



Thursday, December 14, 2023, 5:30 p.m.

GRU Administration Building

301 SE 4th Avenue

Gainesville, FL 32601

Authority Members

Craig Carter - Chair

James Coats, IV - Vice-Chair

Robert Karow - Member

Eric Lawson - Member

Vacant

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

A. CALL TO ORDER

Agenda Statement: The Gainesville Regional Utilities Authority encourages civil public speech. The Gainesville Regional Utilities Authority expects each person entering this chamber to treat others with respect and courtesy. Speakers are expected to focus on agenda items under discussion. Signs, props, posters, food, and drinks should be left outside the auditorium.

B. ROLL CALL

C. INVOCATION

D. PLEDGE OF ALLEGIANCE

E. GENERAL PUBLIC COMMENT

(for items not on the agenda, not to exceed 30 minutes total)

F. ADOPTION OF THE AGENDA

G. APPROVAL OF MINUTES

1. Minutes of the December 6, 2023 GRU Authority Meeting

H. CEO/GM REMARKS

I. BUSINESS DISCUSSION ITEMS

1. **2023-1180 City Auditor Role as it Relates to GRU (B)**

Department: GRU (Budget, Finance & Accounting)

Description: This item discusses the City Auditor's current role and the authority given to the City Auditor.

Fiscal Note: None

Recommendation: The GRU Authority affirm that the CEO/GM is to pause any audits performed by the City Auditor for fiscal year 2024 and to approve the following next steps: Research creating an internal GRU audit function and/or Research creating a service level agreement with City Auditor to include number of audits, hours expended, etc. to control costs Research requirement for oversight of GRU's External Financial Statement Audit Come back to GRUA for additional recommendations in Spring 2024

2. 2023-1179 Procurement Compliance (B)

Department: GRU (Budget, Finance & Accounting)

Description: This item discusses the State's minimum requirements, cone of silence and different ordinance and policy requirements for GRU's current procurement process.

Fiscal Note: None

Recommendation: The GRU Authority approve an update to the GRU Procurement Policy that will focus on the minimum state requirements for future contracts and other legal documents to be in compliance with Chapter 2023-348 (HB 1645). As part of the Policy update, GRU will review current GRU-specific exceptions. Staff will bring back updated to policy to the GRU Authority at a later date.

3. 2023-1188 Legal Services and Contract for GRU (NB)

Department: GRU/Budget, Finance and Accounting

Description: This item discusses the hiring of external legal counsel for GRU and the GRU Authority.

Fiscal Note: None

Recommendation: Options: 1.) GRU staff will draft a method of specified source to be used for the hiring of external legal counsel. 2.) The specified source contract will include a limit of \$50,000 and include a monthly evaluation. 3.) Once limit has been reached, the GRU Authority will be informed. 4.) GRU staff will develop an RFP and provide the scope of services to the GRU Authority for approval.

4. 2023-1178 Business Plan Kick-off (B)

Department: GRU/Sustainability

Description: Staff will present an overview of the business plan creation process and solicit feedback and direction on GRU's Mission and Vision statements and Strategic Objectives.

Fiscal Note: None

Recommendation: 1) GRUA approve development of a Business Plan, 2) GRUA give direction on Mission and Vision statement, and 3) GRUA give direction on Strategic Objectives

5. 2023-1181 Rate and GSC Scenarios (B)

Department: GRU/Budget, Finance & Accounting

Description: This item is related to a high-level overview of potential alternative rate structures and Government Services Contribution (GSC) levels for GRU's FY25 budget.

Fiscal Note: None at this time.

Recommendation: The GRU Authority hear a presentation on potential alternative rate structures and GSC levels for the FY25 GRU budget.

J. MEMBER COMMENT

K. ADJOURNMENT



Gainesville Regional Utilities Authority
MINUTES

December 6, 2023, 5:30 p.m.
GRU Administration Building
301 SE 4th Avenue
Gainesville, FL 32601

Members Present: Chair Craig Carter, Vice-Chair James Coats, IV, Robert Karow, Eric Lawson

A. CALL TO ORDER

Meeting was called to order at 5:30pm

B. ROLL CALL

Present:

- Member Karow
- Member Lawson
- Vice Chair Coats
- Chair Carter

C. INVOCATION

Chair Carter led the invocation and offered for anyone else to lead.

