

EXECUTIVE SUMMARY:

“Owned by the people it serves.”

That has been the guiding principle of Gainesville Regional Utilities since its creation and remains so for everything GRU does to this day. And while GRU has grown over time to serve people beyond the city limits of Gainesville, people who aren’t “owners” in the technical sense, it remains our greatest community asset and among the most impactful institutions in greater Gainesville. Reflecting the community’s values, providing high-paying jobs, and reinvesting in our local economy wherever possible, the utility is an engine for growth and contributes to the quality of life in Gainesville and Alachua County.

The City of Gainesville has committed to a path of sustainability. This includes the goals of providing 100% renewable energy by the year 2045 and becoming a zero-waste community by 2040. Through the volunteer efforts of citizens serving on the city’s Utility Advisory Board, this Energy and Utility Policy seeks to chart a balanced and measured path towards a sustainable utility and community; with sustainability being defined as not only environmentally responsible, but also socially just and economically viable. A path that will continue beyond the term of any one elected official, the tenure of any one GRU General Manager, or the individual contribution of any one citizen. While these goals are necessary to reduce greenhouse gas emissions, reduce pollution, and promote energy independence, they also come with a cost, and the path towards those goals must be thoughtful and driven by the collective wishes of the people GRU serves – its customers.

ABOUT GAINESVILLE REGIONAL UTILITIES SERVICE AREA AND THE CITY OF GAINESVILLE

The City of Gainesville is the county seat of Alachua County and is home to approximately 135,000 residents. Gainesville is home to the University of Florida, a land grant university with the fifth largest university campus by enrollment as well as Santa Fe College, a large state college providing a variety of degrees and accredited certificate programs. The GRU service area is growing at a rate of approximately 1% or greater than 1000 people per year.

GRU's mission is to provide safe, reliable, competitively priced utility services in an environmentally responsible manner to enhance the quality of life in our community. This mission is the foundation for all work at the utility and for these policies.

SECTION ONE: STRATEGIC PLAN

WHAT IS A POLICY?

A policy is a guiding principle, or set of guiding principles, that is used to set direction in an organization, and in this case, a local government. Policies are typically in the form of a governing principle, plan or course of action. Policies affect every community member in some way. Policies can determine everything from what services are provided to the kinds of development that take place in a community.

A policy is necessary before processes and procedures can be effectively implemented. Processes and procedures are a defined series of steps to be followed as a consistent and repetitive approach to accomplish an end result. Processes and procedures are important and valuable tools in any organization or city but if they are written before an overall guiding policy has been established then they function more as reactions to immediate circumstances instead of proactive, aspirational perspectives on the future. Not every situation can be defined by a procedure or a process. A policy provides valuable guidance in these situations.

Some of the qualities of good policy include:

- Public support
- Fair and equitable to all stakeholders
- Backed by knowledge, analysis, and an understanding of the consequence of the policy on the community
- Relevance
- Feasibility
- Flexible so that unintended consequences or failures can be addressed in a timely way

THE POLICY MAKING PROCESS

The policy making process weighs and balances public values and implements the community vision. There is often more than one technically correct way to solve a problem and this can lead to conflict and controversy. A good public policy will direct problem solving by setting the direction from the beginning and reduce the adversarial competing and conflicting interests when addressing an issue. And great policy will direct the destiny of a community through fulfillment of its dreams and aspirations. Policy making, when done well, brings diverse community interests together around a shared purpose through diplomacy, prudence, and knowledge of issues.

Policy making has constraints. Policy must be consistent with a community's vision, goals and objectives. It must be consistent with a community's comprehensive plan. It must not conflict with mandated local services (such as by state statute) or services that are prudent and customary. The policy must be able to be implemented within the given financial resources of a community and within the budget and capital improvements necessary for operation. The allocation of funds within a budget to meet competing needs is, in itself, a policy making procedure.

Policy making often falls to elected officials that may suffer from information overload. While they may have the final say in a policy implementation, the process of creating policy may be delegated to a group of qualified citizens with access to data, analysis, knowledge and experience.

