenues and FY18 is projected at 14.1 percent of Total Non-Fuel Revenues.

## **Section E – Labor**

## Annual Operating Budget

## Labor

### Combined System

	Budget 2016	Projection 2016	Budget 2017	Budget 2018
<b>Operation &amp; Maintenance</b>				
Wages & Fringes	\$ 49,669,296	\$ 48,405,377	\$ 51,943,053	\$ 53,486,176
Overtime Pay	2,635,231	2,966,757	2,709,130	2,763,245
Temporary Staffing	422,470	876,456	736,211	566,721
Other Pay	1,451,358	2,175,194	1,867,990	1,826,046
<b>Total O&amp;M Labor</b>	<b>54,178,354</b>	<b>54,423,784</b>	<b>57,256,385</b>	<b>58,642,187</b>
<b>Capital Projects</b>				
Wages & Fringes	20,082,080	19,381,052	18,140,063	18,556,220
Overtime Pay	778,854	1,056,991	842,275	859,698
Temporary Staffing	421,631	434,230	111,617	101,402
Other Pay	586,875	689,721	344,753	305,577
<b>Total Capital Labor</b>	<b>21,869,440</b>	<b>21,561,995</b>	<b>19,438,707</b>	<b>19,822,897</b>
<b>Total</b>				
Wages & Fringes	69,751,376	67,786,430	70,083,116	72,042,396
Overtime Pay	3,414,084	4,023,747	3,551,405	3,622,943
Temporary Staffing	844,101	1,310,687	847,828	668,123
Other Pay	2,038,232	2,864,915	2,212,744	2,131,623
<b>Total GRU Labor</b>	<b>\$ 76,047,794</b>	<b>\$ 75,985,779</b>	<b>\$ 76,695,092</b>	<b>\$ 78,465,084</b>

	<u>Revised 2016</u>	<u>Proposed 2017</u>	<u>Proposed 2018</u>
<b>FTE Breakdown</b>			
Managerial	72.00	69.00	69.00
Professional	197.00	196.00	196.00
CWA	622.75	615.75	615.75
Overfills	18.00	14.00	14.00
<b>Total Positions Authorized</b>	<b>909.75</b>	<b>894.75</b>	<b>894.75</b>
Total Positions Filled	805.05		
<b>Total Positions Vacant</b>	<b>104.70</b>		

## Annual Operating Budget

### Labor

#### New Positions

The FY 2017-18 Budget recommends no additional regular Full Time Equivalent (FTE) positions for the upcoming fiscal year.

#### Deleted Positions

The FY 2017-18 Budget recommends the deletion of two FTE positions for the upcoming fiscal year.

<u>Department</u>	<u>FTE</u>	<u>Position Title</u>	<u>Title Code</u>
143 Customer Records	-1.00	Utility Billing & Customer Solutions Spec	3093
330 Deerhaven Plant	-1.00	Production Leader	6350
	-2.00		

#### New and Continuing Overfill Positions

The FY 2017-18 Budget recommends fourteen overfill positions in both operational and administrative areas. Eleven of these FTEs are needed for attrition planning due to retirements and resignations of current incumbents. Three are for special projects that are either SAP implementation or plant maintenance in nature.

<u>Department</u>	<u>FTE</u>	<u>Position Title</u>	<u>Title Code</u>
124 IT Business Operations Support Services	1.00	Business Systems Analyst, Senior	4065
132 Utilities Purchasing	1.00	Purchasing Manager	3111
133 Stores	1.00	Supply Chain Manager	3225
220 Water Reclamation Facilities & Lift Stations	1.00	Water Wastewater Instrument Tech	2559
230 Water/ Wastewater Planning	1.00	Utility GIS Technician	6046
240 Water/ Wastewater Engineering	1.00	Engineer IV	6067
300 Energy Supply	1.00	Business Services Manager	6304
340 Major Maintenance Group	1.00	Power Plant Mechanic	6337
361 Regulatory Compliance and Lab Services	1.00	Power Plant Lab Supervisor	6325
380 Control Area Services	1.00	Power Systems Coordinator II	6173
530 Energy Delivery Engineering	1.00	Energy Delivery Facilities Specialist Supv	1430
545 Gas and Electric Measurement	1.00	Energy Measurement & Regulation Mgr	6123
600 New Business Services	1.00	Analyst	1240
910 General Manager	1.00	Advisor to the GM, Utilities	1044
	14.00		

*The following overfill FTEs need to continue for attrition planning:*

One Business Systems Analyst, Senior is needed in anticipation of a pending retirement. This overfill allows the Business Operations Support area to begin an intense knowledge transfer process that includes the transition of knowledge for software system (specifically SAP) as well as business process knowledge. The transition will better position IT to sustain a healthy support and growth environment for GRU's SAP enterprise system.

One Purchasing Manager is needed to allow one month of cross training prior to incumbent retirement. Training will include city procurement policies, procedures, compliance, and solicitation of bids and proposals. The department is also already constrained due to the SAP implementation commitments. The incumbent has over 30 years of service and is scheduled to retire September 2017.

One Supply Chain Manager is needed to allow one month of cross training prior to incumbent retirement. This position is responsible for managerial oversight of four warehouses and applicable training will include city policies, procedures, compliance, solicitation of bids and proposals for warehouse inventory, inventory requirements, reporting, and Material Requirements Planning (MRP) operations. The department is also already constrained due to the SAP implementation commitments. The incumbent is scheduled to retire December 2016.

One Water/ Wastewater Instrument Technician is needed to prepare for near retirement of current incumbent and allow knowledge transfer in a technical position that requires familiarity of treatment plant components and processes. Areas to address during overfill include: significant operational duties, calibration of electrical and control equipment, configuration and programming SCADA and communication systems, troubleshooting equipment, programmable logic controllers, variable frequency drives, specify equipment to our standards, procurement of materials and supplies, performance tests on equipment, and emergency response and stand-by duty. The overfill is requested to begin in fiscal year 2017 and end no later than August 2017.

One Utility GIS Technician is necessary to cross train technical duties for three months prior to current incumbent retirement. Training will focus on: GIS, CAD, training, efficiency, and productivity.

One Power Plant Lab Supervisor is needed as a result of the transfer of a Power Plant Lab Supervisor to the Energy Supply Environmental Division to conduct emissions reporting as well as support upcoming MATS environmental compliance regulation. In addition, a second Power Plant Lab Supervisor incumbent will be exiting the DROP in 2017, at which time the overfill will be eliminated.

One Power System Coordinator II overfill supports a combined Energy Supply and Energy Delivery organizational change. Energy Supply has taken on the responsibility of Transmission Switching which required additional personnel to perform this system function. Transmission Switching also requires the job duties be performed by NERC certified operators. Further evaluation will be performed in FY18 to determine if the PSC II overfill will be converted into a regular position.



## Annual Operating Budget

### Labor

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One Energy Delivery Facilities Specialist Supervisor is needed due to the incumbent retiring in January 2017 with 32 years' experience. The overfill duration is expected to be three months for knowledge transfer of processes, policies, procedures and duties relating to design of electric and gas distribution facilities for new construction and system renewal and maintenance.

One Energy Measurement and Regulation Manager is needed due to the incumbent retiring in April 2017 with 31 years' experience. Overfill duration is expected to be three months for knowledge transfer of processes, policies, procedures and duties relating to substation, system protection, electric and gas measurement and electrical apparatus repair team management.

One Analyst is requested for a three month duration ending in March 2017 to help maintain the accuracy and timeliness of the South Energy Center (SEC) and Innovation Energy Center (IEC) invoices which are compiled manually using several different data sources, to support the construction administration of the SEC expansion, to support the Power Systems Operations group with generation dispatch modeling, and to help maintain the timely submission of GRU's Ten year Site Plan to the Public Service Commission.

One Advisor to the General Manager will continue as a long-tenured employee will be retiring and has been moved into an advisory role for the purpose of working on special projects and knowledge transfer.

*The following overfill FTEs need to continue for special projects:*

One Engineer IV is needed due to current incumbent commitments to the SAP implementation project. The Water/ Wastewater Engineering Department relies on this engineer to manage utility relocations and piping infrastructure on construction projects. This overfill will continue until the current incumbent is reassigned.

One Business Services Manager is needed as the incumbent is serving on the SAP project long term and anticipates retiring in 2017. The overfill will allow these managerial duties to continue to be completed in the absence of the current incumbent. This overfill will continue until the current incumbent is reassigned or retires as planned.

One Power Plant Mechanic overfill has been required due to the additional field equipment needing routine preventive maintenance since the Deerhaven Unit 2 Air Quality Control System (AQCS) became operational in 2009. Initially, two Power Plant Mechanic overfill positions were added to meet the expected additional workload. Since then, Energy Supply reduced to one overfill position. In a continuous effort to reduce costs, Energy Supply has moved toward using internal resources to perform work traditionally performed by contractors. Further evaluation will be performed in FY17 to determine if the Power Plant Mechanic overfill will be converted into a regular position or if it could be deleted.

