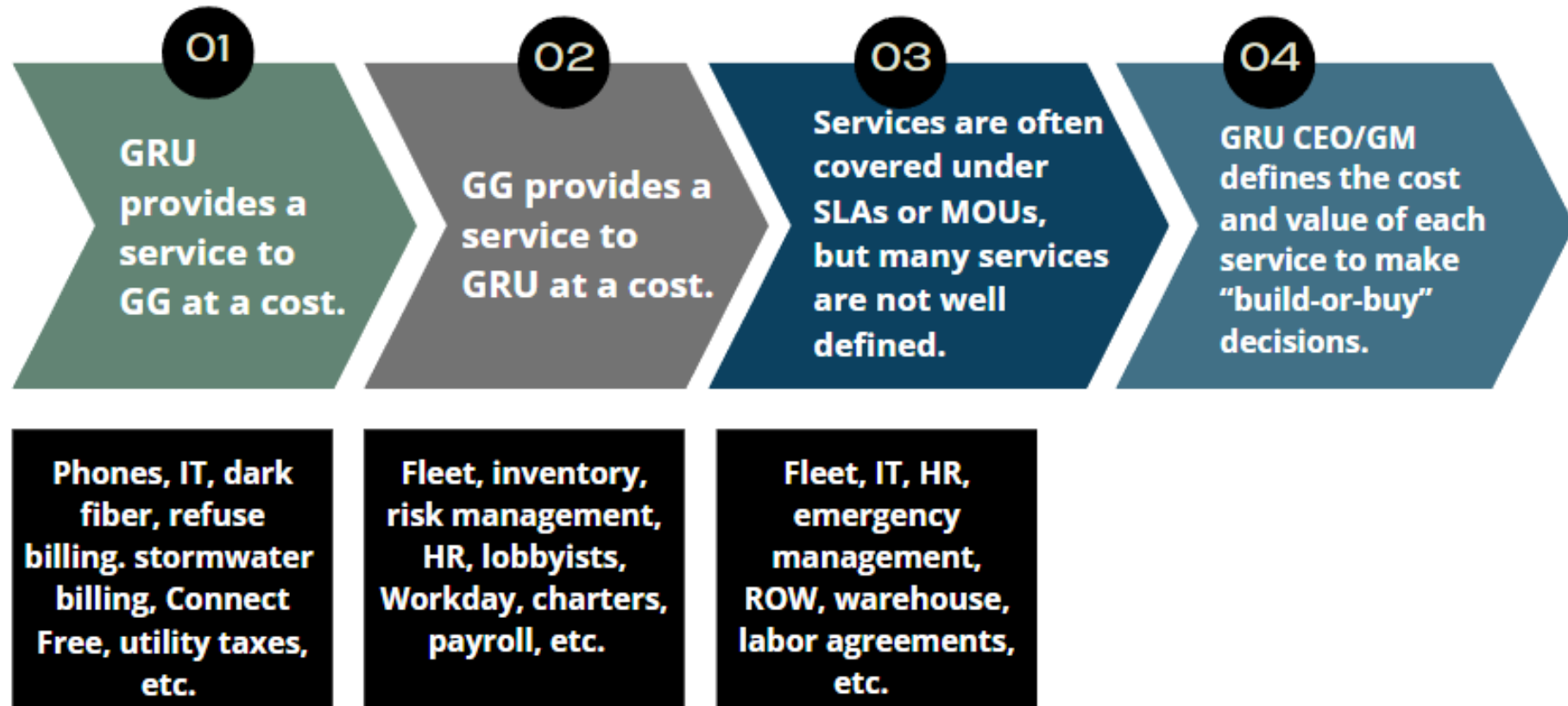


# Associations and Agreements

Feb. 7, 2024



# Financial Associations



# Relationship Overview

## GRU/GG TOUCH POINTS (Based on FY24 Budget and Estimations)

Relationship	FY24 Cost	Detail
GSC	\$15.3 million	Formula: proxy for property tax + electric franchise fee
Utility Taxes	\$16.4 million	Utility taxes collected by the City of Gainesville, as per state law.
Services Provided/ Received	\$9.3 million	Voted to reduce by \$1.4 million for services no longer rendered; exploring additional reductions for FY25 and beyond.
Other Services/ Unpaid Partnerships		De minimis charges; direct charges for services (warehouse, storm debris cleanup, etc.)

# Phase 1: Immediate Action

## Beginning February 2024





# Phase 2: Actively Reviewing

Relationship	Potential Impacts
IT	Offering two options: full service at \$5.8 million; reduced service at \$2.9 million; risk of losing revenue.
Network Connectivity	Collect full amount for fiber services provided to GG up to \$218,000.
Connect Free	Recommend stop collecting surcharges on connection charges; no impact to GRU.
Streetlights	FY25 and beyond will reduce GSC by cost of streetlights; FY25 cost estimated higher than \$1.1 million.
ROW (Right-of-Way)	Ordinance being revised; estimated increased cost to GRU between \$100,000 and \$250,000.
FY24 Service Reductions	FY25 services and costs currently being evaluated.



# Recommendation

- Implement Phase 2 plan to modify relationships: IT, network connectivity, Connect Free, streetlights and FY24 service reductions.
- Evaluate Phase 3, which includes obtaining the most cost-effective services with the highest value and determining whether the best source is internal, external or GG.



# Phase 3: Future Relationships

“Appropriate pecuniary factors and utility industry best practices are those which solely further the fiscal and financial benefit of the utility system and customers.” – HB-1645

- GRU should obtain the most cost-effective services with highest value and determine whether the best source is internal, external or GG.
- Building new services will require start-up investments and maintenance costs.
- Incremental revenue losses will need to be offset by additional revenue or expense reductions (likely reduce service levels).



Thank you!

**GRU**<sup>SM</sup>  
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