GOING FORWARD

These policies are the first step in the process of realizing the energy and utility vision for Gainesville Regional Utilities and the City of Gainesville. Setting clear policy will lead to the next step for the City of Gainesville: clear, measurable goals and a strategic plan to prepare us for a future to address climate resiliency, support local jobs

and a robust economy, provide positive economic support for the City and lower utility costs for residents and businesses.

This document is laid out in two main sections: Section One is the strategic plan and outlines the importance of an energy and utility policy and discusses how this policy can be used going forward. Section Two is the policy and the components of the policy in a unique cross-referenced format and includes links to current initiatives within the city that support those policies and links to additional information. These policies are not only tools for elected officials, managers and administrators, but they are tools for citizens. Citizens can use these policies to hold elected officials accountable in the decision-making process.

Policies may have unintended consequences and changes may take place in the community or in the nation that require a change of direction. For this reason, it is recommended that this policy expire within a given amount of time unless there is a formal policy review, a reimplementing of what is working, and a revision of what is not working.

This policy is intended to guide the City of Gainesville through the next decade. The policy should be updated and republished prior to 2030.

SECTION TWO: THE POLICY

| | CURRENT AND PLANNED INITIATIVES | CROSS REFERENCE |
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| 0.0 THE BASE POLICY: GRU shall provide safe, reliable, competitively priced utility services in an environmentally responsible manner to enhance the quality of life in our community. To this end, the policies in this document must only be sustainably implemented, with respect to the triple bottom line of being economically viable, environmentally responsible, and equitable across Gainesville and GRU's service territory. | | |
| 1.0 THE BUILT ENVIRONMENT | | |
| 1.1 UTILITY EFFICIENCY PROGRAMS | | |
| 1.1.1 RESIDENTIAL Background: The efficient use of our natural resources is a primary goal for The City of Gainesville. Better service while minimizing consumption of critical resources benefits all concerned. Goals should be transparent and easy to measure. Goal: Residential electricity, water and natural gas consumption should be reduced through efficiency measures. These goals should be measured as the average residential account for the utility for each one of these services. Policy: GRU shall continue to evaluate and support residential efficiency programs for new construction and existing housing. | CWC, LEEP, HABITAT, etc. | POLICY 2.2 |
| 1.1.2 COMMERCIAL, INSTITUTIONAL, AND INDUSTRIAL Background: The City of Gainesville has educational utility efficiency programs for commercial and institutional GRU customers. Goal: To increase the efficiency of the delivery and consumption of resources. These programs must maintain GRU's safety, service levels, and fiscal responsibility while also encouraging the success of commercial customers. Policy: GRU shall continue to evaluate and support commercial and industrial efficiency | Energy efficiency improvements can be achieved through improved efficiency of electricity equipment, reduced electricity needs through changes in operations, and the addition of renewable energy sources. Customers will be encouraged to seek "win-win" situations for customer-side | |

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| programs. | <p>demand management that reduces costs for the customer and improves energy generation efficiency for GRU.</p> <p>Water efficiency improvements can be achieved through improved water efficiency systems, water reclamation, and internal graywater systems</p> | |
| 1.2 CITY INCENTIVES | | |
| <p>1.2.1 MINIMUM EFFICIENCY STANDARDS FOR RENTAL PROPERTIES</p> <p>Background: The existing housing stock in Gainesville is substandard and does not allow for the efficient use of resources. This adversely and disproportionately impacts the most vulnerable GRU customers.</p> <p>Goal: Rental properties should meet a measurable minimum standard of efficiency for water and energy consumption.</p> <p>Policy: The City shall require that rental housing meet a minimum standard of safety, efficiency, and comfort.</p> | | |
| <p>1.2.2 CODE ENFORCEMENT FOR NEW CONSTRUCTION</p> <p>Background: City building officials work to ensure that structures conform to the plans submitted for review during the permitting process. However, many structures in GRU's service territory but do not conform to all aspects of the existing building codes.</p> <p>Goal: To have more efficient new construction.</p> <p>Policy: The City of Gainesville will require new construction to meet Florida Building Code standards.</p> | | |
| <p>1.2.3 HVAC DESIGN STANDARDS</p> <p>Background: The efficiency of HVAC systems is dependent on proper sizing of equipment, and the size of equipment may change as buildings change use, change configuration, or are upgraded in any way.</p> | <p>MANUAL N? MANUAL JD?</p> <p>Florida Building code</p> | |

