

Section D – Non-Labor

Annual Operating Budget

Non-Labor

Fuel

	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Expenditures:				
Coal	\$ 48,503,709	\$ 39,093,771	\$ 49,172,625	\$ 42,039,494
Natural Gas - Generation	8,207,631	15,149,818	8,163,044	8,217,889
Natural Gas - Customer Sales	11,324,698	10,229,009	10,745,099	8,407,472
Fuel Oil #6 #2	-	85,136	-	-
Purchased Power	101,596,064	104,837,388	107,612,199	105,753,048
Landfill Gas	2,017,808	2,146,740	2,074,094	2,295,270
Total Expenditures	\$ 171,649,910	\$ 171,541,862	\$ 177,767,061	\$ 166,713,173

** 2015 Projections include Actuals through March 2015 for fuel expense and actuals through February 2015 for purchase power and landfill plus updated budget for remainder of FY15*

Description

Coal generation is estimated to satisfy approximately 54 percent of the total system load during FY16 compared to 45 percent projected for FY15. The increase is due to lower projected costs in FY16.

Natural gas generation is estimated to satisfy 12 percent of total system load during FY16. Natural gas is supplied directly to customers local distribution company (LDC) to operate appliances in 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 based on the timing and volume of usage during the year.

GRU has a 30-year PPA with Gainesville Renewable Energy Center (GREC) for 102.5 MW of biomass-generated power. Biomass is expected to satisfy 30 percent of total system load for FY16.

Power is purchased off the electric grid when there is a financial benefit to customers 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 10MW power sales agreement with the City of Winter Park that began January 1, 2015. While this agreement increases fuel expense, it will also bring additional net revenue to reduce costs for GRU customers.

Budget Highlights

- The FY15 “as-burned” cost of coal is projected to average \$3.38/MMBtu. The budgeted FY16 “as burned” cost of coal is \$3.06/MMBtu.
- The FY16 “as-burned” coal price includes \$3,098,284 for pebble lime and \$524,968 for urea required for operation of the dry scrubber and SCR.
- The FY16 “as-burned” coal price also includes fly ash sales which are projected to generate revenues of \$225,980. This is an offset to coal expenses for the fiscal year.
- GRU has secured one short-term coal supply contract and is currently negotiating a second.
- Inclusive of hedging, baseload transaction(s), capacity charges, and excess capacity expenses, natural gas prices for FY15 are projected to average \$4.08/MMBtu. Prices for FY16 are budgeted to average \$4.23/MMBtu.
- Natural gas costs for customer sales (LDC) inclusive of hedging, baseload transaction(s), capacity charges, and excess capacity expenses for FY15 are projected to average \$4.69/MMBtu. Prices for FY16 are budgeted to average \$4.22/MMBtu delivered.
- Expenses for power from GREC in FY16 are estimated to be \$63.63 million for fixed charges, \$24.09 million for variable charges and \$7.65 million for its annual property tax assessment.

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Energy Supply

	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Expenditures:				
Administration	\$ 401,448	\$ 477,624	\$ 404,337	\$ 150,000
Energy Supply Training	136,150	124,002	140,235	136,150
Fuels Management	10,750	10,552	11,075	10,750
Product Assurance Support	38,200	32,155	39,346	38,200
Maintenance of Plant - Kelly Plant	980,676	979,849	1,010,102	980,676
Maintenance of Plant - Deerhaven	4,111,607	4,112,894	4,373,933	4,108,307
Maintenance of Plant - Plant Outage Crystal River 3	3,839,750	3,648,983	3,954,946	4,580,000
	-	5,606	-	-
Control Area Services	81,300	104,656	83,739	163,600
Electric Environmental	124,850	125,967	126,100	124,850
Total Expenditures	\$ 9,724,731	\$ 9,622,287	\$ 10,143,813	\$ 10,292,533

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

Energy Supply proposes a \$567,802 increase in non-labor expense from the FY15 budget. The majority of the proposed increase is in the Planned Outage budget:

- Over several years, Energy Supply has performed diagnostics and analytics required to move from a twelve 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 – 30 percent over a three year period.
- Energy Supply proposes to transition Deerhaven Unit 2 (DH 2) to an eighteen month planned outage frequency beginning in FY16. Doing so requires the addition of work scope to the FY16 planned outage, resulting in the proposed expense increase.
- Savings over the next six years from transitioning DH 2 to an 18-month planned outage frequency are expected to be approximately \$5 million.