## Annual Operating Budget

### Labor

#### Energy Supply

	Budget 2016	Projection 2016	Budget 2017	Budget 2018
<b>Operation &amp; Maintenance</b>				
Wages & Fringes	\$ 13,374,397	\$ 12,657,852	\$ 13,334,398	\$ 13,883,254
Overtime Pay	1,016,500	1,252,177	1,022,954	1,043,358
Temporary Staffing	61,000	269,393	110,097	66,868
Other Pay	224,113	551,377	398,316	406,263
<b>Total O&amp;M Labor</b>	<b>14,676,010</b>	<b>14,730,799</b>	<b>14,865,765</b>	<b>15,399,743</b>
<b>Capital Projects</b>				
Wages & Fringes	632,618	383,625	235,038	248,774
Overtime Pay	-	2,667	925	925
Temporary Staffing	169,000	37,406	-	-
Other Pay	9,827	10,012	637	644
<b>Total Capital Labor</b>	<b>811,445</b>	<b>433,711</b>	<b>236,601</b>	<b>250,343</b>
<b>Total</b>				
Wages & Fringes	14,007,015	13,041,477	13,569,436	14,132,028
Overtime Pay	1,016,500	1,254,845	1,023,879	1,044,283
Temporary Staffing	230,000	306,800	110,097	66,868
Other Pay	233,940	561,389	398,954	406,906
<b>Total GRU Labor</b>	<b>\$ 15,487,455</b>	<b>\$ 15,164,510</b>	<b>\$ 15,102,366</b>	<b>\$ 15,650,085</b>

	<u>Revised 2016</u>	<u>Proposed 2017</u>	<u>Proposed 2018</u>
<b>FTE Breakdown</b>			
Managerial	14.00	13.00	13.00
Professional	27.00	25.00	25.00
CWA	121.00	116.00	116.00
Overfills	5.00	4.00	4.00
<b>Total Positions</b>	<b>167.00</b>	<b>158.00</b>	<b>158.00</b>

## Annual Operating Budget

### Labor

#### District Energy

	Budget 2016	Projection 2016	Budget 2017	Budget 2018
<b>Operation &amp; Maintenance</b>				
Wages & Fringes	\$ 676,931	\$ 751,140	\$ 762,768	\$ 775,075
Overtime Pay	70,000	66,068	75,000	75,000
Temporary Staffing	5,018	247	-	-
Other Pay	14,742	30,686	53,090	34,312
<b>Total O&amp;M Labor</b>	<b>766,691</b>	<b>848,141</b>	<b>890,858</b>	<b>884,387</b>
<b>Capital Projects</b>				
Wages & Fringes	275,867	206,967	223,509	226,627
Overtime Pay	-	-	-	-
Temporary Staffing	162,262	73,320	-	-
Other Pay	8,075	8,633	18,650	9,278
<b>Total Capital Labor</b>	<b>446,203</b>	<b>288,920</b>	<b>242,160</b>	<b>235,905</b>
<b>Total</b>				
Wages & Fringes	952,797	958,106	986,278	1,001,702
Overtime Pay	70,000	66,068	75,000	75,000
Temporary Staffing	167,280	73,568	-	-
Other Pay	22,817	39,319	71,740	43,590
<b>Total GRU Labor</b>	<b>\$ 1,212,894</b>	<b>\$ 1,137,061</b>	<b>\$ 1,133,018</b>	<b>\$ 1,120,292</b>

	<u>Revised 2016</u>	<u>Proposed 2017</u>	<u>Proposed 2018</u>
<b>FTE Breakdown</b>			
Managerial	2.00	2.00	2.00
Professional	1.00	1.00	1.00
CWA	7.00	7.00	7.00
Overfills	0.00	1.00	1.00
<b>Total Positions</b>	<b>10.00</b>	<b>11.00</b>	<b>11.00</b>

## Annual Operating Budget

## Labor

### Energy Delivery

	Budget 2016	Projection 2016	Budget 2017	Budget 2018
<b>Operation &amp; Maintenance</b>				
Wages & Fringes	\$ 11,394,784	\$ 10,413,693	\$ 11,478,865	\$ 11,789,202
Overtime Pay	445,457	491,542	419,491	425,019
Temporary Staffing	41,532	77,826	178,526	75,347
Other Pay	451,288	513,702	394,469	373,503
<b>Total O&amp;M Labor</b>	<b>12,333,061</b>	<b>11,496,763</b>	<b>12,471,351</b>	<b>12,663,071</b>
<b>Capital Projects</b>				
Wages & Fringes	9,636,226	8,992,730	8,911,464	9,160,666
Overtime Pay	212,307	275,914	229,910	233,416
Temporary Staffing	27,953	190,474	69,612	70,647
Other Pay	240,751	381,889	188,729	168,652
<b>Total Capital Labor</b>	<b>10,117,238</b>	<b>9,841,007</b>	<b>9,399,716</b>	<b>9,633,382</b>
<b>Total</b>				
Wages & Fringes	21,031,010	19,406,423	20,390,330	20,949,868
Overtime Pay	657,764	767,457	649,401	658,436
Temporary Staffing	69,486	268,300	248,138	145,994
Other Pay	692,040	895,590	583,198	542,155
<b>Total GRU Labor</b>	<b>\$ 22,450,299</b>	<b>\$ 21,337,770</b>	<b>\$ 21,871,067</b>	<b>\$ 22,296,453</b>

	<u>Revised 2016</u>	<u>Proposed 2017</u>	<u>Proposed 2018</u>
<b>FTE Breakdown</b>			
Managerial	15.00	15.00	15.00
Professional	37.00	35.00	35.00
CWA	215.00	216.00	216.00
Overfills	3.00	2.00	2.00
<b>Total Positions</b>	<b>270.00</b>	<b>268.00</b>	<b>268.00</b>

## Annual Operating Budget

## Labor

### Water

	Budget 2016	Projection 2016	Budget 2017	Budget 2018
<b>Operation &amp; Maintenance</b>				
Wages & Fringes	\$ 3,370,374	\$ 3,029,218	\$ 3,134,818	\$ 3,313,574
Overtime Pay	567,472	575,975	602,148	627,448
Temporary Staffing	36,744	106,172	82,279	85,120
Other Pay	206,494	247,930	261,204	281,125
<b>Total O&amp;M Labor</b>	<b>4,181,084</b>	<b>3,959,296</b>	<b>4,080,448</b>	<b>4,307,268</b>
<b>Capital Projects</b>				
Wages & Fringes	2,168,080	2,608,204	2,230,716	2,276,470
Overtime Pay	282,649	407,595	339,866	346,566
Temporary Staffing	16,841	25,218	-	-
Other Pay	89,919	56,048	20,851	24,348
<b>Total Capital Labor</b>	<b>2,557,488</b>	<b>3,097,065</b>	<b>2,591,434</b>	<b>2,647,384</b>
<b>Total</b>				
Wages & Fringes	5,538,454	5,637,423	5,365,534	5,590,045
Overtime Pay	850,121	983,570	942,014	974,014
Temporary Staffing	53,585	131,390	82,279	85,120
Other Pay	296,413	303,978	282,055	305,473
<b>Total GRU Labor</b>	<b>\$ 6,738,572</b>	<b>\$ 7,056,360</b>	<b>\$ 6,671,882</b>	<b>\$ 6,954,652</b>

	<u>Revised 2016</u>	<u>Proposed 2017</u>	<u>Proposed 2018</u>
<b>FTE Breakdown</b>			
Managerial	5.50	5.50	5.50
Professional	8.00	8.00	8.00
CWA	57.50	56.50	56.50
Overfills	1.50	1.00	1.00
<b>Total Positions</b>	<b>72.50</b>	<b>71.00</b>	<b>71.00</b>

## Annual Operating Budget

## Labor

### Wastewater

	Budget 2016	Projection 2016	Budget 2017	Budget 2018
<b>Operation &amp; Maintenance</b>				
Wages & Fringes	\$ 4,585,930	\$ 4,547,346	\$ 4,518,729	\$ 4,702,919
Overtime Pay	402,446	399,043	445,395	463,223
Temporary Staffing	37,744	38,842	80,055	87,240
Other Pay	289,860	314,570	398,290	416,166
<b>Total O&amp;M Labor</b>	<b>5,315,980</b>	<b>5,299,801</b>	<b>5,442,468</b>	<b>5,669,548</b>
<b>Capital Projects</b>				
Wages & Fringes	2,677,711	2,889,120	2,548,531	2,632,710
Overtime Pay	244,702	270,711	249,619	256,791
Temporary Staffing	16,841	17,861	-	-
Other Pay	113,785	118,578	26,751	27,307
<b>Total Capital Labor</b>	<b>3,053,040</b>	<b>3,296,271</b>	<b>2,824,901</b>	<b>2,916,808</b>
<b>Total</b>				
Wages & Fringes	7,263,641	7,436,466	7,067,260	7,335,629
Overtime Pay	647,149	669,754	695,014	720,014
Temporary Staffing	54,585	56,704	80,055	87,240
Other Pay	403,646	433,148	425,041	443,473
<b>Total GRU Labor</b>	<b>\$ 8,369,020</b>	<b>\$ 8,596,072</b>	<b>\$ 8,267,370</b>	<b>\$ 8,586,356</b>

	<u>Revised 2016</u>	<u>Proposed 2017</u>	<u>Proposed 2018</u>
<b>FTE Breakdown</b>			
Managerial	4.50	4.50	4.50
Professional	8.00	8.00	8.00
CWA	89.00	86.50	86.50
Overfills	3.50	2.00	2.00
<b>Total Positions</b>	<b>105.00</b>	<b>101.00</b>	<b>101.00</b>