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| <p>Goal: To increase the efficiency of HVAC systems across GRU’s service territory.</p> <p>Policy: As required by the Florida Building Code, a Manual N (or Manual J&D as required by code) should be provided by a third-party engineer, independent of the HVAC installer, prior to the bidding or selection of new or replacement HVAC equipment on municipal buildings.</p> | | |
| <p>1.2.4 FINANCING EFFICIENCY AND LIVEABILITY PROJECTS</p> <p>Background: The City of Gainesville has been a leader in creating and supporting energy-efficiency improvements regardless of requirements by the State of Florida.</p> <p>Goal: The City of Gainesville desires to continue as a leader in energy-efficient improvements.</p> <p>Policy: The City of Gainesville shall participate with government agencies and non-government entities who provide capital for energy-efficiency improvement programs within its service area, subject to maintaining a neutral financial impact on non-participating GRU customers. GRU will offer on-bill repayment programs in order to facilitate and encourage energy-efficiency improvement programs offered by third parties.</p> | | |
| <p>1.2.5 UTILITY IMPACT REVIEW OF PROJECTS</p> <p>Background: Some projects have a significant impact on the distribution of power, water, wastewater and other services provided by the City.</p> <p>Goal: Projects should be reviewed for ways they can contribute to the overall stability and/or efficiency of the system. Examples include a microgrid, solar contributions, battery storage, or rainwater collection.</p> <p>Policy: Projects will be evaluated for impact to the system and how they fit into expected growth patterns with respect to existing infrastructure in an area. As part of the development negotiation process the developer will be asked to mitigate their impact to the system. When a development is presented to the City Commission for approval, the presentation will address these impacts and the mitigation.</p> | | |
| 2.0 UTILITY SUPPLY AND DISTRIBUTION | | |
| 2.1 DIVERSIFICATION OF ENERGY SOURCES | The City will make an annual progress | SEE: CITY OF |

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| <p>Background: The City of Gainesville has committed to a goal of providing 100 percent of the City’s energy from renewable resources by 2045.</p> <p>Goals: To achieve that goal with a diversification of energy sources, the City will focus on alternative local renewable energy generation and storage.</p> <p>Policy: The City will strive to optimize use of the Deerhaven Renewable Facility (DHR) within the City’s electrical generation portfolio, including the increased use of DHR when adopting and implementing a schedule to phase out Deerhaven 1 and 2 and the John R. Kelly plants by 2045.</p> | <p>report to the Citizens of its efforts to reach the 2045 goal.</p> <p>When making decisions on new or refurbished fuel sources the city will consider the remaining useful life of existing assets; impacts of new fuels sources on the utility’s reliability; the total cost of fuel sources including infrastructure, fuel costs and environmental costs; and the impact of different fuel sources on rates.</p> <p>Renewable energy sources that achieve the City’s goal of 100 percent renewable by 2045 will be prioritized over fossil fuel burning.</p> | <p>GAINESVILLE RESOLUTION #180442</p> |
| <p>2.2 RENEWABLE ENERGY PORTFOLIO</p> <p>Background: The City of Gainesville has committed to a goal of providing 100 percent of the City’s energy from renewable resources by 2045.</p> <p>Goal: To achieve 100 percent of the City’s energy from renewable resources by 2045 (Resolution #180442.</p> <p>Policy: Plan, budget and implement programs that achieve a 100% renewable energy portfolio in incremental stages.</p> | <p>Reduce energy consumption (conserve) through increased efficiency standards, including development and redevelopment incentives, new building construction requirements, retrofit rebates, and community weatherization programs (both in-house and through local community partner programs). See Policy 2.1.</p> <p>Phase out Deerhaven 1 and 2 and the John R. Kelly plants by 2045. Such schedule will include reportable goals to be reported annually to the city.</p> <p>Develop a resilient distributed renewable power generation system by encouraging</p> | <p>See: City of Gainesville Resolution #180442</p> |

