

**CITY OF WINTER PARK
UTILITIES ADVISORY BOARD**

**Regular Meeting
500 N. Virginia Ave
Public Safety Community Room**

**May 23, 2018
12:00 pm**

MINUTES

Present: Jennifer Lyons
Lawrie Platt Hall
Jack Miles
Paul Conway
Karim Arja
Hugh James

Absent: Richard James (Chair)
Rick Baldocchi

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

CALL TO ORDER:

- Meeting called to order 12:10 p.m.

ADMINISTRATIVE ITEMS:

- Minutes from April 25, 2018 regular meeting approved unanimously.

CITIZEN COMMENTS: None

NEW BUSINESS: (Also an action item)

- Synopsis of the Electric Department's budget, that is still in the works as presented by Peter Moore, Budget Manager:
 - ✓ An index increase is recommended since the nearly flat line growth of 1 – 1.5% revenue will not cover increase in operating costs, even with cost savings in electric supply sourcing.
 - ✓ Winter Park's electric rates are on par with the Florida munis and state average (supported by chart provided by Wes).
 - ✓ Outcomes of general discussion:

- UAB recommends a realistic shift (increase) in the base customer charge versus energy charge as a part of a long term program/objective. It is not intended to cause a rise in customer bills per se.
- The balance of the base charge and variable energy usage needs to be aligned with the size of the energy consumer.
- The proposed increase of 10% resulting in an increase of \$250K annually is likely insufficient to cover future fixed operating costs as the dynamics of demand usage/revenue changes over time. Suggest a more aggressive shift in fixed charges over next ten years.
- Regardless of how the proposed increase in customer charges and/or usage per kWh is finalized, a smart communication plan is needed for better, consistent messaging on the long term future of the Utility. We request that the City Communication Director meet with UAB prior to promoting the new RATE plan to assist with messaging.
- ✓ Possible scenarios for the Fiscal Year 2019 budget
 1. No rate increase with savings on 10 MW supply allows for \$3.5 million for the undergrounding & adds about \$200, 000 in cash reserve.
 2. No rate increase, no reserve funds, equals about \$3.7 million for undergrounding.
 3. To do \$3.9 million for undergrounding would require a rate increase just under 1%, about .6% or \$1.14 for 1,500 KWH customer.
 4. To do \$3.9 million for undergrounding and build a reserve of \$5 million over 4-5 years (\$1.5 million per year) would require a 6% rate increase, 4.3% for 1,500 KWH customer or \$8.66.
 5. To do \$3.9 million for undergrounding plus add about \$420,000 cash reserve would cost the 1,500 KWH customer about 1.6% or \$3.26.
- The Director of Electric, Dan D'Alessandro proposes an annual index increase on the customer charge of 10% over 10 years to maintain the infrastructure and off balance the decrease in revenue rather than a KWH cost increase.

Action Items:

- Wes Hamil, Director of Finance reported on the reserves held by other municipal utilities.
 - ✓ Several municipalities hold millions in cash
 - ✓ Most municipalities are not aggressively pursuing an undergrounding program.
 - ✓ He also presented an Electric Utility Medians on data taken from Moody's that compared the City of Winter Park to Aa3 and A1 distributors (munis).

REPORTS:

Financial Report (presented by Wes Hamil)

Water/Wastewater:

- Projections are close to budget (sales).
- Current investment earnings are disappointing due to rising interest rates but will improve as they are reinvested.

Electric Services:

- April sales dropped. The heating and cooling degree days were below average but close to target.
- No large variances from budget.
- The fuel stabilization fees are closer to target as well.
- The Undergrounding costs are within parameters for budget.
- Debt service coverage is in line with the norm.

Water/Wastewater (presented by David Zusi)

- In an effort of conserve water usage, irrigation smart controllers that can be turned on or off by phone have been added to the rebate system.
- Hurricane preparation discussions have centered on additional generators for the lift stations.
- We are exploring federal grant money to convert septic systems in the Via's area and others to sewer with the costs estimated at more than \$80 million for the whole system; \$30 million for just the city, and \$21 million for the lake fronts.
- PSC recommended index increase for water/wastewater for this year is 1.76%.

Electric (presented by Dan D'Alessandro)

- Undergrounding @ 3.4 miles.
- The question of pole removal was raised to achieve the ultimate goal of undergrounding.
 - ✓ About 50% of private homes do not choose to underground their service requiring poles to be available to bring service to their home. Storm restoration priority moves this home to a lower priority.
 - ✓ The cost to eventually undergrounding these opt-out properties to the city is much higher as a follow up. In some cases, undergrounding to the meter is completed to mitigate costs to complete at a future date.
 - ✓ Board discussion elevated interest in organizing program to enable reticent customers to underground as a part of the distribution underground program.
 - Grant delays to imminent transfer of property ownership
 - Finance costs as a part of the monthly utility costs
 - Finance costs as a part of the annual tax assessment
- Project G behind schedule due to the hurricane and other emergency situations.
- The higher number of April outages were partly due to a car hitting an enclosure.
- FPL has proposed to replace all the streetlights with LED.s and maintain them. Proposal suggests a five-year break-event.
 - ✓ They have also been asked to put together an offer to possibly change all the city's streetlights to decorative. This goes to pole removal discussion where several remaining poles are needed to support traditional helmet streetlights.
 - ✓ The LED lights can transmit outage condition eliminating need for customer reporting of same.

Sustainability (presented by Kris Stenger and Vanessa Balta Cook)

- The rebate program has been updated for residential energy-star appliances to include clothes dryers, refrigerators and water heaters
- An energy audit will be required to qualify and proof of recycling the displaced appliances will be verified.
- The joint meeting of KWPB and the UAB is being set up.

MEETING ADJOURNED:

- Meeting adjourned at 2:10 p.m.

R. H. James, PhD