D. PLEDGE OF ALLEGIANCE

E. GENERAL PUBLIC COMMENT (for items not on the agenda, not to exceed 30 minutes total)

The Chair opened up public comment:

-Jim Konish

F. ADOPTION OF THE AGENDA

Moved by Vice-Chair Coats
Seconded by Eric Lawson

Approved

G. APPROVAL OF MINUTES

Moved by Vice-Chair Coats
Seconded by Robert Karow

Approved

1. **Minutes of the November 1, 2023 GRU Authority Meeting**
2. **Minutes of the November 15, 2023 GRU Authority Workshop**

H. GENERAL MANAGER REMARKS

The CEO/General Manager provided some updates to the board.

I. BUSINESS DISCUSSION ITEMS

1. 2023-1148 Liquidity Facility Options May 2024 (B)

The board heard a presentation from staff on the item.

The GM/CEO provided some additional information regarding the item.

Vice Chair Coats shared that he is supportive of Part 1&2

Member Karow inquired about the legislative aspect.

- The GM/CEO provided a response to Member Karow's inquiry.

Mike Weiner from Holland & Knight provided some additional information.

Chair Carter commented on the item.

Vice Chair made the following motion:

Motion for Part 1 & 2 (nix the 3rd part)

Motioned by Vice Chair Coats

Seconded by Member Karow

-Original Motion was withdrawn by the Vice Chair

Public Comment

-Jim Konish

-Angela Casteel

-Debbe Martinez

Staff spoke to the item and the members' concerns.

Mike Weiner spoke to the issue.

Staff was directed to consolidate recommendations onto one slide to assist the board in voting.

Revised Recommendation, which Includes all items were originally included, except for the 3rd item of the first recommendation side (see backup for revised slide):

Coats motioned

Lawson seconded

Public Comment:

-Jim Konish

-Debbie Martinez

-Angela Casteel

Moved by Vice-Chair Coats

Seconded by Eric Lawson

Recommendation:

The GRU Authority authorize the CEO/GM to initiate a simultaneous process to:

1) issue an RFP soliciting proposals for renewing/replacing the liquidity facilities supporting GRU's Series 2005C, 2006A and 2012B variable rate demand bonds

2) pursue negotiations of an extension of these liquidity facilities with Barclays.

The GRU Authority adopt the proposed resolution:

- 1) authorizing the extension of all existing credit enhancement facilities with respect to certain outstanding variable rate utilities system revenue bonds
- 2) authorizing an advance on the lines of credit if any existing credit enhancement facilities are unable to be extended or substituted
- 3) requesting the City Commission of the City of Gainesville to take certain actions in connection therewith consistent with Section 7.10 (1) of the Charter which provides for the City to perform all actions necessary and proper to effectuate the orderly transition of governance.

Approved

2. 2023-1149 Expanded Discussion of November 15, 2023 Topics, Including the Flow of Funds, GFT/GSC and Debt Reduction (B)

The board heard a presentation from staff on the item.

The board discussed this item.

Staff provided additional information.

No action was taken as this was informational only.

Recommendation: The Authority receive the presentation from staff and take action as deemed appropriate.

3. 2023-1150 Interlocal Agreement Between Alachua County And The City Of Gainesville For The Acquisition Of The Trunked Radio System (B)

Staff provided a presentation on the item.

Public Comment:

-Jim Konish

Moved by Eric Lawson

Seconded by Vice-Chair Coats

Recommendation: GRUA authorize the GRUA chair and the general manager or designees to execute the Purchase and Sale Agreement of the Public Safety Radio System to Alachua County subject to approval by the City Attorney as to form and legality. Consistent with the City Charter to do all things necessary to effectuate an orderly transition of management, operation, and control of the utilities from the City to the

Authority, GRUA authorize City Attorney to request City Commission to enter into Estoppel agreement with County

Approved as Recommended

4. 2023-1151 Discussion of the General Manager/CEO Position at GRU (NB)

The GM/CEO presented a plan to the board.

-Coats motioned for termination

+Motion died for lack of a second

+Chair stated that we will cap at 30 min. for public comment (started at 8:30pm)

-Jean Clark

-Robin Baxley

-Brett Goodman

-Rick Hutton

-Ed Bielarski

-Jim Konish

-Angela Casteel

-Debbie Martinez

-Christine Kunkel

-Tom Cunilio

-Bob (Last name not audible)

Members provided additional comments.

-Chair provided his input that he believes we can keep the CEO/GM in his role for one year and meet the expected metrics once the one year mark is up.

-Member Lawson gave his support. Agreed that we should give goals to the CEO/GM for this year.

-Member Karow said that he supports the CEO/GM as well.

Recommendation: GRU staff recommend that the GRU Authority discuss this topic further per GRU Authority members prior requests.