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| | <p>residents, business owners, and local governmental entities to build and maintain rooftop or ground-mount solar arrays. When fiscally prudent, expedite permit review by both GRU and the City building department, waive permit fees, offer financial incentives, continue support for net metering, and resume the solar feed-in-tariff program.</p> <p>Increase centralized solar power use and distribution by setting annual goals for either the construction of a city-owned solar field or the long-term purchase of solar power by agreement with private or public utilities. Such goals will be measurable benchmarks in reaching the 2045 goal.</p> <p>Keep abreast of energy storage and battery options and the changing financial feasibility for these options, with a plan to incorporate energy storage into the GRU grid when fiscally prudent to do so.</p> <p>Incorporate goals and standards into the city's ten-year site plan, submitted annually to the Public Service Commission.</p> | |
| <p>2.3 MAINTENANCE OF ASSETS AND RELIABILITY</p> <p>Background: GRU observes high standards for safety and reliability which must be maintained as it expands its energy portfolio and moves towards renewable energy sources.</p> <p>Goal: The maintenance of existing assets should be considered critical to the operation of GRU and may take precedence over new capital projects initiated by GRU and/or the City of Gainesville in order to maintain reliability standards and avoid unplanned outages.</p> <p>Policy: GRU shall provide any and all necessary maintenance required to keep current</p> | | |

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| facilities operating at maximum efficiency. | | |
| <p>2.4 DEMAND RESPONSE AND ADVANCED METERING INFRASTRUCTURE</p> <p>Background: The electrical demand in a utility’s service area is typically met by operating a fleet of generating units for differing times at different load levels. With the advent of advanced metering infrastructure and the internet of things, a region’s electrical needs can also be met by customers changing the way they operate their home.</p> <p>Goal: To integrate the consumer’s ability to vary their electrical demand into the utility’s control scheme in such a way as to make the local utility grid more resilient and more cost effective.</p> <p>Policy: Future infrastructure decisions should consider consumer’s ability to affect the electrical load profile through the planned combination of advanced metering infrastructure and the Internet of Things.</p> | | |
| <p>2.5 URBAN DESIGN STANDARDS</p> <p>Background: Often there are competing priorities when developing in an urban context: the Land Development Code which includes streetscape, trees, building placement; the Utility which requires safe, efficient and easily serviced infrastructure; and the Owner/Developer who wants predictable standards, a clear process for resolving conflict, and an attractive and fiscally feasible end result.</p> <p>Goal: To recognize the needs and requirements of all relevant stakeholders and work together to achieve an acceptable end result through collaboration and compromise.</p> <p>Policy: GRU and the City of Gainesville shall establish and regularly review a set of specific design standards for high density and/or urban development in which normally desired standards are not feasible</p> | | |
| <p>2.6 ENERGY DISTRICTING</p> <p>Background: Energy Districts have historically been areas where, through the economy of scale, efficient heating, cooling, and/or hot or chilled water are shared to a group of buildings. This allows greater versatility in the design of the structures, it frees property owners from the operation and maintenance cost of these systems, and typically there is greater reliability, redundancy and back up in the event of a power outage or system failure. A “net zero” energy district is a district that provides all its energy needs internally. A net zero energy district combines the synergistic effect of renewable energy, efficient building design, energy storage with both traditional energy districting and</p> | <p>https://rmi.org/wp-content/uploads/2017/03/Insight-brief_Net-zero-energy8_2.pdf</p> <p>https://www.epa.gov/sites/production/files/2015-06/documents/sf_district_energy_planning.pdf</p> | |

