

**CITY OF WINTER PARK
UTILITIES ADVISORY BOARD**

Regular Meeting
500 N. Virginia Ave
Public Safety Community Room

April 28, 2018
12:00 pm

MINUTES

Present: Richard James (Chair)
Rick Baldocchi
Jennifer Lyons
Lawrie Platt Hall
Jack Miles
Paul Conway
Karim Arja

Absent: Hugh James

City of Winter Park Staff: Wes Hamil, Director of Finance
David Zusi, Director of Water & Wastewater Utility
Jason Riegler, Asst. Director of Water & Wastewater Utility
Dan D'Alessandro, Director Electric Utility
Justin Isler, Supervisor Electric Utility
Kris Stenger, Asst. Director of Building and Planning
Vanessa Balta-Cook, Sustainability Planner
Linda Antonion, Recording Secretary

GUESTS: Genean Hawkins McKinnon, Consultant

CALL TO ORDER:
Meeting called to order 12:25 p.m.

ADMINISTRATIVE ITEMS:
Minutes from March 28, 2018 regular meeting approved unanimously.

CITIZEN COMMENTS: None

NEW BUSINESS:
Electric Budget:
A rate increase is not in the not in immediate forecast per the director. Currently Winter Park's rates are 3% below state average hence they are 8% ahead of goal. The Question is raised as to whether a rate increase would be advisable to fund other electric needs and build reserves. The Board has not favored indexed rates in the past but has accepted an increase when necessary. The Electric Utility has 2 offers for power supply of 10 MGW blocks, plus the FMPA offer will save approximately 2 million dollars a year for 8 years, which could be put towards the

undergrounding projects. Provided the engineering could be obtained the undergrounding could then be accelerated.

Wes Hamil recommended the budget cover an amount to reserve cash, plus cover operating costs, undergrounding, and other projects.

The question of who should set policy and budget needs was raised. David Zusi responded that the City looks to the board to make recommendations. The following discussion was to determine costs in order to set a 2019 budget and decide if an increase in rates was needed and would a base rate increase be more appropriate to cover the decline in customer demand. The board asked what cash balance would affect the interest rates on the borrowing costs and ratings. Wes Hamil believes that 4 million would be a good target based on past ratings. Discussion ensued as to whether it would be better to increase the customer's base cost for a "Hurricane fund" or "Reserves", to cover emergency costs and to maintain the infrastructure.

The Board asked that the preliminary budget be presented at the next meeting.

Action Items:

Regarding Commissioner Weldon's response to the Board's memo:

The Board was of the opinion that their response was misinterpreted and that their concern was not political, rather only that they did not want the rates based on Duke's rates but on the state municipal average.

Wes Hamil asked if there were specific monetary targets that the board wanted built into the budget. He was asked if there was insurance against the damage from a hurricane and he replied that the city has insurance.

The Chairman asked what would happen if a substation was lost and Dan D'Alessandro responded that FPL has a mobile unit that could be rented until restoration. He also wondered what infrastructure could be damaged since the utility does not have a power station. Wes Hamil stated that was the reason why the Electric Utility did not need as much cash as a regular utility. He offered to investigate what other distribution-only-municipals have as cash balances. Justin Isler, Supervisor for the electric utility advised that the worst thing that could happen would be a severe storm that brought down the poles rather than the loss of a substation.

Wes said that whatever dollar amount the board thought should be added they would put into the budget for consideration by the Commissioners. He added that Winter Park's base rates were higher than most of the other municipals in the state.

Dan D'Alessandro said he would get the consultant to project the change in revenues for the next ten years. There was discussion about the number of customers and types of customers.

Wes Hamil asked for a recap of what costs to add to the preliminary budget. It was decided; \$4 million over 5 years for reserves, and undergrounding at \$4 million for the year.

Annexing Lee Rd:

Dan D'Alessandro sent two emails to the acquisition contact but has not received a reply. He suspects Duke would not be interested in losing more customers. Since the city does not buy power from Duke they have no leverage. It was mentioned that it was a similar situation to Spectrum and there wasn't any way to get leverage to have Spectrum remove poles no longer needed for electric. As to whether competition would help, Dan D'Alessandro said it would only decrease Spectrum's interest.

REPORTS:

Financial Report (presented by Wes Hamil)

Water/Wastewater

Sales are close to target. A Small negative variance is projected for operating revenue. Investment earnings are an issue but there is no current solution. Chair asked if the variance on wastewater treatment was coming down and Wes Hamil responded that more reasonable months would bring it down. The bottom line is still positive. Reserves are high hence there was no index increase last October. I-4 ultimate will reduce the reserves. There was discussion regarding the profit difference between potable and reclaimed water and what future requirements would be.

Electric Services

Projected sales were close to projection and are on target to meet budget. Reduction of Fuel recovery costs are in line with objective. Cash has decreased due to several factors outlined in the report. Dan D'Alessandro was asked to explain how a residential solar supply is fed back to the system. The solar billing rebate to the customer was also explained by Wes Hamil.

Water/Wastewater (presented by David Zusi)

Sales and budget numbers are close to each other. Usage is 15% below the consumptive use permit. I-4/SGL is in a mode where they are not doing items that are not necessary for the actual construction' so any further work needed by the Water/Wastewater Dept. has to be re-thought/re-planned. SGL is changing MOT daily so it is not known where they will be working day to day. The orientation that was delayed is rescheduled for 5/4/2018.

Electric (presented by Dan D'Alessandro)

Project G/Denning is being worked on. Grove Terrace/Mizell area is complete. McKean circle nearly complete and there are less outages as a result. There were 6 Outages in March. 2 were caused lightning, 2 were wind related, 1 was caused by a tree and the final one was caused by a car vs. pole. For the Fairbanks project; Duke's final proposal is \$4.9 million more, on the transmission side. The city mayor is working with the DOT to grant Winter Park more money but 2.2 of the 4.9 million is a contingency for error. It is not known yet whether \$1 million will need to be added to the Electric budget to cover the shortfall. Duke will not agree to share any further costs above those now quoted. New solicitation needs to be put out for the power supply. Undergrounding projects proceeding well.

Sustainability (presented by Kris Stenger)

Kris Stenger: RFP for solar on the city facilities is going out the following week. The previous week a Presentation by Florida Sun group was made to the Commission about advancing the city's renewable goals. Many cities have signed onto the renewable goals after President Trump pulled out of the Paris accord. Various avenues are being explored to supply renewable energy.

MEETING ADJOURNED:

- Meeting adjourned at 2:15 p.m.