J. MEMBER COMMENT

Member Karow and Chair Carter inquired about counsel.

Vice Chair Coats inquired about an amended ordinance regarding Public Works.

Counsel from Folds Walker spoke regarding their interpretation of legal counsel for GRU.

Chair Carter spoke to various issues. He wants the board to make a motion to seek counsel with Folds Walker.

-Empower the chair to make a motion

-Determine financial costs

-Request for an RFP

-Member Karow motioned for the Chair to do the aforementioned things. Member Lawson seconded the motion.

+Public Comment:

-Jim Konish

-Tom Cunilio

-Debbie Martinez

Ayes have it for the motion.

K. ADJOURNMENT

Adjourned at 9:20pm



**Gainesville Regional Utilities Authority
Agenda Item Report**

File Number: 2023-1180

Agenda Date: December 14, 2023

Department: Gainesville Regional Utilities

Title: 2023-1180 City Auditor Role as it Relates to GRU (B)

Department: GRU (Budget, Finance & Accounting)

Description: This item discusses the City Auditor's current role and the authority given to the City Auditor.

Fiscal Note: None

Explanation: Since the passing of HB 1645 (Chapter 2023-348) and the creation of the GRU Authority, there is a need to review the role that the City Auditor has as it relates to GRU. This item covers the minimum level of effort required by the State, language in the City Charter and Ordinance 2022-366 on the role and function of the City Auditor

Recommendation: The GRU Authority affirm that the CEO/GM is to pause any audits performed by the City Auditor for fiscal year 2024 and to approve the following next steps: Research creating an internal GRU audit function and/or Research creating a service level agreement with City Auditor to include number of audits, hours expended, etc. to control costs Research requirement for oversight of GRU's External Financial Statement Audit Come back to GRUA for additional recommendations in Spring 2024

City Auditor Role as it Relates to GRU

12/14/2023



Florida Statute, City Charter and Ordinance Overview of City Auditor

▪ Per 218.391 Florida Statute:

- Any municipality with revenues or the total of expenditures and expenses in excess of \$250,000, as reported in the fund financial statements.
- Shall have an annual financial audit of its accounts and records completed within 9 months after the end of the FY by and independent CPA retained by the entity and paid from its public funds

▪ Per City Charter:

- City Auditor “shall serve” at the will of the City Commission

▪ Per Ordinance No. 2022-366:

- Performs audit engagements that include financial, operational/performance, compliance and IT audits, and non-audit and advisory services to all City functions, Commission, and Boards
- Manages the city’s designated fraud reporting process (which allows for anonymous reporting) and conducts fraud investigations
- Manages the process for issuing proposals and selecting contracts for external auditors. Impacts GRU’s External Financial Statement Audit

Operations and Cost

- Conducts internal audits as part of their annual work plan
 - For FY24, the work plan consists of 9 projects that involve GRU over the next 18 months
- City Auditor is scheduled to deliver those reports to the City Audit Committee and the City Commission
- GRU is billed for the City Auditor's services through the Cost Allocation Plan

Recommendation

- Affirm CEO/GM to pause any audits performed by the City Auditor for FY 24
- Next Steps:
 - Research creating an internal GRU audit function
 - Research creating a service level agreement with City Auditor to include number of audits, hours expended, etc. to control costs
 - Research requirement for oversight of GRU's External Financial Statement Audit
 - Come back to GRUA for additional recommendations in Spring 2024





**Gainesville Regional Utilities Authority
Agenda Item Report**

File Number: 2023-1179

Agenda Date: December 14, 2023

Department: Gainesville Regional Utilities

Title: 2023-1179 Procurement Compliance (B)

Department: GRU (Budget, Finance & Accounting)

Description: This item discusses the State's minimum requirements, cone of silence and different ordinance and policy requirements for GRU's current procurement process.