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| <p>motivated tenants.</p> <p>Goal: To seek opportunities for GRU to partner in the development process and expand GRU's service role with its customers. Additional opportunities may be available for "net zero" energy districts as the City moves towards its goal of 100% renewable energy by 2045.</p> <p>Policy: GRU and the City will look for opportunities for energy districting and for potential pilots for a net zero energy pilot project. The City will support these efforts with the cooperation and help from public works, the building department and the City Attorney's office.</p> | | |
| <p>2.7 WATER SUPPLY</p> <p>Background: The responsibility of the Water Utility is to provide GRU customers with a reliable supply of clean, high quality drinking water now and into the future. The utility consists of the Murphree wellfield with 15 wells, the Murphree Water Treatment Plant and the pipe network that distributes the treated water to GRU customers. At the time of the writing of this policy, GRU has a perfect record of uninterrupted water supply.</p> <p>Goal: Because the uninterrupted supply of clean water is critical to GRU customers, the goal of the water supply policy is to ensure that political or financial pressures are not allowed to impact the quality or reliability of GRU water supply.</p> <p>Policy: GRU shall maintain the quality and reliability of the GRU water supply through adequate staffing and funding of the construction and maintenance of related facilities.</p> | | <p>MAINTENANCE SHALL BE CARRIED OUT IN ACCORDANCE WITH POLICY 2.3.</p> |
| <p>2.8 WASTEWATER COLLECTION AND DISPOSAL</p> <p>Background: The responsibility of the Wastewater Utility is to operate, protect and maintain the systems that collect, treat and disposes of residential, commercial and industrial sewage generated within its service area. The utility consists of Kanapaha Water Reclamation Facility and Main Street Water Reclamation Facility as well as a pipe network made up of gravity mains, pump stations and pressurized sewer pipes that convey wastewater to the treatment plants.</p> <p>Goal: To reduce inefficiencies and mechanical failures which result in wastewater blockages, leaks, and interruption of wastewater collection, treatment and disposal.</p> <p>Policy: Through its design and construction standards, GRU shall provide regulation and control of sewer connections, prevent the introduction of pollutants in the system,</p> | | <p>MAINTENANCE SHALL BE CARRIED OUT IN ACCORDANCE WITH POLICY 2.3</p> |

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| <p>provide for the protection and wellbeing of personnel associated with the wastewater treatment system and the general public, and ensure that utility complies with its NPDES permit conditions, sludge use and disposal requirements, and any other federal or state laws to which the Publicly owned treatment works (POTW) is subject.</p> | | |
| <p>2.9 MUNICIPAL BROADBAND AND WIFI</p> <p>Background: Communities with high quality and low-cost internet access see increases in economic development, property values and productivity.</p> <p>Goal: To improve access to broadband or wifi and bridge the “digital divide” by providing public access to the internet.</p> <p>Policy: GRU shall work, as requested, with the City of Gainesville and with businesses to provide internet access to as many people as possible in an economically viable way.</p> | | |
| <p>3.0 TRANSPORTATION AND LAND USE</p> | | |
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| <p>3.1 EFFICIENCY OF TRANSPORTATION</p> <p>Background: The City of Gainesville’s Comprehensive Plan states: <i>The City shall become a national model for an enhanced community transit system with a variety of transportation services that provide a safe, convenient, accessible, comfortable, continuous, and aesthetically pleasing transportation environment that promotes walking and transit use. Service shall be provided with the cleanest, quietest, and most energy efficient equipment feasible.</i></p> <p>Goal: To encourage efficient transportation systems that will enable people to minimize vehicle miles traveled (VMT) when traveling in the Gainesville urbanized area. Reducing VMT conserves fuel and reduces vehicle emissions. VMT reduction strategies—or transportation demand management—also can reduce traffic congestion, enable the use of more efficient vehicles, reduce transportation costs, and save time for drivers.</p> <p>Policy: Partner with The Metropolitan Transportation Planning Organization (MTPO) to achieve a transportation system that is safe and efficient, serves the mobility needs of people and freight, and fosters economic prosperity while minimizing transportation-related fuel consumption and air pollution.</p> | | |

3.2 ELECTRIC VEHICLES AND CHARGING STATIONS

Background: At the time of the writing of this policy, electric vehicles (EVs) represent a very small percentage of vehicles in Gainesville. However, the numbers are rapidly increasing. This increase in EVs is desirable for GRU and the City of Gainesville because it represents a new need for GRU electricity. Additionally, EVs will improve air quality and climate impacts, which are also City and GRU goals.