## Annual Operating Budget

## Labor

### GRUCom

	Budget 2016	Projection 2016	Budget 2017	Budget 2018
<b>Operation &amp; Maintenance</b>				
Wages & Fringes	\$ 1,360,486	\$ 2,071,377	\$ 2,213,186	\$ 2,251,098
Overtime Pay	35,000	84,381	52,500	52,500
Temporary Staffing	14,000	27,439	45,000	11,250
Other Pay	45,158	97,678	70,486	65,995
<b>Total O&amp;M Labor</b>	<b>1,454,644</b>	<b>2,280,875</b>	<b>2,381,172</b>	<b>2,380,843</b>
<b>Capital Projects</b>				
Wages & Fringes	1,345,150	995,503	737,729	750,366
Overtime Pay	35,000	94,171	17,500	17,500
Temporary Staffing	14,000	3,103	15,000	3,750
Other Pay	45,158	27,820	23,495	21,998
<b>Total Capital Labor</b>	<b>1,439,308</b>	<b>1,120,598</b>	<b>793,724</b>	<b>793,614</b>
<b>Total</b>				
Wages & Fringes	2,705,636	3,066,880	2,950,915	3,001,463
Overtime Pay	70,000	178,552	70,000	70,000
Temporary Staffing	28,000	30,543	60,000	15,000
Other Pay	90,316	125,498	93,981	87,993
<b>Total GRU Labor</b>	<b>\$ 2,893,952</b>	<b>\$ 3,401,472</b>	<b>\$ 3,174,896</b>	<b>\$ 3,174,457</b>

	<u>Revised 2016</u>	<u>Proposed 2017</u>	<u>Proposed 2018</u>
<b>FTE Breakdown</b>			
Managerial	3.00	3.00	3.00
Professional	11.00	9.00	9.00
CWA	30.00	27.00	27.00
Overfills	0.00	0.00	0.00
<b>Total Positions</b>	<b>44.00</b>	<b>39.00</b>	<b>39.00</b>

## Annual Operating Budget

## Labor

### Administration

	Budget 2016	Projection 2016	Budget 2017	Budget 2018
<b>Operation &amp; Maintenance</b>				
Wages & Fringes	\$ 924,702	\$ 962,724	\$ 1,467,620	\$ 1,495,145
Overtime Pay	3,110	3,133	4,164	4,201
Temporary Staffing	8,466	183,823	-	-
Other Pay	16,328	71,054	60,666	48,671
<b>Total O&amp;M Labor</b>	<b>952,606</b>	<b>1,220,734</b>	<b>1,532,450</b>	<b>1,548,017</b>
<b>Capital Projects</b>				
Wages & Fringes	205,962	255,497	327,005	333,527
Overtime Pay	1,091	1,098	38	50
Temporary Staffing	2,974	63,984	-	-
Other Pay	3,057	15,959	11,156	11,175
<b>Total Capital Labor</b>	<b>213,085</b>	<b>336,539</b>	<b>338,199</b>	<b>344,751</b>
<b>Total</b>				
Wages & Fringes	1,130,664	1,218,221	1,794,625	1,828,672
Overtime Pay	4,201	4,231	4,201	4,251
Temporary Staffing	11,440	247,807	-	-
Other Pay	19,385	87,013	71,822	59,845
<b>Total GRU Labor</b>	<b>\$ 1,165,690</b>	<b>\$ 1,557,273</b>	<b>\$ 1,870,649</b>	<b>\$ 1,892,769</b>

	<u>Revised 2016</u>	<u>Proposed 2017</u>	<u>Proposed 2018</u>
<b>FTE Breakdown</b>			
Managerial	4.00	5.00	5.00
Professional	5.00	5.00	5.00
CWA	2.00	2.00	2.00
Overfills	0.00	1.00	1.00
<b>Total Positions</b>	<b>11.00</b>	<b>13.00</b>	<b>13.00</b>



## Annual Operating Budget

## Labor

### Customer Support Services

	Budget 2016	Projection 2016	Budget 2017	Budget 2018
<b>Operation &amp; Maintenance</b>				
Wages & Fringes	\$ 6,183,923	\$ 6,064,778	\$ 7,351,257	\$ 7,534,970
Overtime Pay	84,995	85,034	78,083	63,099
Temporary Staffing	176,720	116,289	89,720	90,360
Other Pay	64,346	163,726	123,461	88,832
<b>Total O&amp;M Labor</b>	<b>6,509,984</b>	<b>6,429,826</b>	<b>7,642,521</b>	<b>7,777,261</b>
<b>Capital Projects</b>				
Wages & Fringes	1,483,593	1,385,521	1,497,049	1,482,320
Overtime Pay	1,605	2,390	2,112	2,146
Temporary Staffing	-	-	-	-
Other Pay	53,308	34,423	36,550	23,774
<b>Total Capital Labor</b>	<b>1,538,507</b>	<b>1,422,334</b>	<b>1,535,711</b>	<b>1,508,239</b>
<b>Total</b>				
Wages & Fringes	7,667,517	7,450,299	8,848,305	9,017,290
Overtime Pay	86,600	87,423	80,195	65,245
Temporary Staffing	176,720	116,289	89,720	90,360
Other Pay	117,654	198,149	160,011	112,605
<b>Total GRU Labor</b>	<b>\$ 8,048,491</b>	<b>\$ 7,852,160</b>	<b>\$ 9,178,232</b>	<b>\$ 9,285,500</b>

	<u>Revised 2016</u>	<u>*Proposed 2017</u>	<u>Proposed 2018</u>
<b>FTE Breakdown</b>			
Managerial	11.00	12.00	12.00
Professional	27.00	35.00	35.00
CWA	81.75	86.25	86.25
Overfills	3.00	2.00	2.00
<b>Total Positions</b>	<b>122.75</b>	<b>135.25</b>	<b>135.25</b>

\*reorganization eliminates 10 contract temporary incumbents

## Annual Operating Budget

## Labor

### Information Technology

	Budget 2016	Projection 2016	Budget 2017	Budget 2018
<b>Operation &amp; Maintenance</b>				
Wages & Fringes	\$ 5,575,394	\$ 5,696,072	\$ 5,818,152	\$ 5,840,416
Overtime Pay	9,900	5,427	5,896	5,896
Temporary Staffing	20,245	42,586	143,035	143,035
Other Pay	118,672	130,967	82,009	84,992
<b>Total O&amp;M Labor</b>	<b>5,724,211</b>	<b>5,875,052</b>	<b>6,049,092</b>	<b>6,074,339</b>
<b>Capital Projects</b>				
Wages & Fringes	760,281	776,732	793,384	796,420
Overtime Pay	1,350	740	804	804
Temporary Staffing	2,761	5,808	19,505	19,505
Other Pay	16,182	17,290	11,183	11,590
<b>Total Capital Labor</b>	<b>780,574</b>	<b>800,570</b>	<b>824,876</b>	<b>828,319</b>
<b>Total</b>				
Wages & Fringes	6,335,675	6,472,804	6,611,536	6,636,836
Overtime Pay	11,250	6,167	6,700	6,700
Temporary Staffing	23,006	48,394	162,540	162,540
Other Pay	134,854	148,257	93,192	96,582
<b>Total GRU Labor</b>	<b>\$ 6,504,785</b>	<b>\$ 6,675,622</b>	<b>\$ 6,873,968</b>	<b>\$ 6,902,658</b>

	<u>Revised 2016</u>	<u>Proposed 2017</u>	<u>Proposed 2018</u>
<b>FTE Breakdown</b>			
Managerial	5.00	5.00	5.00
Professional	52.00	52.00	52.00
CWA	12.00	12.00	12.00
Overfills	0.00	1.00	1.00
<b>Total Positions</b>	<b>69.00</b>	<b>70.00</b>	<b>70.00</b>

## Annual Operating Budget

## Labor

### Finance

	Budget 2016	Projection 2016	Budget 2017	Budget 2018
<b>Operation &amp; Maintenance</b>				
Wages & Fringes	\$ 1,611,835	\$ 1,618,744	\$ 1,863,260	\$ 1,900,522
Overtime Pay	350	3,977	3,500	3,500
Temporary Staffing	21,000	13,839	7,500	7,500
Other Pay	17,933	39,778	26,000	26,188
<b>Total O&amp;M Labor</b>	<b>1,651,118</b>	<b>1,676,338</b>	<b>1,900,260</b>	<b>1,937,710</b>
<b>Capital Projects</b>				
Wages & Fringes	714,222	710,191	635,637	648,340
Overtime Pay	150	1,704	1,500	1,500
Temporary Staffing	9,000	17,055	7,500	7,500
Other Pay	6,087	14,968	6,750	6,813
<b>Total Capital Labor</b>	<b>729,459</b>	<b>743,918</b>	<b>651,387</b>	<b>664,152</b>
<b>Total</b>				
Wages & Fringes	2,326,057	2,328,936	2,498,896	2,548,862
Overtime Pay	500	5,681	5,000	5,000
Temporary Staffing	30,000	30,894	15,000	15,000
Other Pay	24,019	54,746	32,750	33,000
<b>Total GRU Labor</b>	<b>\$ 2,380,577</b>	<b>\$ 2,420,256</b>	<b>\$ 2,551,646</b>	<b>\$ 2,601,862</b>