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District Energy

	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Expenditures:				
New Business Services	\$ 43,500	\$ 42,906	\$ 43,500	\$ 43,950
South Energy Center	2,205,137	2,462,041	2,749,703	2,295,705
Innovation Energy Center	157,721	162,607	201,815	186,009
Total Expenditures	\$ 2,406,358	\$ 2,667,554	\$ 2,995,018	\$ 2,525,664

Description

District Energy develops, operates, and maintains GRU's special-purpose energy and thermal plants at the South Energy Center 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 South Energy Center (SEC) are in accordance with the contractual terms of the agreement between GRU and UF Health.
- Increased expenses at the SEC in FY16 reflect the expansion of the SEC to serve the new UF Health Heart and Vascular Hospital and UF Health Neuromedicine Hospital.
- Innovation Energy Center expenses reflect chilled water and backup power production sales as the Gainesville Innovation District develops.

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Energy Delivery

	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Expenditures:				
Energy Delivery Administration	\$ 25,069	\$ 24,884	\$ 25,570	\$ 24,709
Work & Resource Management	211,140	229,046	222,007	325,766
Electric Transmission & Distribution	2,378,146	2,317,481	2,428,491	2,820,384
Energy Delivery Engineering	197,591	203,213	200,945	288,442
Substation & Relay Operations	416,274	419,283	424,597	472,733
Gas & Electric Measurement	215,416	215,013	223,066	272,557
Systems Control	939,355	849,519	1,082,384	953,284
Gas Transmission & Distribution	180,065	141,503	183,666	412,470
Field Services	529,389	419,386	542,236	551,178
Total Expenditures	\$ 5,092,445	\$ 4,819,328	\$ 5,332,962	\$ 6,121,523

Description

The Energy Delivery Department is responsible for the design, construction, operation and maintenance of approximately 120 miles of electric transmission, 1,415 miles of electric distribution lines, 766 miles of gas distribution mains, 13 electric substations, and 6 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, FY16 revised operating and maintenance expenses will increase, as compared with the FY16 original budget.

- A new group of seven lineworker apprentices began training in June of FY15. This is the first class of apprentices to be initiated in the last eight years and they should progress to journey-level lineworkers in four years. The total lineworker training program extends over a seven-year timeframe. Similarly, a new group of four gas worker and line technician apprentices began training in FY15. The development of these new employees into skilled craftworkers will help ensure that the utility will be positioned to deliver high quality and reliable electric and gas services in the future.
- Certain expenses that have been historically charged as capital expenses have been re-categorized as operations and maintenance expenses. This revised treatment of expenses impacts both the electric and gas systems.

- Federally mandated regulatory requirements, such as the NERC Reliability and Critical Infrastructure Protection Standards, have generated significant upward pressure on O&M expenses, particularly within the Systems Control and Substation & Relay work groups.
- Funding for the natural gas rebate program has been increased in FY16 in response to strengthened acceptance of gas appliances (new construction and replacement installations) as well the need to remain competitive with the offerings of the industry within the State.

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Water

	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Expenditures:				
Administration	\$ 11,050	\$ 11,046	\$ 11,050	\$ 11,050
Safety Training	14,402	14,377	14,689	14,664
Planning	150,940	138,250	151,190	150,620
Engineering	74,300	61,751	85,575	85,175
Murphree Plant				
Electric Expense	2,559,981	2,305,921	2,559,981	2,425,000
Chemicals	1,615,000	1,557,725	1,663,700	1,624,359
Security Guard Service	124,000	123,639	124,000	126,480
Sludge Disposal Fees	275,000	571,803	283,250	285,000
Other	589,100	590,264	594,200	626,598
Total	5,163,081	5,149,352	5,225,131	5,087,437
Water Distribution:				
Maintenance of Water System	274,412	286,553	273,892	279,985
Maintenance of Fleet	317,407	302,008	322,000	307,000
Other	46,531	49,787	46,381	51,381
Total	638,350	638,348	642,273	638,366
Total Expenditures	\$ 6,052,123	\$ 6,013,124	\$ 6,129,908	\$ 5,987,312

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 69,000 customers serving 189,000 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 \$142,596 decrease from its FY16 original budget. FY16 savings achieved through reductions in operational expenses.