In general, electricity usage by GRU customers is currently decreasing due to a combination of increased efficiency of electrical equipment (e.g., LED lights and high efficiency air conditioners) and the success of GRU conservation programs. Based on current usages, EVs would represent approximately a 30% increase in electricity needs for a typical GRU residential customer.

These EVs will require charging. For most single-family homes and some business, the addition of EV chargers will be relatively easy. However, for multi-family housing and other businesses, the addition of EV chargers through retrofits will be problematic. It should be noted that advances in EV battery ranges are reducing the need for charging during the day, except for extended driving days. However, the presence of charging stations can be helpful for EV drivers and increase the awareness of EVs for non-EV drivers.

Goal: To support the adoption rate of EVs and to ensure charging stations are available for the increasing number of EVs. This support needs to be done in a fiscally responsible way that balances the cost of the support with the expected benefits.

Policy: The City of Gainesville and GRU shall encourage the increased adoption of EVs and the availability of EV charging stations through fiscally responsible programs and incentives.

3.3 MULTI MODAL AND LOW IMPACT TRANSPORTATION

Background: Cities with multi-modal and low impact transportation are desirable for several reasons, including attracting innovative businesses, benefiting low income citizens, reducing congestion, and reducing environmental impacts. The City of Gainesville has a history of multi-modal transportation. Gainesville regularly ranks in Bicycle Magazine's top 50 bicycle friendly cities.

Goal: The City wants to support the increase of multi-modal and low impact transportation.

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| <p>Policy: The City of Gainesville has a policy of supporting multi-modal and low impact transportation while balancing the costs and potential benefits.</p> | | |
| <p>3.4 ENVIRONMENTAL IMPACTS AND ENVIRONMENTAL JUSTICE</p> <p>Background: The negative environmental impacts of development, and the growing effects of climate change, disproportionately affect low-income communities and communities of color.</p> <p>Goal: To create equity in city planning so that Gainesville residents receive the benefits and bear the burdens of development together, equally.</p> <p>Policy: When making planning decisions the City of Gainesville will consider what communities will be most affected – both positively and negatively; how to mitigate existing and future environmental impacts for all communities, especially those that have historically carried a greater share of the burden; how to balance environmental protection with the need for investment in underserved areas; and how land use decisions either contribute to or counteract harmful historical development patterns across the city.</p> | | |
| <p>4.0 PUBLIC FACING AND FINANCIAL</p> | | |
| <p>4.1 EDUCATION PROGRAMS</p> <p>Background: GRU and Gainesville’s general government have multiple and extensive public outreach, education, and support programs to engage and inform the utilities’ customer-owners which have met with varying degrees of success.</p> <p>Goal: To better explain to customer-owners the vital role that GRU serves to provide safe, reliable, competitively priced utility services in an environmentally responsible manner, including the important relationship between rate structure, the General Fund Transfer and City Taxes.</p> <p>Policy: GRU and the City Commission will offer education and outreach programs that engage customers so that they better understand the role of, and advocate for, the utilities that serve them. Focus on the value provided by, and need for, safe, reliable, competitively priced utility services in an environmentally responsible manner. Special consideration should be given to creating inclusive programs and materials designed to reach diverse communities within the customer base.</p> | | |

4.2 RATE PLANNING AND DETERMINATION

Background: Rate setting, which includes determination of the General Fund transfer from Gainesville Regional Utilities to Gainesville general government, is the sole jurisdiction of the Gainesville City Commission. GRU staff prepares anticipated utility revenue needed for each of the City's five utilities to provide safe, reliable, competitively priced utility services in an environmentally responsible manner over a five to ten-year period. Staff present their recommendations based on these analyses to the Commission's Utility Advisory Board, which considers and recommends rates to the City Commission annually. The City Commission holds a series of public meetings on these rates, balancing the utility's revenue needs within the overall City goals and customers' expectations, and adopts the annual rates.

Goal: To design rates that provide safe, reliable, competitively priced utility services in an environmentally responsible manner over a five to ten-year period in which rates are incrementally adjusted annually. To involve and engage the utilities' customers through public outreach and City Commission meetings. To focus on rate setting that meets the utility's revenue needs and the public's service needs, while separately addressing and reducing rate impacts for individual customers for whom utility payments represent a disproportionately high percentage of their income.