	<u>Revised 2016</u>	<u>Proposed 2017</u>	<u>Proposed 2018</u>
<b>FTE Breakdown</b>			
Managerial	4.00	4.00	4.00
Professional	17.00	18.00	18.00
CWA	6.50	6.50	6.50
Overfills	1.00	0.00	0.00
<b>Total Positions</b>	<b>28.50</b>	<b>28.50</b>	<b>28.50</b>

## Annual Operating Budget

## Labor

### Human Resources

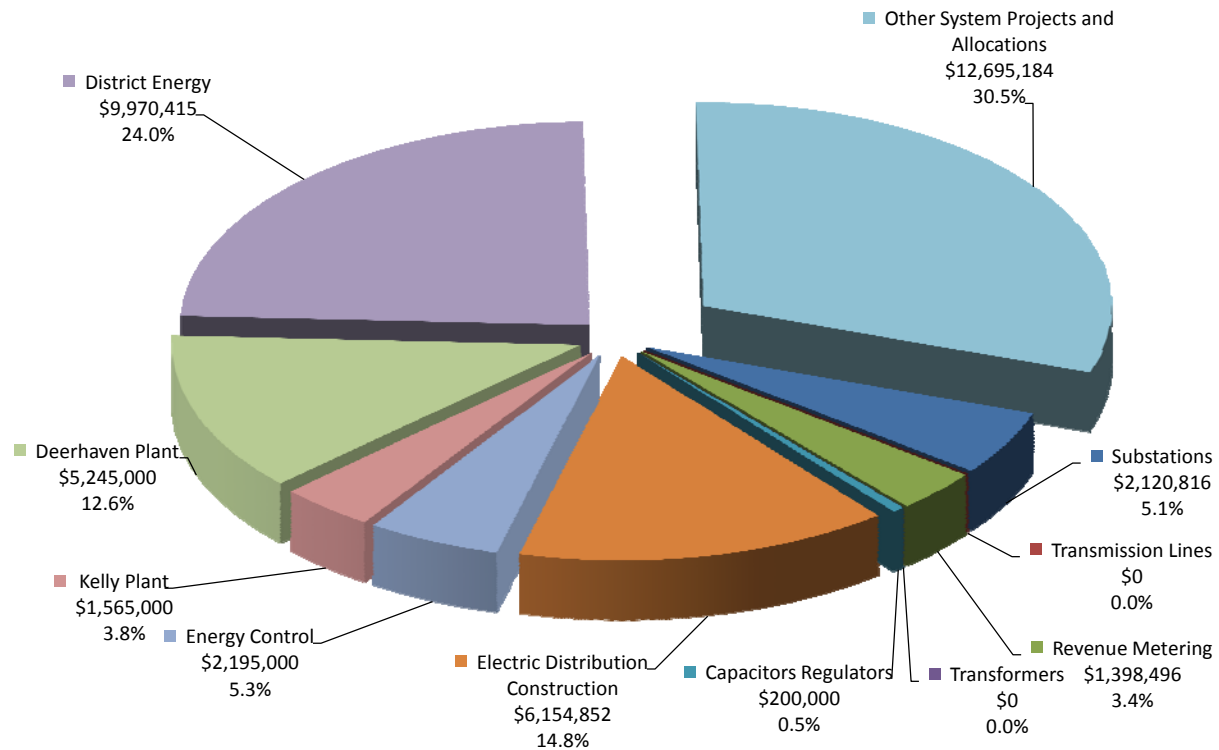
	Budget 2016	Projection 2016	Budget 2017	Budget 2018
<b>Operation &amp; Maintenance</b>				
Wages & Fringes	\$ 610,541	\$ 592,434	\$ -	\$ -
Overtime Pay	-	-	-	-
Temporary Staffing	-	-	-	-
Other Pay	2,425	13,727	-	-
<b>Total O&amp;M Labor</b>	<b>612,966</b>	<b>606,161</b>	-	-
<b>Capital Projects</b>				
Wages & Fringes	182,369	176,961	-	-
Overtime Pay	-	-	-	-
Temporary Staffing	-	-	-	-
Other Pay	724	4,100	-	-
<b>Total Capital Labor</b>	<b>183,094</b>	<b>181,061</b>	-	-
<b>Total</b>				
Wages & Fringes	792,911	769,396	-	-
Overtime Pay	-	-	-	-
Temporary Staffing	-	-	-	-
Other Pay	3,149	17,827	-	-
<b>Total GRU Labor</b>	<b>\$ 796,060</b>	<b>\$ 787,222</b>	<b>\$ -</b>	<b>\$ -</b>

	<u>Revised 2016</u>	<u>*Proposed 2017</u>	<u>Proposed 2018</u>
<b>FTE Breakdown</b>			
Managerial	4.00	0.00	0.00
Professional	4.00	0.00	0.00
CWA	1.00	0.00	0.00
Overfills	1.00	0.00	0.00
<b>Total Positions</b>	<b>10.00</b>	<b>0.00</b>	<b>0.00</b>

\*FTEs assigned to General Government; budgeting reimbursements via Joint Services.

## **Section F – Capital Projects**

### Electric System FY17 Budget



#### Electric Projects

2017

Substations	\$ 2,120,816
Transmission Lines	-
Revenue Metering	1,398,496
Transformers	-
Capacitors Regulators	200,000
Electric Distribution Construction	6,154,852
Energy Control	2,195,000
Kelly Plant	1,565,000
Deerhaven Plant	5,245,000
District Energy	9,970,415
Other System Projects and Allocations	12,695,184
<b>Total Projects</b>	<b>\$ 41,544,763</b>

## Electric System

### *Energy Supply Major Projects FY17*

Energy Supply's capital budget for FY17 represents a total investment of \$6.81 million of which \$5.24 million is allocated to the Deerhaven Generating Station account and \$1.57 million is allocated to the JRK Generating Station account. The drivers for the majority of the investments are for reliability (including life cycle management) and regulatory requirements.

### *JRK Generating Station Major Projects FY17*

- Controls are the largest focus for the generating units at JRK for a total of \$650,000. This includes a project for life cycle replacement of JRK digital control system hardware for \$400,000 to replace obsolete Block I/O. In addition there is a project to replace the current Mark V controls used on Gas Turbine 4 which are also obsolete.
- Also for Gas Turbine 4, \$300,000 has been set aside for investment in the life extension of critical spare parts such as fuel nozzles, combustion liners and transition pieces which will need to be completed in FY17 to prepare for the Hot Gas Path Inspection of GT4 in FY18.

### *Deerhaven Generating Station Major Projects FY17*

- Deerhaven 2 has the majority of the capital needs for FY17:
  - Deerhaven will complete the final three cells of Deerhaven Unit 2 cooling tower for \$950,000.
  - Structural upgrades will be implemented on the SO2 dry scrubber to ensure integrity of the vessel for \$900,000.
  - Precipitator will have wires and bottles replaced for \$500,000.
  - The digital control system will have hardware replaced for life cycle management for \$400,000.
  - The duct work will have expansion joints replaced that are at end of life for \$350,000.
  - The west pulverizer will be overhauled for life cycle management for \$350,000.

The brine concentrator which is part of the zero liquid discharge component of our site certification will have the controls upgraded due to end of life at \$250,000.

### *District Energy Major Projects FY17*

- The South Energy Center (SEC) is adding electrical and chilled water capacity to support the new UF Health Heart & Vascular and Neuromedicine hospital currently under construction. GRU is investing in capital assets including a reciprocating natural gas-fired engine, a backup diesel generator, a chiller, cooling towers, transformers, circuit breakers, and other ancillary equipment. The total budget for the project is \$28.5 million, of which \$10.1 million was budgeted in FY16.
- Construction on the SEC Phase II began in FY2016. GRU will continue to purchase, install, and commission equipment at the SEC in a phased approach through the end of 2017. The new hospital will open in early 2018.

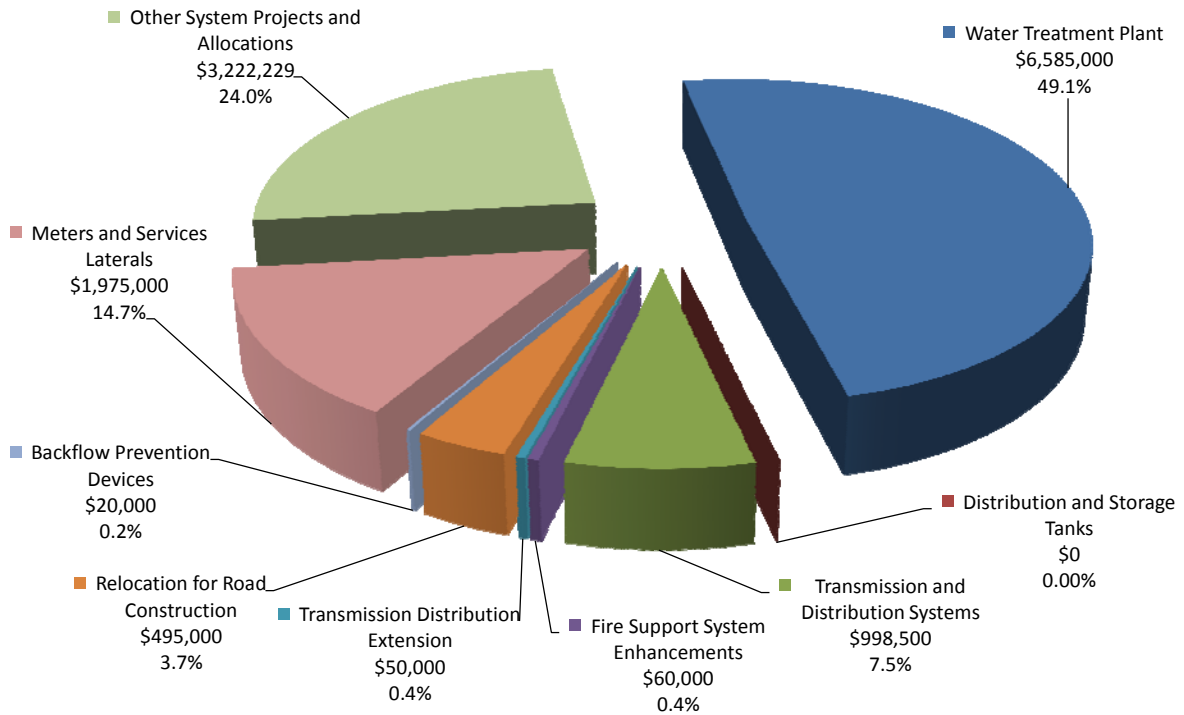
- Capital investments in the SEC are recovered from UF Health in accordance with GRU's contract with UF Health. Net revenues from the SEC flow back to GRU's electric fund, helping to provide rate relief to all GRU electric customers.
- Funds for the investment in the SEC were approved during the November 6, 2014 City Commission meeting.