Fiscal Note: None

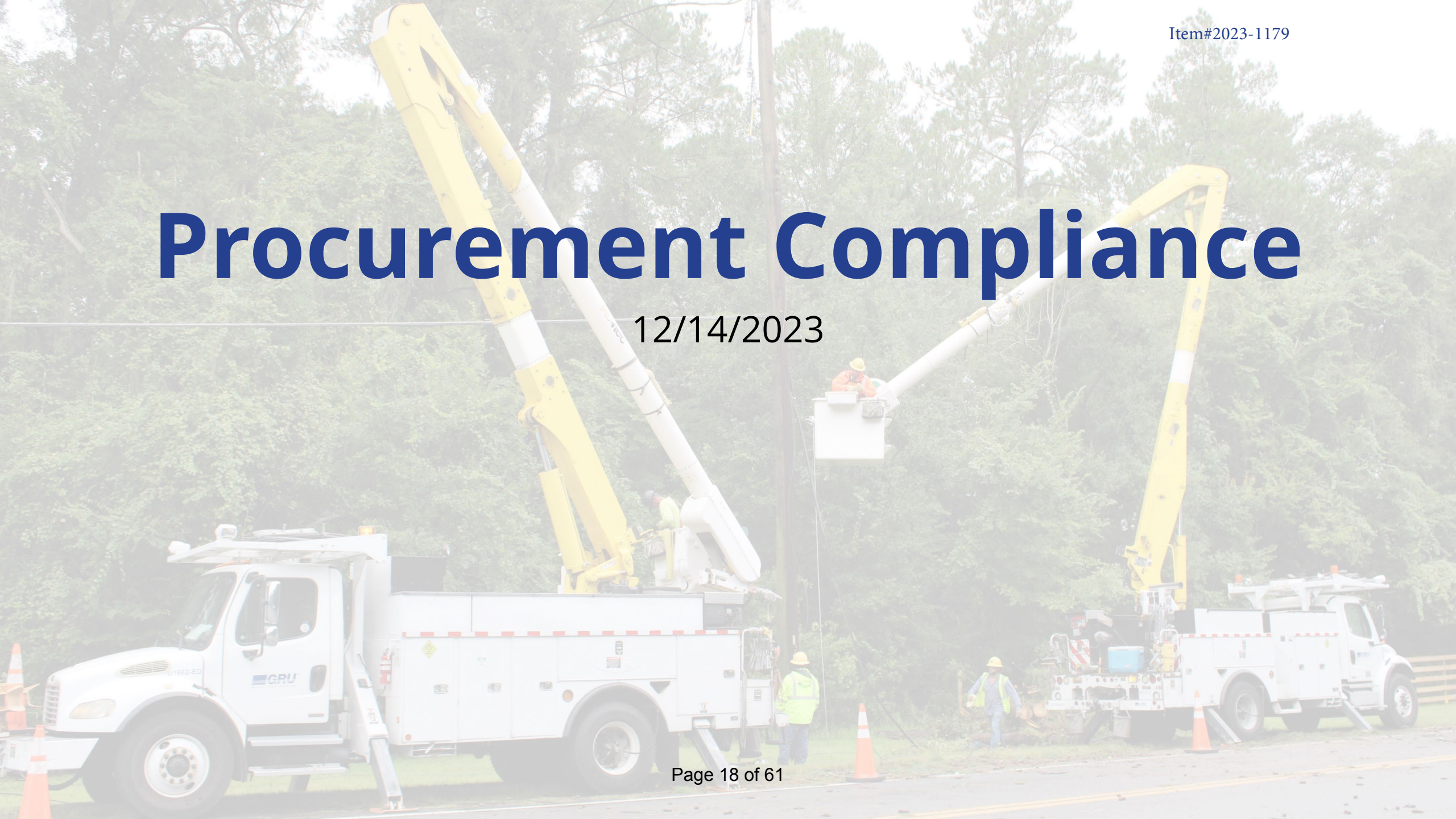
Explanation: Since the passing of HB 1645 (Chapter 2023-348) and the creation of the GRU Authority, there is a need to review the procurement policy for how items are purchased for the Utility to operate. This item covers the minimum level of effort required by the State for purchasing items as well as ordinances and a policy passed by the City Commission that are layered on top of the minimum requirements. Clarification is needed to see if any of these are in conflict with section 7.12 Limitation on utility directives.—

“The Authority and the CEO/GM, in making all policy and operational decisions over the affairs of the utility system as contemplated under the provisions of this act, shall consider only pecuniary factors and utility industry best practices standards, which do not include consideration of the furtherance of social, political, or ideological interests. Appropriate pecuniary factors and utility industry best practices are those which solely further the fiscal and financial benefit of the utility system and customers. This provision does not prohibit the establishment and application of rate structures based on utility usage.”

Recommendation: The GRU Authority approve an update to the GRU Procurement Policy that will focus on the minimum state requirements for future contracts and other legal documents to be in compliance with Chapter 2023-348 (HB 1645). As part of the Policy update, GRU will review current GRU-specific exceptions. Staff will bring back updated to policy to the GRU Authority at a later date.