Policy: The City Commission will adjust utility rates incrementally annually over a five to ten-year period. Incremental changes allow customers to better estimate and plan for anticipated future utility costs and to more accurately predict and project energy savings through conservation or other measures. The City will encourage customer's participation and education through City Commission outreach and public meetings on rate setting to ensure to the best extent possible the public's understanding of why rates are being adjusted. The City should consider programs that offset disproportionate individual impacts, rather than reduce overall rates needed to sustain utility services and public needs.

4.3 GENERAL FUND TRANSFER DETERMINATION

Background: The City of Gainesville is somewhat unique compared to most cities in that around 60% of the property is exempt from paying property taxes. Combining this fact with Florida's legal limits on property tax rates reduces the ability of the City to receive funds through property taxes.

The City of Gainesville has many positives, such as excellent parks and cultural events. The City also has several challenges. The largest challenge is the income disparity. At the

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| <p>writing of this policy, the City is ranked in the top five nationally for income disparity.</p> <p>The General Fund Transfer (GFT) reflects the city’s return on their investment in Gainesville Regional Utilities. These funds are important for the City to be able to provide important services to the citizens of Gainesville. However, the GFT also negatively impacts GRU rates which can create a burden on GRU customers – residential, customer, non-profits, etc. Therefore, the Gainesville City Commission has the task of balancing these two factors.</p> <p>Historically, the GFT has been highly politicized. This can lead to short-term approaches, such as keeping rates constant while expenses increase by reducing rate stabilization funds to inappropriate levels. These periods are then followed by periods of rapid increase, which is a burden to GRU customers.</p> <p>Goal: The goal of this quality is to aid the City Commission in balancing the needs to fund City services while not unduly burdening GRU customers – especially our most vulnerable citizens. Both GRU and general government programs that support citizens in need should be emphasized. When possible, rate changes should be more gradual and reflect longer term needs to maintain GRU services and the City’s needs. Citizen engagement should be encouraged throughout the budgeting process.</p> <p>Policy: The GFT shall be determined through the City budgeting process and shall reflect the balanced needs of maintaining GRU services, funding City services, and not unduly burdening GRU customers. City and GRU programs shall be supported to mitigate the impacts of these decisions on the City’s most vulnerable citizens.</p> | | |
| <p>4.4 CITY/COUNTY RATE DIFFERENTIAL</p> <p>Background: The State of Florida allows a municipal utility to impose a surcharge on the base rate plus usage for delivery of electricity and water services limited to a multiple of the Public Service Fee charged on those services delivered within the boundaries of the municipality. The State of Florida further limits the imposition of a surcharge on electricity to a maximum of 10% of the base rate plus usage. Each municipal utility must submit its surcharge plan to the Public Service Commission for approval.</p> <p>Goal: The goal of the City of Gainesville is to support growth outside the city’s boundaries subject to recognizing and recovering the higher cost to install and deliver services outside the city’s boundaries.</p> <p>Policy: The City of Gainesville should continue to recognize and recover the higher cost of delivering utility services by imposing a surtax outside of its boundaries.</p> | | |

4.5 UNIVERSITY OF FLORIDA

Background: The University of Florida is the largest electrical consumer within the Gainesville municipal area and is currently served by Duke Power. Some University units south of Archer Road and in other parts of the county are served by GRU. Electrical consumption on campus would represent about 20-25% of GRU's annual electricity production.

Goal: To develop a closer partnership with the University of Florida in an effort to spread the utility's fixed costs over a greater annual generation of electricity and other utilities. This will reduce the overall cost of generation and solidify the stated goals of partnership between the City and UF.

Policy: The City of Gainesville and GRU shall make every effort to become UF's preferred utility provider.

4.6 ECONOMIC DEVELOPMENT

Background: GRU would benefit financially from growth in demand for its utility services. The trade off will be the cost of infrastructure needed to accommodate the increased demand. Those costs should be lower within GRU's existing service areas thus those areas should be the initial focus. On a case-by-case basis GRU may benefit from expanding its existing service areas. It is the policy of the City of Gainesville to encourage economic development efforts by insuring an adequate provision of utilities (water/sewer, electric, gas and broadband) to the community served by each of its utility services and to report on utility capacity and areas where utility service deficits exist.