### *Energy Delivery Major Projects FY17*

- Substations and Relay is mostly focused on upgrading distribution and transmission equipment for system reliability. The McMichen High Side upgrade (\$688,810) includes the transmission switches, bus work and relays. We are replacing aging transmission oil breakers (\$186,356) throughout our system, power transformer tap changer upgrades (\$209,272) and 40+ year old problematic insulators (\$230,236) at the Kelly Substation as well. FY 2017 budget for this category is \$2,120,816.
- An advanced metering infrastructure (AMI) pilot project (~\$800,000) is being installed for the automatic retrieval of metering data. Revenue metering projects self-contained (\$212,180), instrument rated (\$112,500), and change out and replacement project (\$289,003) will be implemented as well. FY 2017 budget for this category is \$1,398,496.
- Additions and upgrades to GRU's "Backbone" electrical system are required periodically to accommodate new developments, such as "The Standard," "Butler North and Town Center" and "Celebration Point." FY 2017 budget for this category is \$900,000.
- Also associated with new residential and commercial developments are individual customers, stores, restaurants and outlets that require construction to connect them to GRU's "Backbone" system. FY 2017 budget for this category is \$1,700,000.
- Proven industry wide renewal and replacement programs that either extend the life of existing infrastructure or replace defective, non-operational or end-of-life distribution system components and facilities. Examples of renewal and replacement programs are: Infrared inspections of strategic equipment, pole inspection, treatment and replacement program, underground cable injection of older cables, replacement of underground cables, segmentation, fusing, replacement of aging underground secondary connectors and electrical clearance improvements (Basic Insulation Level-BIL). FY 2017 budget for this category is \$2,400,000.
- Relocation of existing electric facilities due to public (city, county or state) right-of-way conflicts due to road widening or lane addition programs. FY 2017 budget for this category is \$300,000.
- Associated with the 750+/- electric interruptions GRU crews respond to each year are certain capital expenditures. Examples of these are the replacement of poles, conductors, transformers or house service from "Acts of God" or vehicle accidents. FY 2017 budget for this category is \$850,000.
- In order to meet NERC-CIP regulatory requirements, GRU's 16 substations require the design, configuration and implementation of routers/firewalls, switches and in some instances the reconfiguration of some Bulk Electric Systems (BES) Cyber assets. In addition to meeting the regulatory requirements, the new design will also serve as a platform to accommodate secure, encrypted data transport for Advanced Metering Infrastructure (AMI), Distribution Automation (DA), corporate security (IP surveillance and access control) and relay monitoring. This platform will lay the foundation for other or future advanced technologies associated with Smart Grid. FY 2017 budget for this category is \$2,195,000.



### Water System FY17 Budget



#### Water Projects

2017

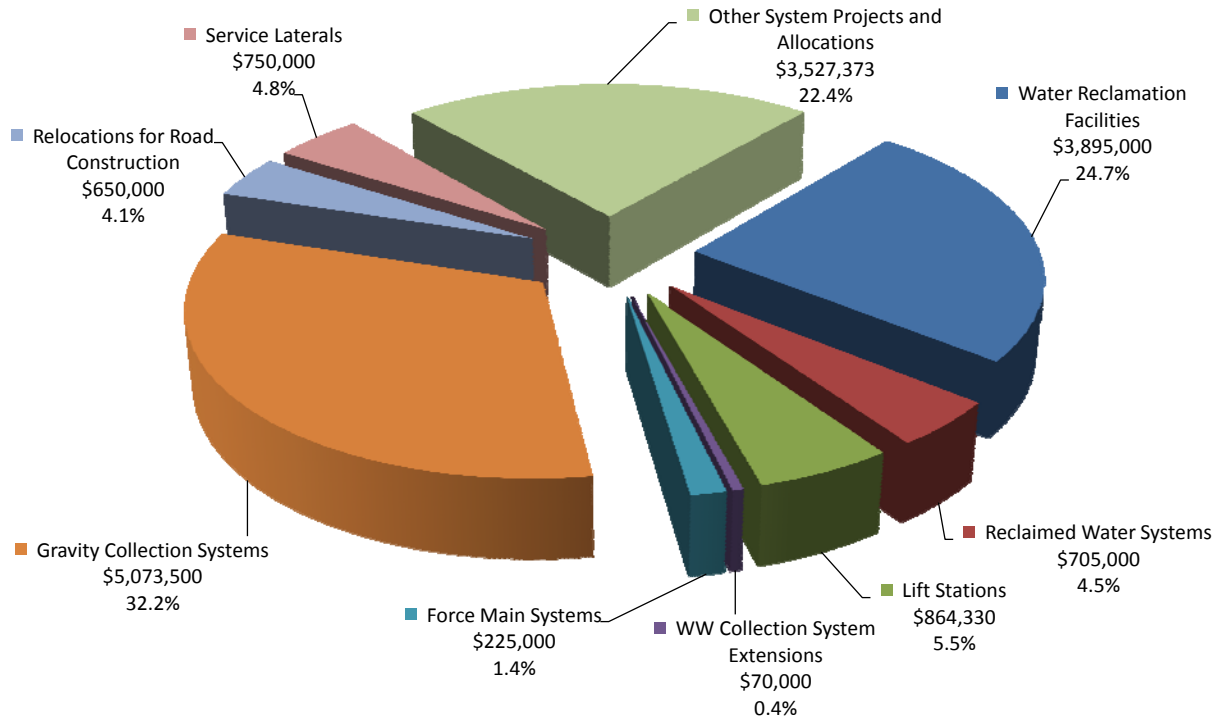
Water Treatment Plant	\$ 6,585,000
Distribution and Storage Tanks	-
Transmission and Distribution Systems	998,500
Fire Support System Enhancements	60,000
Transmission Distribution Extension	50,000
Relocation for Road Construction	495,000
Backflow Prevention Devices	20,000
Meters and Services Laterals	1,975,000
Other System Projects and Allocations	3,222,229
<b>Total Projects</b>	<b>\$ 13,405,729</b>

## Water System

### *Major Projects FY17*

- **Electrical System Upgrade:** The primary goal of this project is to address process reliability of the Murphree Water Treatment Plant (MWTP). The project will address replacement of large electrical equipment and conductors that are original to MWTP (1975). A new electrical building with new motor control centers (MCC) will be constructed along with a 1,000 kW plant engine generator set. This project will provide the reliability needed to continue to operate Gainesville's only water treatment plant for the next 40 years.
- **Water Main Renewal and Replacement:** GRU is continuing to invest in replacing galvanized and cast iron water mains throughout the service area. These efforts are designed to upgrade and rehabilitate the water system and improve water pressure. The specific areas are selected by analyzing water pressures, known pressure issues, and areas where repair work has been conducted to determine the most cost-effective improvement projects.
- **Water Meter Changeout Program:** The water meter changeout program is designed to identify large and small meters with reduced accuracy or known issues to be replaced with new meters. This program more accurately measures customer water usage, therefore correcting and increasing water revenue.
- **Utility roadway relocation projects:** There are numerous projects that require water distribution lines to be relocated because they are impacted by roadway work within the public right-of-way.
- **1600 to 2000 block of NW 1<sup>st</sup> Avenue:** The City of Gainesville Community Redevelopment Agency (CRA) is planning a roadway reconstruction project along the NW 1st Avenue from NW 16th Street to NW 20th Street. As part of this project GRU will be removing the existing 2-inch water main and replacing the water main with a larger diameter 6-inch main to provide additional capacity for future development along this corridor. In addition GRU will be adjusting water valve boxes, hydrants, services, and meters as needed.