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Wastewater

	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Expenditures:				
Administration	\$ 11,050	\$ 11,046	\$ 11,050	\$ 11,050
Safety Training	14,352	14,377	14,638	14,664
Planning	9,700	10,070	9,950	9,520
Engineering	74,300	62,207	85,575	85,675
Water Reclamation Facilities				
Electric Service	3,144,600	3,144,640	3,239,100	3,027,000
Water Service	21,200	20,982	23,200	22,700
Chemicals	586,900	580,845	777,100	983,400
Maintenance - Plant & Fleet	1,119,000	1,239,461	1,802,260	1,009,692
Other	414,600	423,442	420,500	1,411,800
Total	5,286,300	5,409,371	6,262,160	6,454,592
Wastewater Collection				
Maintenance of Fleet	411,200	380,701	440,000	405,000
Radio & Communication Service	19,500	19,500	20,475	20,475
Other	125,966	158,209	125,300	160,300
Total	556,666	558,410	585,775	585,775
Total Expenditures	\$ 5,952,368	\$ 6,065,481	\$ 6,969,148	\$ 7,161,276

Description

The Wastewater System operates and maintains the 14.9 million gallons of water per day (MGD) at Kanapaha Water Reclamation Facility, the 7.5 MGD at Main Street Water Reclamation Facility, 170 lift stations, 642 miles of gravity main and 136 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 (IPT), 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 \$192,128 increase to its FY16 original budget. The proposed increases are for expenses related to collection system and lift station odor control, plant maintenance, fleet repairs, and administrative expenses such as training, travel and professional services.

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GRUCom

	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Expenditures:				
Operations	\$ 1,183,849	\$ 1,042,830	\$ 1,202,891	\$ 898,775
Public Safety Radio	612,500	532,972	629,980	561,000
Professional Services	115,000	176,329	111,800	135,000
Circuits	1,327,378	1,125,959	1,359,462	1,245,000
Total Expenditures	\$ 3,238,727	\$ 2,878,090	\$ 3,304,133	\$ 2,839,775

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.
- Public Safety Radio costs are related to the operations of the county-wide Trunked Radio System.
- Professional Services expenditures reflect costs associated with utilizing external sources to assist with ongoing 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 services allow GRUCom to resell Internet access and to reach customers who are not in close proximity to GRUCom's fiber network.

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Administration

	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Expenditures:				
General Manager	\$ 481,955	\$ 493,769	\$ 384,755	\$ 452,244
Utilities - Legal Services	25,185	22,154	25,491	26,841
Community Relations	104,766	133,119	109,379	43,457
Compliance	5,650	5,650	4,900	3,980
Total Expenditures	\$ 617,556	\$ 654,692	\$ 524,525	\$ 526,522

Description

The General Manager oversees the operations of the combined utility systems – Electric, Gas, Water, Wastewater and GRUCom – and is responsible for 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, including assistance with contract negotiation and representation of the utility systems before the courts and administrative bodies.

Community Relations develops, implements, manages and evaluates more than 13 community outreach programs for the combined utility systems.

Compliance is responsible for the management of the Electric System’s environmental compliance, as well as compliance with North American Electric Reliability Corporation (NERC) regulatory programs. This requires monitoring regulatory and external affairs, as well as wholesale and other contracts, and assuring that electric operations conform to environmental permitting and NERC standards for voltage, frequency, stability and reliability under authority delegated by the Federal Energy Regulatory Commission.

Budget Highlights

- Overall, Administration FY16 revised budget is comparable to the original FY16 budget submitted.
 - The General Manager recommends a slight increase in expenditures for FY16 due to increased costs of memberships for organizations.
 - Community Relations proposes decreases to its FY16 revised budget, as compared to the FY16 original budget, due to the reorganization of duties. In FY16, government relation duties will fall under the new Business & Government Relations department within Customer Support Services.