Procurement Compliance

12/14/2023



- State Minimum Requirements
- Cone of Silence
- Ordinance and Policy Requirements

7.12 Limitation on utility directives.—

“The Authority and the CEO/GM, in making all policy and operational decisions over the affairs of the utility system as contemplated under the provisions of this act, shall consider only pecuniary factors and utility industry best practices standards, which do not include consideration of the furtherance of social, political, or ideological interests.

Appropriate pecuniary factors and utility industry best practices are those which solely further the fiscal and financial benefit of the utility system and customers. This provision does not prohibit the establishment and application of rate structures based on utility usage.”

Minimum State Requirements For Municipalities

- Competitive selection
 - Fair and open competition
 - Florida State Statute 287.017 threshold for competitive selection is currently \$35,000 and above
- Consultants Competitive Negotiation Act (CCNA). Must follow rules for selecting certain professionals.
 - Applies to acquisition of professional architectural, engineering, landscape architectural, or registered surveying and mapping services.
 - Selection construction design-build firms and Construction Management @Risk (CMAR) firms.
 - Selection made based on qualifications

Minimum State Requirements For Municipalities

- Florida State Statute 287.0935 requires surety bonds.
 - Consist of bid bonds, performance bonds, payment bonds and any other specialty bonds required for specific scopes of work.
- Abide by Florida Sunshine Law for procurement public records retention
- Cone of Silence (defined on next slide)

Cone of Silence

- For bids, requests for quotes, requests for proposals, etc that are OVER \$50,000.
- Each solicitation for the procurement of commodities or contractual services shall include the following provision:
 - “Respondents to this solicitation or persons acting on their behalf may not contact, between the release of the solicitation and the end of the 72-hour period following the agency posting the notice of intended award, excluding Saturdays, Sundays, and state holidays, any employee or officer of the executive or legislative branch concerning any aspect of this solicitation, except in writing to the procurement officer or as provided in the solicitation documents. Violation of this provision may be grounds for rejecting a response.”
 - FL Statute 287.057 (25)
- No member of the GRUA or staff are allowed to talk about aspects of open/current proposals amongst themselves or with outside persons or vendors.

Cone of Silence (Cont.)

- ALL questions about any open proposal must be sent to the Procurement Staff in writing.
- Protects the integrity of the solicitation process.
- Violations can lead to rejections of bids.
- When proposals are posted, the GRU Authority Members will be notified of posted proposals.
- Once notified, please refrain from any and ALL conversations about open proposals.
- If there are questions about process or open proposals, contact GRU Procurement at: 352-393-1240 or email purchasing@gru.com

Ordinance and Policy Requirements

The City Commission has approved Ordinances that have been embedded into our procurement process for purchasing goods and services.

Conundrum for future contracts and other legal documents.

- In compliance with local ordinances
- Out of compliance with Chapter 2023-348 (HB 1645)
- Living Wage (\$15.00 [with health insurance] /\$17.25 [no health insurance] as of 10/1/23)
Ordinance
 - For each covered employee during the term of the agreement
 - Maintain records for compliance
- Local Preference Ordinance
 - Contracts for goods or services estimated to exceed \$50,000
 - Preference not to exceed 5% of the local business' total price, and not exceed \$25,000.
 - Submit valid business tax receipt issued 6 months prior
 - Submit that business is in area zoned for the conduct of such business

Ordinance and Policy Requirements

- Small Business Enterprise Ordinance
 - Independently owned with a net worth of not more than five million dollars and employs 200 or fewer permanent full-time employees.
 - Small and Service-Disabled Veteran Business Program:
 - As certified by the City of Gainesville equal opportunity department (EO)
 - Given a preference of 5% of the total price not to exceed \$25,000, when all of the following apply:
 - Purchase is anticipated to be greater than \$50,000;
 - Award is based on evaluation criteria other than to the lowest responsive and responsible bidder;
 - The certified small or service-disabled veteran business being evaluated did not receive a Local Preference
 - Business principal location with full-time personnel is located in Alachua, Bradford, Columbia, Gilchrist, Levy, Putnam or Union County

- Purchasing Requirements for Certain City Construction Projects Ordinance
 - Employment of Disadvantaged Workers and Apprentices
 - For all non-electrical construction projects \$300,000 or above
 - For all electrical construction \$75,000 or above
 - 10% of all labor hours performed by apprentices
 - 10% of all labor hours performed by disadvantaged workers

Ordinance and Policy Requirements

In Flight/ Pending Future Ordinance and Policy Requirements from City Commission

- Zero Waste Ordinance
 - Ban on Styrofoam products used by contractors
 - Approved products are unknown
 - Additional cost is unknown
 - Timeline for enactment is unknown
- Completed “Disparity Study” Impacts
 - Create ‘set aside’ for certain underserved groups
 - Could limit competition
 - Additional cost is unknown
 - Timeline for enactment is unknown

Recommendation

- GRU staff update Procurement Policy
- Focus on minimum state requirements for future contracts and other legal documents
- In compliance with Chapter 2023-348 (HB 1645)
- Evaluate current GRU- specific exceptions
- Staff to bring back updated policy to the GRU Authority for approval at a later date.