### Wastewater System FY17 Budget



#### Wastewater Projects

2017

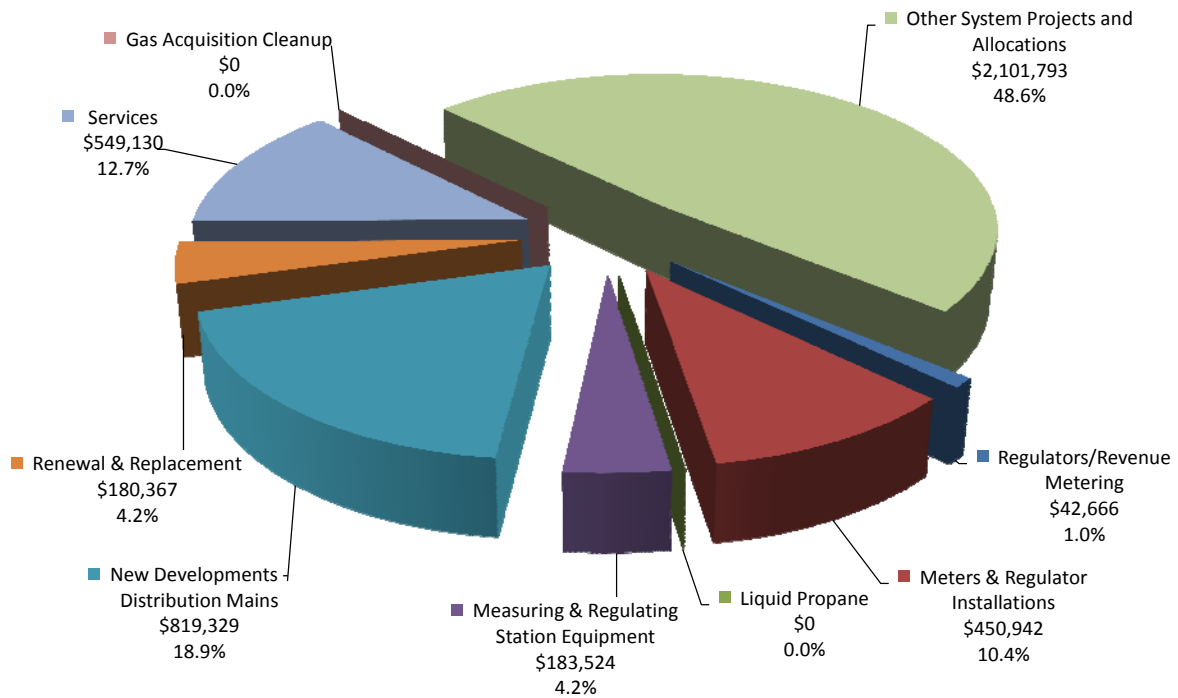
Water Reclamation Facilities	\$ 3,895,000
Reclaimed Water Systems	705,000
Lift Stations	864,330
WW Collection System Extensions	70,000
Force Main Systems	225,000
Gravity Collection Systems	5,073,500
Relocations for Road Construction	650,000
Service Laterals	750,000
Other System Projects and Allocations	3,527,373
<b>Total Projects</b>	<b>\$ 15,760,203</b>

## Wastewater System

### *Major Projects FY17*

- GRU will continue to invest in rehabilitating aging infrastructure through trenchless technology including cured in place pipe (CIPP) commonly referred to as sliplining. This technology allows GRU to improve the existing deteriorated pipe by installing a new pipe liner inside the existing pipe. This technique reduces the cost and disruption of opening a roadway to conduct repairs or replacements on existing sanitary sewer gravity collection mains.
- Main Street Water Reclamation Facility (MSWRF) East Train Rehab – The project consists of major rehabilitation work on the east train of the MSWRF including the replacement of the clarifier mechanism, electrical gear, control panel, PLC, upgrades to pump station, and repairs and lining of concrete structure. The east train is the oldest treatment train at the MSWRF, originally installed in the 1960s. The east clarifier has significant signs of deterioration to its mechanical components. In August 2015, one of the mechanical components of the clarifier failed in normal operation and an emergency temporary repair was made to place the basin back into service. The east clarifier has been deemed the “workhorse” of all of the clarifiers.
- MSWRF Headworks Replacement – multi-year project to construct a new headworks structure including the installation of new fine band screen, influent flow meter, flow transfer station, grit removal system, flow control structure, electric gear, odor control system and PLC panel. The existing MSWRF headworks facility was constructed in the 1980s. The existing equipment is past its useful life and needs to be replaced. In addition, the new centrifuge equipment installed for the Dewatering Project require finer screening facilities than currently installed to prevent maintenance issues and extend the useful life of the centrifuges.
- Oakmont Infiltrating Wetland – Construct a 4-acre infiltrating wetland providing 1 to 2 MGD of beneficial reuse and aquifer recharge capacity. This demonstration project will convert an existing stormwater basin in the Oakmont subdivision into a combined stormwater/reclaimed water treatment system. The basin will utilize wetland vegetation to reduce nutrients from reclaimed water and stormwater and recharge it to the Floridan Aquifer.
- Infiltration and Inflow - These projects consist of identifying areas of the gravity collection system that stormwater is entering and reinforcing the collection system to eliminate the inflow or infiltration. By identifying and eliminating these sources of inflow, we will increase available treatment capacity at the water reclamation facilities and reduce treatment costs.

### Gas System FY17 Budget



#### Gas Projects

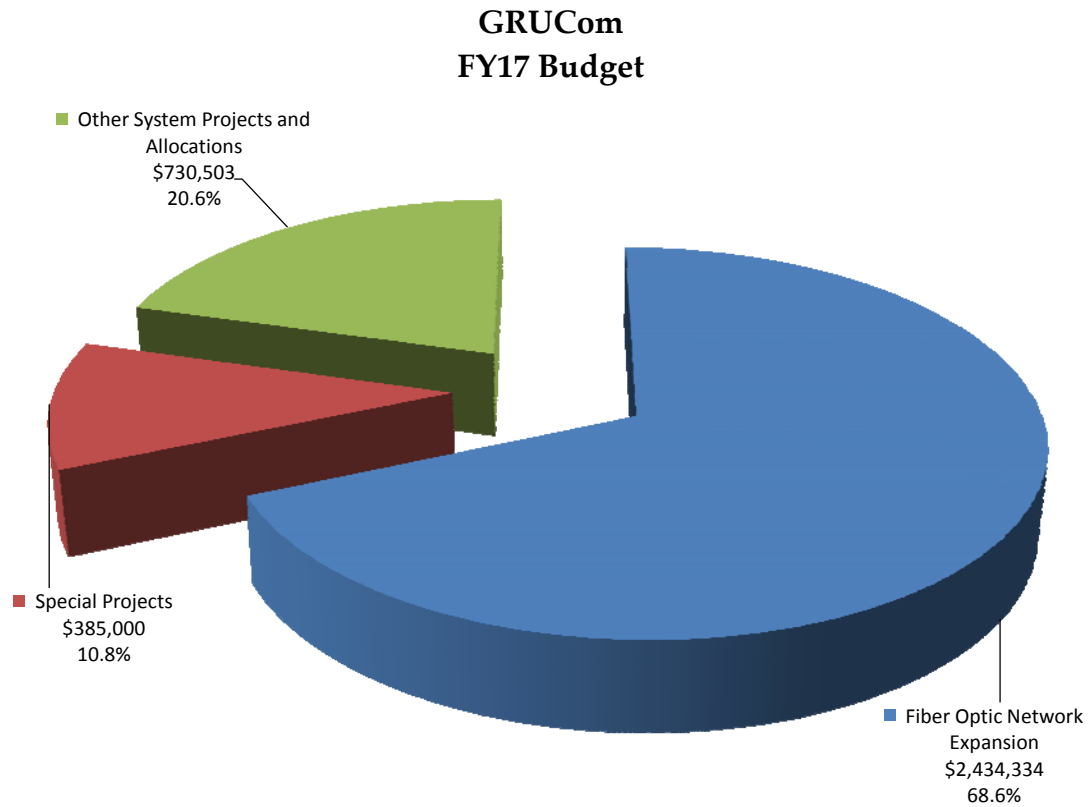
2017

Regulators/Revenue Metering	\$ 42,666
Meters & Regulator Installations	450,942
Liquid Propane	-
Measuring & Regulating Station Equipment	183,524
New Developments - Distribution Mains	819,329
Renewal & Replacement	180,367
Services	549,130
Gas Acquisition Cleanup	-
Other System Projects and Allocations	2,101,793
<b>Total Projects</b>	<b>\$ 4,327,751</b>

## Gas System

### *Major Projects FY17*

- Meters and associated equipment are necessary to measure industrial customer energy consumption. Aging installations are systematically and proactively renewed or replaced to promote and ensure billing accuracy. FY 2017 budget for this category is \$819,329.
- Meters and associated equipment are necessary to measure residential and commercial customer energy consumption. Aging installations are systematically and proactively renewed or replaced to promote and ensure billing accuracy. FY 2017 budget for this category is \$450,942.
- Measuring and regulating station projects are necessary to promote and enhance system reliability, quality of service and customer satisfaction. FY 2017 budget for this category is \$183,524.
- System main line extensions and improvement projects are necessary to deliver service to new or existing developments. FY 2017 budget for this category is \$819,329.
- Aging gas distribution system pipes are systematically and proactively renewed or replaced to improve system reliability, quality of service and customer satisfaction. The planned work to replace black plastic and steel piping extends throughout the core of GRU's service area. FY 2017 budget for this category is \$180,367.
- Service lines and associated equipment are necessary to delivery service to new customers, the end users. Aging service pipes are also systematically and proactively renewed or replaced to improve system reliability, quality of service and customer satisfaction. FY 2017 budget for this category is \$549,130.
- System expansion projects are necessary to deliver service within new residential, commercial and industrial new developments. FY 2017 budget for this category is \$2,101,793.