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Customer Support Services

	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Expenditures:				
Customer Operations Administration	\$ 713,962	\$ 856,430	\$ 724,342	\$ 1,012,773
Energy & Business Services	669,504	622,535	558,440	553,449
Marketing & Communications	588,250	553,426	606,497	554,903
Facilities & Administrative Services	2,914,037	2,913,947	3,001,459	3,062,260
Business & Government Relations	-	-	-	113,750
Total Expenditures	\$ 4,885,753	\$ 4,946,338	\$ 4,890,738	\$ 5,297,135

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.

Budget Highlights

- The Customer Operations Administration increase consists of the following components:
 - Conversion of city temp budget dollars to Temp Force dollars
 - Project Dox software for plan review
 - Cash Cycle Solutions contract management changes
- The Facilities & Administrative Services budget increases are related to the following items:
 - The EOC Campus Management Committee directed Administrative Services to add \$37,850 to its budget for security projects.
 - An additional \$85,000 was added to cover taxes should they be levied on the vacated part of the downtown campus this year and to have a property appraisal done for those same buildings (Power District).
 - \$25,000 is included for consulting fees and maintenance to maintain ponds at EOC Campus.
- Business & Government Relations will absorb a portion of duties from Community Relations and also Energy & Business Services. No historical data is provided since the reorganization is effective for FY16.

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Information Technology

	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Expenditures:				
Administration	\$ 47,942	\$ 47,942	\$ 40,569	\$ 677,024
Infrastructure Services	1,892,376	1,892,372	2,125,376	1,983,467
Application Development	158,935	158,935	197,935	179,135
Business Operations Support Services	1,143,875	1,143,873	1,261,147	1,181,147
Total Expenditures	\$ 3,243,128	\$ 3,243,122	\$ 3,625,027	\$ 4,020,773

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, and financial system, multiple websites, and various revenue collection systems.

Budget Highlights

Major expenditures in the IT budget are related to maintaining the mission-critical systems, implementing infrastructure and software upgrades and network security improvements.

- Expenses in three IT cost centers are expected to decrease as a result of negotiated changes in some enterprise software licensing agreements. Additionally, IT expenses are still realizing some benefit from pre-payment of multi-year support agreements; some of those agreements will be due again in FY17.
- Approximately \$636,000 has been added to the IT administration budget for ongoing support costs of new enterprise business systems anticipated by the previously approved capital software project budget.

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Finance

	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Expenditures:				
Finance	\$ 7,475	\$ 7,498	\$ 8,925	\$ 8,925
Rates, Forecasting & Business Analytics	24,750	24,410	24,250	22,750
Financial Analysis & Budget	38,955	36,307	40,121	36,395
Accounting	16,996	18,121	16,996	15,822
Accounts Payable	6,975	7,526	6,975	6,781
Total Expenditures	\$ 95,151	\$ 93,862	\$ 97,267	\$ 90,673

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 Finance Department proposes a \$6,594 decrease for its FY16 revised budget, as compared to the FY16 original budget. Expenditures such as training, travel and professional services have been reduced in an effort to produce budget savings while effectively managing current operations.

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Human Resources

	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Expenditures:				
Travel & Training	\$ 38,000	\$ 16,389	\$ 38,000	\$ 39,359
Professional Services	12,405	-	55,905	-
Other	4,959	16,930	4,959	2,290
Total Expenditures	\$ 55,364	\$ 33,319	\$ 98,864	\$ 41,649

Description

The Human Resources (HR) Department provides human resources support to all levels of GRU and General Government leadership. HR's operational goals are to foster and measure a culture that promotes alignment with the organization's mission and values, with an emphasis on productivity and customer service; to recruit, retain and motivate a diverse and highly-skilled workforce; to maintain effective employee and labor relations; to provide comprehensive learning solutions that meet the current and future needs of the organization; to maintain an appropriate and competitive compensation and classification system; and to coordinate and enhance organization-wide communications on issues that impact employees and their jobs in support of organizational goals and objectives.

Budget Highlights

- Human Resources FY16 revised budget proposes a \$57,215 decrease, as compared to the FY16 original budget. Professional Services expenditures have been decreased due to reduced reliance on temporary personal services.