**Gainesville Regional Utilities Authority
Agenda Item Report**

File Number: 2023-1188

Agenda Date: December 14, 2023

Department: Gainesville Regional Utilities

Title: 2023-1188 Legal Services and Contract for GRU (NB)

Department: GRU/Budget, Finance and Accounting

Description: This item discusses the hiring of external legal counsel for GRU and the GRU Authority.

Fiscal Note: None

Explanation: Since the passing of HB 1645 (Chapter 2023-348) and the creation of the GRU Authority, there is a need to review the role that the City Attorney has as it relates to GRU and the GRU Authority. Items for discussion include the role the current City Attorney's office will have and the role and responsibility that external counsel will have.

Recommendation: Options: 1.) GRU staff will draft a method of specified source to be used for the hiring of external legal counsel. 2.) The specified source contract will include a limit of \$50,000 and include a monthly evaluation. 3.) Once limit has been reached, the GRU Authority will be informed. 4.) GRU staff will develop an RFP and provide the scope of services to the GRU Authority for approval.



**Gainesville Regional Utilities Authority
Agenda Item Report**

File Number: 2023-1178

Agenda Date: December 14, 2023

Department: Gainesville Regional Utilities

Title: 2023-1178 Business Plan Kick-off (B)

Department: GRU/Sustainability

Description: Staff will present an overview of the business plan creation process and solicit feedback and direction on GRU's Mission and Vision statements and Strategic Objectives.

Fiscal Note: None

Explanation: The GRU Authority (GRUA) was established as the governing body for GRU on October 4, 2023. The GRUA has indicated that GRU should evaluate its operations with the goal of transforming the utility to run more like a business. The first step in that process is developing a business plan for the future that incorporates the GRUA goals. Staff will present suggestions and solicit feedback for a new Mission and Vision statement and strategic objectives for the current year and affirm the process for developing the business plan to align with GRUA goals.

Recommendation: 1) GRUA approve development of a Business Plan, 2) GRUA give direction on Mission and Vision statement, and 3) GRUA give direction on Strategic Objectives

Business Plan Kick-off

December 14, 2023



- Introduction
- Mission and Vision Discussion
- Business Drivers
- Strategic Objectives
- Recommendations

Intro

- We heard you
- Modified our plan/vision/processes to accommodate
- Set a clear direction for the organization for the next year:
 - More business focus
 - Evaluate and modify existing processes
 - Invest in infrastructure
- Goal:
 - Connect the path of action to the intended result
- It will all come together in final approval of the FY25 budget
 - Tie money with the mission

- Today:
 - Fundamentals of building the Business Plan

Business Plan Outline

- Executive Summary
- Business Fundamentals
 - Mission Statement
 - Vision Statement
 - Strategic Objectives
- Market Analyses
- Operations Plan
- Financial Plan

- Recommendation to Authority:
 - Adopt the process and commitment to develop Business Plan



Mission & Vision

Mission Statement

- Drives the company:
 - Core of the business
 - Helps to shape business culture
- Answers the questions:
 - What do we do?
 - Whom do we serve?
 - How do we serve them?
- Current Mission Statement:
 - GRU will provide safe, reliable, competitively priced utility services in an environmentally responsible manner and will actively contribute to the enhancement of the quality of life in our community.

Vision Statement

- Gives the company direction:
 - It is the future of the business
 - It helps provide the purpose
 - It is about who the business wants to become
 - Aspirational
- Answers the questions:
 - What are our hopes and dreams?
 - What problem are we solving?
 - Who and what are we inspiring to changes?
- Current Vision Statement:
 - GRU envisions a well-run business optimizing all aspects of the organization for the benefit of the customers and the community at large

Mission and Vision Examples:

- **Company: Tesla**
 - **Mission:** To accelerate the world's transition to sustainable energy.
 - **Vision:** To create the most compelling car company of the 21st century by driving the world's transition to electric vehicles.
- **Company: Amazon**
 - **Mission:** We strive to offer our customers the lowest possible prices, the best available selection, and the utmost convenience.
 - **Vision:** To be Earth's most customer-centric company, where customers can find and discover anything they might want to buy online.
- **Company: Toyota USA**
 - **Mission:** To attract and attain customers with high-valued products and services and the most satisfying ownership experience in America.
 - **Vision:** To be the most successful and respected car company in America.
- **Company: Duke Energy**
 - **Mission:** We strive to build a sustainable future for our communities, improve the lives of customers, and empower our employees to achieve excellence.
 - **Vision:** Duke Energy's vision is to become a national leader in sustainable energy generation and delivery

Mission Statement:

- More focused
- Demonstrated different path
- Easy to understand and communicate
- A new board was formed to improve GRU
 - Missions should tell how GRU will improve

Mission Statement Options:

- Considered:
 - Provide safe, reliable, competitively priced utility services in an environmentally responsible and fiscally sound manner
 - Give our customers a competitive advantage by delivering diversified utilities
 - Transform the utility to deliver competitive utility services
 - Focus to deliver competitive core services
 - Deliver competitive core services
 - Dedicated to Delivering utilities at competitive prices
- Proposed:
 - **Deliver competitive core services**

Vision Statement Options

- Considered:
 - Be the best run utility in Florida
 - High quality utilities at reasonable rates
 - Be recognized as a performance leader in the utility industry
 - Regain/Restore/Rebuild GRU's reputation in the community
 - Rebuild the best reputation with the people we serve
 - Always Ready, Always Reliable, Always Competitive
 - Deliver now; Prepare for the future
- Proposed:
 - **Rebuild our reputation with the people we serve**



Business Drivers & Strategic Themes

Business Drivers

- Apply Business Principles
 - Each Area of the Business
- Improving Work Culture
 - Focus on Innovation and Growth
- Building Customer Trust
 - Commitment to Quality and Cost-competitive Services

Strategic Themes:

- Main focus areas of the organization
 - Helps to translate mission and vision statements into actionable focus areas
 - Helps for communicating strategic intent to all employees
- GRU Strategic Themes:
 - Workforce Engagement
 - Employee Safety
 - Financial Strength
 - Productivity
 - Value to Customer
 - Infrastructure Reliability



Strategic Objectives

Strategic Objectives:

- Action statements that describe:
 - What must be done successfully over the time horizon of the strategy
- Simple statements of strategic intent
 - Easy to understand
 - Represent continuous improvement potential

Immediate Action Plan

Business Drivers	Strategic Theme	Immediate Actions	Metric/Indicator	Target
Applying Business Principles	Productivity	Improve project delivery system	Incorporate business intelligence into project delivery	By 7/1/24
		Increase business process efficiency	Conduct "Start, Stop, Continue" work task analysis	By 10/1/24
	Financial Strength	Manage expenses at or lower than actual revenue	Actual-to-budget expenses YTD Actual-to-budget revenues	≤ 1.0
		Reduce net debt	Percent net debt reduction by 2034	≥ 20%
		Stabilize electric rates	FY25 rates	Bring options
		Increase net revenues	Power marketing value created	≥ \$1.5M
			Sale or lease of noncore business assets	≥ \$9M
			Board approval of net metering rate structure	10/1/24
Improving Work Culture	Employee Safety	Reduce recordable injuries	Recordable injury rate per 200,000 man hours	<1
		Reduce motor vehicle accidents	Preventable vehicle collisions per 1M miles	<4
	Workforce Engagement	Evaluate HR SLA	Hold GG/HR accountable to SLA	Monthly review
		Establish GRU-specific policies	Board approval	By 9/30/24
Building Customer Trust	Value to Customer	Implement AMI	% of electric AMI meters installed by 1/1/25	95%
		Define GG services and value	Identify expense reductions	≥ \$500k
		Development and expansions of products/services/rate structures	Expansion plan for products/services/rate structures identified and prioritized for implementation	By 7/1/24
	Infrastructure Reliability	Approve IRP recommended path forward	Plan to implement IRP recommended path forward that fits within debt reduction plan	By 4/17/24
		Infrastructure investment plan for each system	Capital infrastructure plan costs through 2034	≤ \$954M



Recommendations

Recommendations

- GRUA approve development of a Business Plan
- GRUA give direction on Mission and Vision Statement
- GRUA give direction on Strategic Objectives





**Gainesville Regional Utilities Authority
Agenda Item Report**

File Number: 2023-1181

Agenda Date: December 14, 2023

Department: Gainesville Regional Utilities

Title: 2023-1181 Rate and GSC Scenarios (B)

Department: GRU/Budget, Finance & Accounting

Description: This item is related to a high-level overview of potential alternative rate structures and Government Services Contribution (GSC) levels for GRU's FY25 budget.