<b>Telecommunications Projects</b>		<b>2017</b>
Fiber Optic Network Expansion	\$	2,434,334
Special Projects		385,000
Other System Projects and Allocations		730,503
<b>Total Projects</b>	<b>\$</b>	<b>3,549,837</b>

## GRUCom System

### *Major Projects FY17*

- GRUCom will continue to build fiber optic systems to new and/or existing tower locations and install the infrastructure required to support the growth in cellular carrier data transport. Funds for this initiative are included in the Network Expansion capital budget.
- GRUCom will continue to extend availability of residential Gigabit Internet service through expansion of the GATOR NET product line. Funds for this initiative are included in the Network Expansion capital budget.
- GRUCom is currently negotiating with subscribers to update and expand coverage of the Trunked Radio System and the potential expenses (along with potential revenues) are not reflected in projections.
- GRUCom will continue to invest in infrastructure within the Innovation District and other related areas throughout the community. Timing of new facilities will depend on private industry construction plans. The installation of the facilities will prepare GRUCom to provide leading-edge technology services in a timely and cost-effective manner. Funds for this project are included in the FY17 Network Expansion capital budget.



## **Section G – Financial Ratios**

## Annual Operating Budget

## Financial Reserves and Ratios

### Reserve Requirements

	Budget 2016	Projection 2016	Budget 2017	Budget 2018
Reserve Requirements:				
Electric	\$ 42,652,603	\$ 32,188,109	\$ 32,422,958	\$ 33,102,695
Water	10,531,845	8,781,196	9,188,274	9,524,923
Wastewater	12,492,824	10,080,230	10,460,004	10,766,936
Gas	6,907,658	3,938,990	3,903,673	3,864,044
GRUCom	3,916,891	3,070,490	3,164,962	3,307,133
	76,501,821	58,059,016	59,139,871	60,565,731
Reserve Funded:				
Rate Stabilization Fund	61,325,022	70,183,593	61,868,040	55,296,573
Utility Plant Improvement Fund	17,686,652	11,763,292	12,233,824	12,723,177
	79,011,674	81,946,885	74,101,865	68,019,750
<b>Amount (Over)/Under Funded</b>	<b>\$ (2,509,853)</b>	<b>\$ (23,887,869)</b>	<b>\$ (14,961,994)</b>	<b>\$ (7,454,019)</b>

### Description

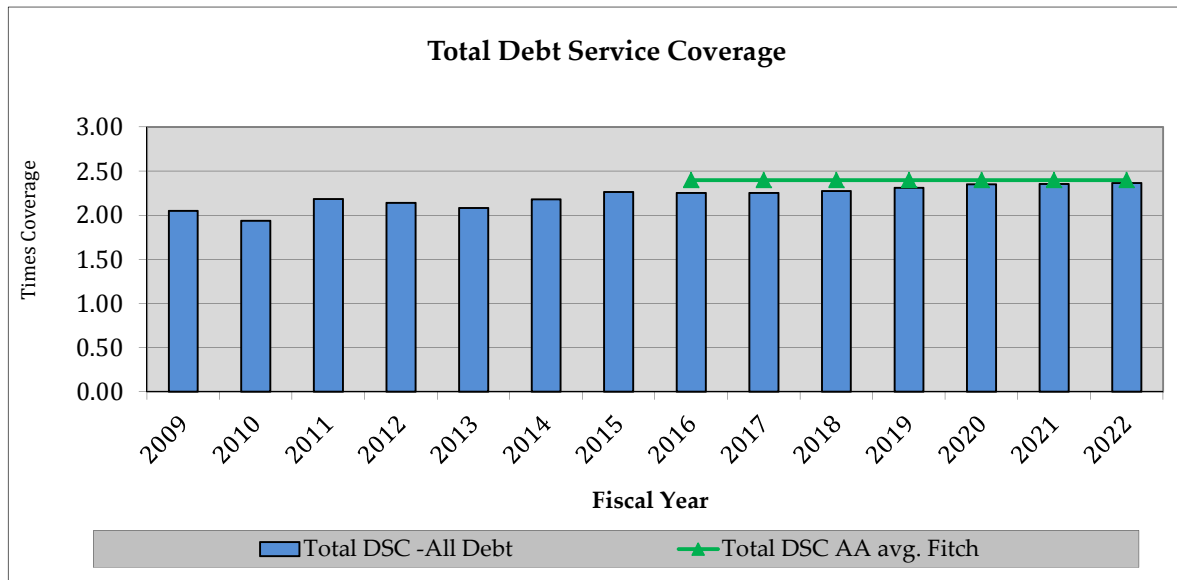
Risk is the quantifiable likelihood of loss or less-than-expected returns. Risk management is the process of analyzing exposure to risk and determining how best to handle such exposure. Staff has identified the utility's financial risk and risk mitigators and established a framework for setting reserve fund levels where other mitigators aren't present.

The utility is exposed to two major categories of risk: operating cash flow and catastrophic event exposure that can result in both uninsured property loss and the need for operating cash to recover from the event when billing and revenue collection may not be possible for a period of time. A reserve fund level that is formula-driven by the primary indicators of risk is necessary as the levels of risk can vary markedly through time. There are two funds established within the Bond Resolution that can be used to provide financial reserves: the Rate Stabilization Fund and the Utility Plant Improvement Fund.

These reserve funds can provide financial insurance to allow the utility to reliably meet its financial obligations under adverse circumstances and can also serve as a means by which to mitigate required rate changes (particularly rate increases). Maintaining minimum financial reserves contributes to financial strength.

### Budget Highlights

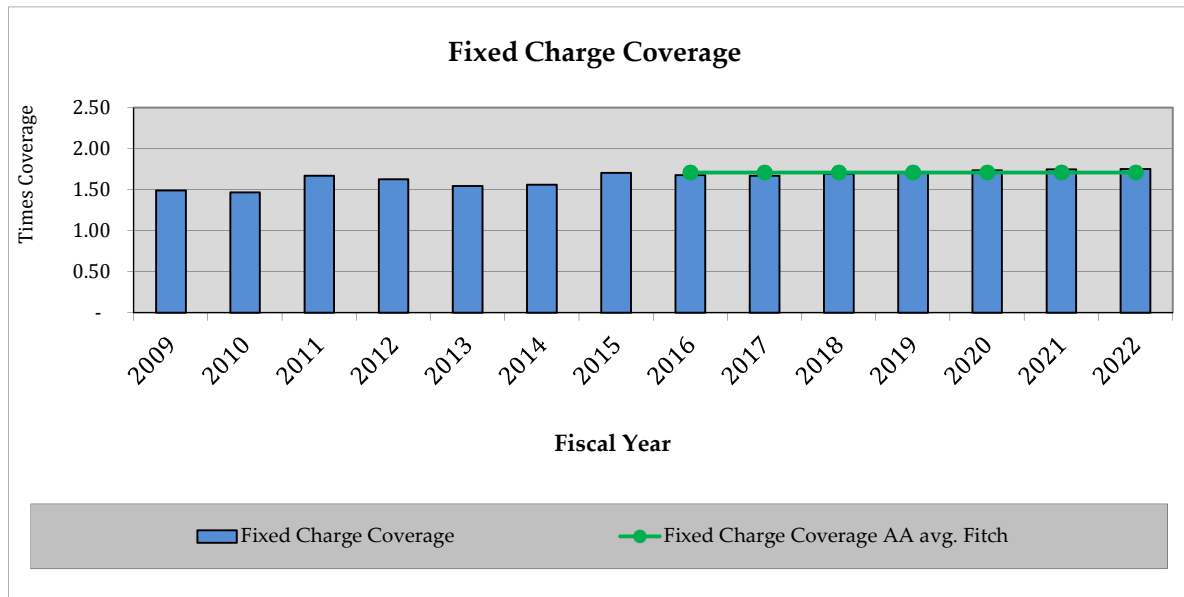
The methodology for establishing target reserves was modified for the FY17 budget. The construction risk (contingency) was removed, as contingency is being built into project budgets. The assumption for cash flow at risk, or revenue projected but not received, was lowered. The uninsured property categories were reduced due to the very low likelihood that all properties would be damaged at one time and to the extent that all insurance deductibles would be required. In addition to these changes, the overall combined system target was reduced by \$10 million due to the current levels of reserves in order to provide rate relief to our customers.