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General System Expenditures

	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Expenditures:				
Insurance	\$ 3,795,410	\$ 3,593,032	\$ 3,950,564	\$ 3,933,771
Joint Services Allocation	2,020,877	2,020,877	2,121,921	2,121,921
Risk Management Fees	1,782,309	1,782,309	1,831,194	1,782,309
Professional/Contractual Services	460,000	460,000	370,800	500,000
Bank/Fiscal Agent Fees	2,161,336	2,150,736	2,226,176	2,014,238
Regulatory Fees/Permits	137,093	137,093	141,206	137,093
Fleet Maintenance Capitalization	(995,000)	(995,000)	(995,000)	(995,000)
System Expenditures Capitalized	(3,750,000)	(3,750,000)	(3,750,000)	(3,750,000)
Pension Bonds	1,752,889	1,753,249	1,890,459	1,803,163
Recoveries	(2,649,636)	(2,649,687)	(2,748,753)	(2,728,203)
Other	1,306,225	1,281,252	1,094,389	1,371,934
Total Expenditures	\$ 6,021,503	\$ 5,783,862	\$ 6,132,957	\$ 6,191,226

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

- Pension costs are allocated out of System Expenditures to departments as fringe benefits.
- Insurance premiums and payments for property and liability risks are projected to be below budget in FY15 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% each year, per agreement with General Government.
- 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.
- The capitalization of fringe benefits, fleet costs, and other related system expenditures are handled through the utility's system expenditures department. Costs have remained steady over the last couple of years. However, accounting is reviewing the utility's capitalization policies and may recommend changes where appropriate.
- Examples of "Other" expenditures include record retention/storage, corporate dues and memberships, and annual audit and legal services.

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Debt Service Expenditures

	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Expenditures:				
Senior Lien Debt Service Payment	\$ 56,209,726	\$ 54,885,152	\$ 55,941,802	\$ 55,639,720
Subordinated Debt Service Payment	6,141,933	5,795,930	6,133,026	5,979,190
Total Before BABS and UPIF	62,351,659	60,681,082	62,074,828	61,618,910
BABS (Build America Bonds Subsidy)		(5,264,602)		(5,263,168)
UPIF	(1,350,000)	(1,350,000)	(250,000)	-
Effective Debt Service	\$ 61,001,659	\$ 54,066,480	\$ 61,824,828	\$ 56,355,741

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 FY15 budget reflects the use of \$1.35 million of Utility Plant Improvement Fund (UPIF) monies to pay a portion of the debt service. UPIF is not used for payment of Debt Service in the FY16 budget.

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Utility Plant Improvement Fund

	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Expenditures:				
Electric Revenue Contribution	\$ 23,705,509	\$ 23,756,130	\$ 26,455,140	\$ 24,734,721
Water Revenue Contribution	7,356,894	3,399,862	7,599,516	2,824,504
Wastewater Revenue Contribution	8,934,097	6,435,338	9,738,263	6,758,167
Gas Revenue Contribution	3,399,862	8,934,097	3,134,397	9,337,059
GRUCom Revenue Contribution	209,039	209,039	21,419	123,688
Total Expenditures	\$ 43,605,401	\$ 42,734,466	\$ 46,948,735	\$ 43,778,139

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 required contribution amount of \$43.6 million budgeted in FY15 is based on FY14 operating results and is projected to come in \$871,000 less than the budgeted amount, being used at 1/12 of budget each month and adjusted at the end of FY15. 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 \$51 million in FY15, and \$50 million in FY16.

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General Fund Transfer

	Budget 2015	Projection 2015	Original Budget 2016	Revised Budget 2016
Expenditures:				
Electric	\$ 19,495,302	\$ 19,236,545	\$ 19,799,381	\$ 19,678,113
Water	5,626,440	5,623,657	5,602,213	5,752,746
Wastewater	7,365,545	7,426,000	7,473,327	7,596,461
Gas	2,405,138	2,374,240	2,442,652	2,428,740
GRUCom		-	372,988	-
Total Expenditures	\$ 34,892,425	\$ 34,660,441	\$ 35,690,561	\$ 35,456,059

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 \$34.7 million in FY15 and \$35.5 million in FY16. 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 FY15 GFT is projected to be 8.7 percent of Total Revenues and 15.0 percent of Total Non-Fuel Revenues.

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