Fiscal Note: None at this time.

Explanation: As we near the beginning of the FY25 GRU budget process, staff wanted to provide the Authority a brief overview of potential alternative:

- Base rate structures and their estimated impact on GRU reserves by system at the end of the forecast period. Included as part of these structures are reductions to O&M expense and GSC contributions in FY25 that are intended to offset reduced revenue associated with the base rate changes.
- GSC levels through FY34, with estimates of the cumulative expense reduction that these changes would generate.

Recommendation: The GRU Authority hear a presentation on potential alternative rate structures and GSC levels for the FY25 GRU budget.



Rate & GSC Scenarios

December 14, 2023

- As a preamble to the FY25 GRU budget process, following is a cursory discussion of potential alternative scenarios related to several key variables in GRU's budget development
 - Base rate structure
 - Level of Government Services Contribution

Rate Alternatives

ALTERNATIVE RATE STRUCTURE: NO INCREASE FY25, CPI FY26 - FY34				
ESTIMATED RESERVES @ FYE34				
	Reserves Target	Current Rate Structure	Alternative Rate Structure	Difference
Electric	84,251,248	123,084,229	145,414,897	22,330,668
Water	7,260,431	(61,442,639)	(25,099,887)	36,342,752
Wastewater	8,924,279	(13,031,057)	(37,498,958)	(24,467,901)
Gas	6,655,395	24,168,919	39,399,322	15,230,403
GRUCom	2,873,920	441,018	441,018	-
Combined	109,965,273	73,220,470	122,656,392	49,435,922

Current Rate Structure: E 3%/yr FY25 - FY27; WW 5%/yr FY25-27
 CPI (Source IHS Markit, Macroeconomic model):

2026	2.00%
2027	2.00%
2028	2.00%
2029	2.00%
2030	2.10%
2031	2.20%
2032	2.20%
2033	2.30%
2034	2.40%

\$4M combined O&M expense reduction in E & WW FY25
 GSC reductions of \$4M in FY25 are allocated over all systems

Rate & GSC Scenarios:

Rate Alternatives

ALTERNATIVE RATE STRUCTURE: E 1.5% FY25, WW 2.5% FY25, CPI FY26 - FY34				
ESTIMATED RESERVES @ FYE34				
	Reserves Target	Current Rate Structure	Alternative Rate Structure	Difference
Electric	84,251,248	123,084,229	178,180,541	55,096,312
Water	7,260,431	(61,442,639)	(25,099,887)	36,342,752
Wastewater	8,924,279	(13,031,057)	(23,981,545)	(10,950,488)
Gas	6,655,395	24,168,919	39,399,322	15,230,403
GRUCom	2,873,920	441,018	441,018	-
Combined	109,965,273	73,220,470	168,939,449	95,718,979

Current Rate Structure: E 3%/yr FY25 - FY27; WW 5%/yr FY25-27
CPI (Source IHS Markit, Macroeconomic model):

2026	2.00%
2027	2.00%
2028	2.00%
2029	2.00%
2030	2.10%
2031	2.20%
2032	2.20%
2033	2.30%
2034	2.40%

\$2M combined O&M expense reduction in E & WW FY25
GSC reductions of \$2M in FY25 are allocated over all systems

Eliminate GSC FY25 Forward

Incremental GSC Reduction FY25 - FY34	
Electric	102,853,840
Water	21,507,889
Wastewater	26,535,333
Gas	8,246,338
GRUCom	6,156,942
Combined	165,300,342
* To be applied to Debt or Rate Reduction	

Rate & GSC Options:

Reduce GSC by \$7.8M/Yr FY25 Forward

Incremental GSC Reduction FY25 - FY34	
Electric	48,539,400
Water	10,147,800
Wastewater	12,519,000
Gas	3,892,200
GRUCom	2,901,600
Combined	78,000,000
* To be applied to Debt or Rate Reduction	

Rate & GSC Options:

Keep GSC Flat at FY24 Level

Incremental GSC Reduction FY25 - FY34	
Electric	7,621,070
Water	1,593,649
Wastewater	1,966,163
Gas	611,018
GRUCom	456,202
Combined	12,248,102
* To be applied to Debt or Rate Reduction	

- Staff will be coming back to the Authority later in the budget process with a more comprehensive discussion of alternate structures for these variables and recommendations for their implementation as part of the FY25 budget