**Total Debt Service Coverage:** Number of times total debt service payments are covered by net revenues

**Calculation:** Net revenues divided by principal and interest of all debts (senior lien and subordinated)

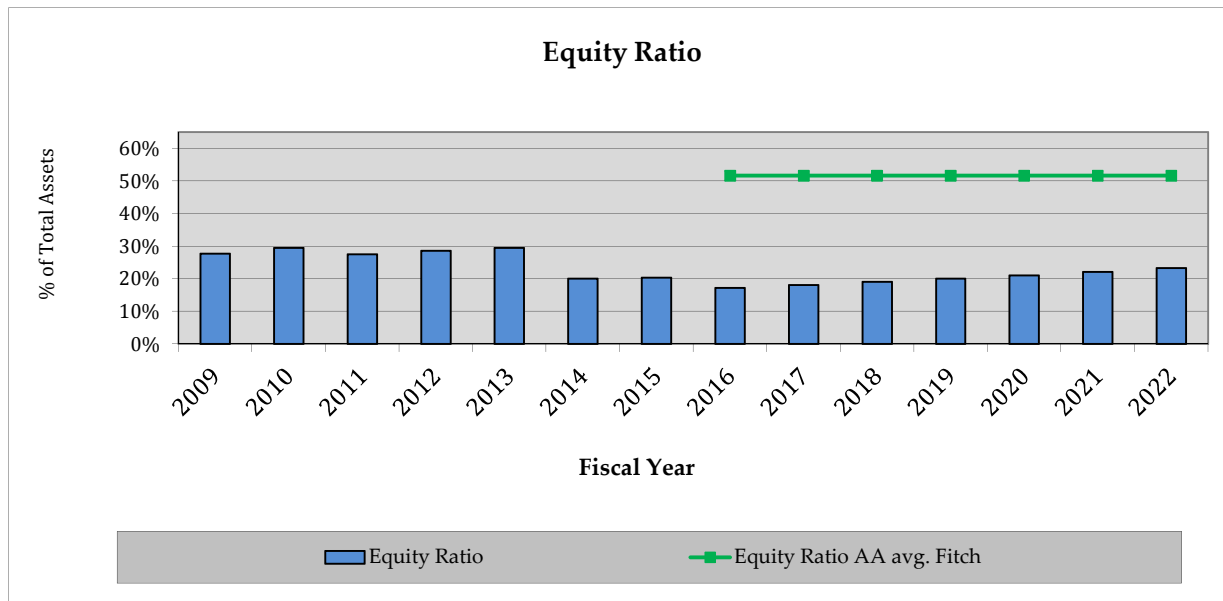
This ratio indicates the amount of cash flow available to meet payments due for all debt. The ratings agencies refer to this ratio as an indication of financial strength and a measure of a company's ability to weather unexpected events. A ratio of less than 1 indicates that there are insufficient cash flows to cover the debt. The coverage ratio can be improved through increased revenues or a decrease in debt payments.



**Fixed Charge Coverage:** Number of times total fixed charges are covered by net revenues

**Calculation:** Net revenues less General Fund Transfer (GFT) divided by principal and interest of all debts including senior lien and subordinated.

This traditional ratio indicates the amount of cash flow available to meet payments due for all debt after the GFT payment. Fixed charge indicates a payment other than operating expenses that is required and static. The ratings agencies refer to this ratio as an indication of a company's financial strength and general ability to weather unexpected events. A ratio of less than 1 indicates that there are insufficient cash flows to cover operating expenses, debt service and the GFT payment. This coverage ratio can be improved by increasing net revenues or decreasing fixed charges.

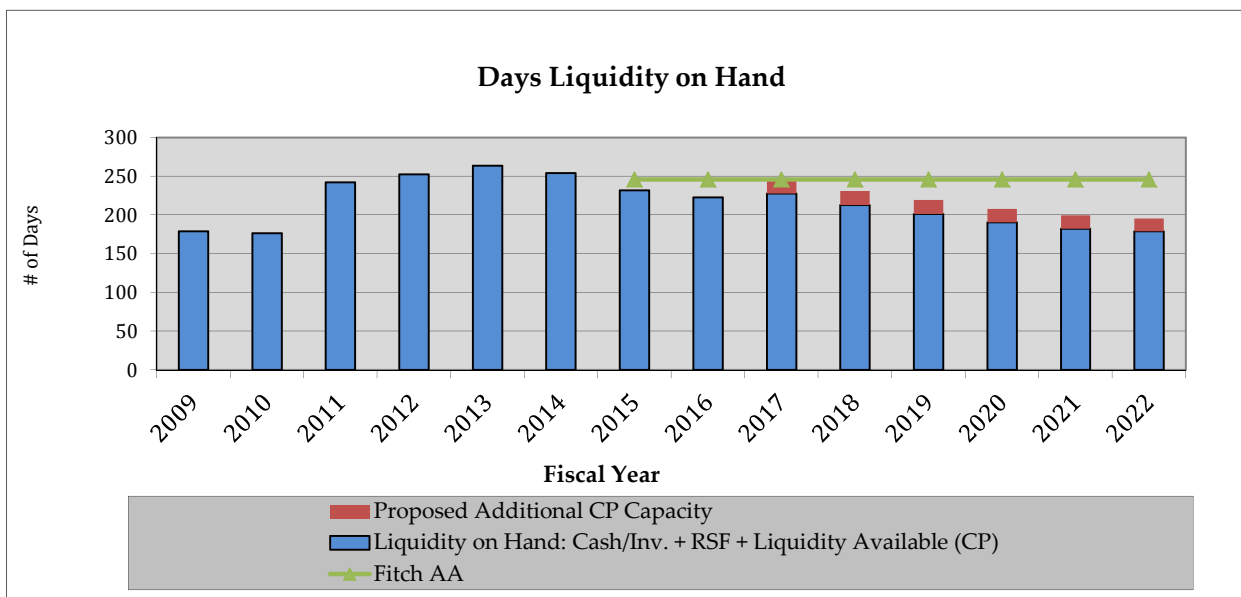


**Equity Ratio:** Percent of assets that are not leveraged

**Calculation:** Total net position divided by total assets

This ratio is an indication of leverage and the financial health of an organization. The percent is the amount of total assets that are owned by the company. This gives an indication of a company's ability to handle extraordinary events, and is a measure of a company's solvency. A higher percentage of equity to total assets is preferred. It is also important to note that total assets are in the financial statements on a cost basis and have not been adjusted for an actual market value.

GRU's policy is to increase equity use for capital funding either through directly funding such construction or using it to offset debt service for capital.

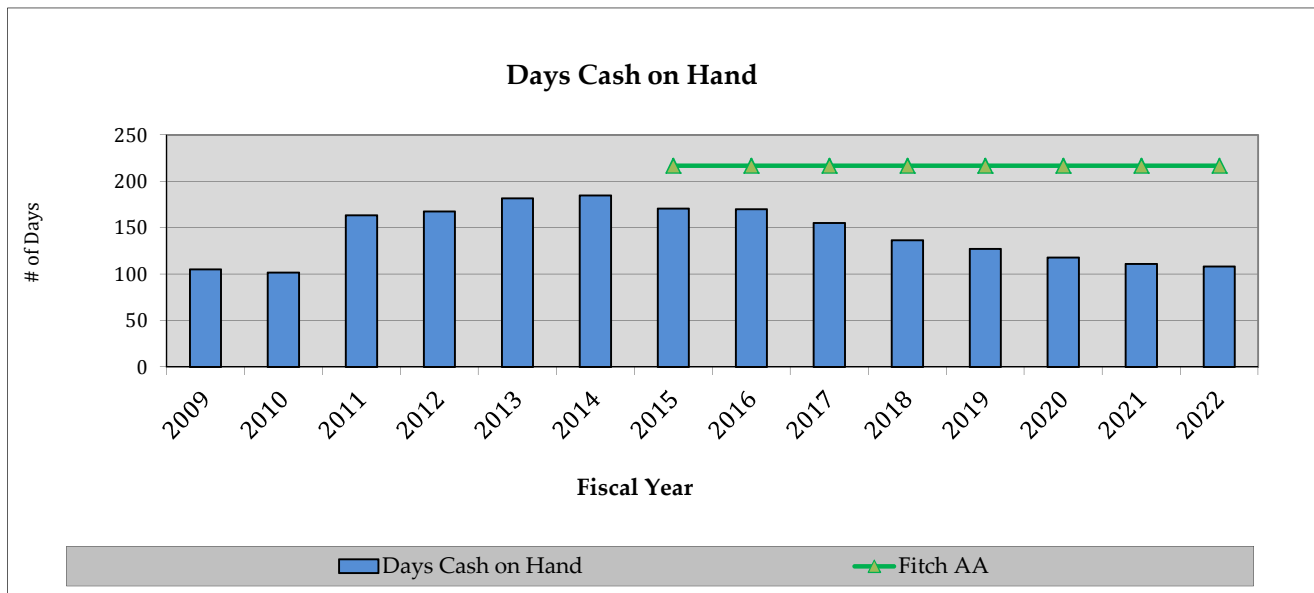


**Days Liquidity on Hand:** Number of operating days liquidity on hand

**Calculation:** Short term liquid assets divided by average daily operating expenses

This ratio is used as an indication of a company's liquidity. It shows how many days of operations can be funded from existing cash, investments and available lines of commercial paper. This ratio gives an indication of a company's flexibility and ability to respond to unexpected events. This is sometimes referred to as a company's agility.

In recent years, this metric has been at or above 200 days, which is consistent with GRU's peer ratings. Days Liquidity on Hand is projected to remain above 200 days over the planning horizon if additional commercial paper capacity is acquired.



**Days Cash on Hand:** Number of operating days cash on hand

**Calculation:** Cash and cash equivalent assets divided by average daily operating expenses

This ratio is used as an indication of a company's ability to meet current liabilities with available cash measured at fiscal year-end. It shows how many days of operations can be funded from existing cash. This ratio gives an indication of a company's flexibility and ability to respond to unexpected events. This is sometimes referred to as a company's agility.

In recent years, this metric has been near 175 days, which is consistent with GRU's peer ratings. Due to an increase in fuel expense, Days Cash on Hand decreased in FY15. The metric rose in FY16 due to the recognition of the CR3 settlement to be received in FY16. The target for reserves will be decreased by approximately \$10 million in each year beginning in FY17 which is reflected in the reduction of days cash on hand going forward.