Goal: GRU has not developed a wide audience when seeking to "tell its story" about reliability and service while maintaining competitive utility rates. GRU would benefit from developing a wider audience through targeting partners who serve the business community such as the economic development offices at chambers of commerce, Alachua County, UF, SFC, CareerSource of North Central Florida, and others. GRU would benefit by receiving input from the economic development partners and by engaging them to become its ambassadors and help "tell its story".

Policy: GRU will develop a list of potential economic development partners located within its service area, develop regularly scheduled communication, and encourage non-scheduled input with those partners to insure that it is a proactive participant in economic development.

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| <h2>5.0 ENVIRONMENTAL AND CLIMATE RELATED</h2> | | |
| <h3>5.1 CLIMATE DISRUPTION PLANNING AND IMPACTS</h3> <p>Background: Climate change is expected to bring warmer temperatures, a rise in sea levels, more frequent and severe weather events, and an influx of people from coastal areas of Florida.</p> <p>Goal: The City should prepare for the likely impacts of climate change, including increased requirements for severe weather resiliency and repair and the increased need for utility services.</p> <p>Policy: The City of Gainesville shall study and plan for the likely impacts of climate change.</p> | <p>REFERENCE: ADAPTING TO CLIMATE CHANGE: A GUIDE FOR THE ENERGY AND UTILITY INDUSTRY, BSR</p> | |
| <h3>5.2 FUEL SUPPLY</h3> <p>Background: Prudent operations of a utility require a reliable and flexible fuel supply and a diverse stable of generating units that can use these fuels. The ability to use different energy sources or fuels procured from different vendors and/or locales in a fast-changing future is a must. Currently GRU is one of the most fuel diverse utility in Florida.</p> <p>Goal: We should maintain GRU's status as a premier fuel-diverse utility for the near future as we transition to renewable energy.</p> <p>Policy: GRU shall maintain its status as a fuel diverse utility as it transitions to 100% renewable energy by 2045.</p> | | |
| <h3>5.3 ENERGY MANAGEMENT</h3> <p>Background: Energy Management is the process of monitoring, controlling and conserving energy. To a utility that definition traditionally expands to include ensuring that power stations and renewable energy sources generate enough power to meet demand (or the amount of energy their customers need). Energy management can extend across the meter through energy efficiency, demand response (changing the power consumption of a customer to match with supply) and distributed energy resources (small scale power generation close to the load). This will become more critical and cost effective as supplies of fuels change and prices fluctuate. More extreme weather events will impact equipment life spans, cooling process efficiency, and overall</p> | | |

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| <p>system reliability.</p> <p>Goal: To provide reliable power to customers with the least amount of fuel expended, to minimize waste and increase efficiency while protecting the climate and reducing costs.</p> <p>Policy: Energy Management Systems will allow climate changes to be managed with less impact to customers and less cost to the utility once established. GRU will work toward an integrated Energy Management System which will provide long-term to both the utility and to customers. The City of Gainesville will support this goal financially.</p> | | |
| <p>5.4 WATER SUPPLY</p> <p>Background: It is projected fresh water will be an increasingly limited commodity and consequently be costlier.</p> <p>Goal: To increase the efficiency of the delivery and consumption of water and stay within permitted water capacity.</p> <p>Policy: To promote conservation of this limited resource, GRU will work towards charging the full cost of providing safe, reliable drinking water – not just the cost of treatment and distribution, but correspondingly the cost of instituted conservation measures and anticipated decrease in revenue.</p> | | |
| <p>5.5 ECONOMIC IMPACT OF CONSERVATION MEASURES</p> <p>Background: Conservation measures promoted by the implementation of this policy will affect GRU’s revenue streams negatively, given the current and traditional business model.</p> <p>Goal: To promote conservation measures while maintaining appropriate revenue streams</p> <p>Policy: GRU and the City of Gainesville will explore alternative utility operational models in order to continue to provide service to their customers in a reliable, safe, environmentally responsible and economically viable way.</p> | | |