

**CITY OF WINTER PARK
UTILITIES ADVISORY BOARD**

Regular Meeting
500 N. Virginia Ave
Public Safety Community Room

November 28, 2018
12:00 pm

MINUTES

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

Absent: Jennifer Lyons
Jack Miles

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
Kris Stenger, Asst. Director of Building and Planning
Michael Passarella, Engineer Electric Utility
Justin Isler, Supervisor, Electric Utility
Vanessa Balta-Cook, Sustainability Planner
Linda Antonion, Recording Secretary

Guests: Todd Weaver
FMPA representatives

CALL TO ORDER:

- Meeting called to order 12:13 p.m.

ADMINISTRATIVE ITEMS:

- Approval of September 26, 2018 minutes was unanimous.
- Karim Arja will now be a voting member of Board, taking Hugh James place, who resigned. The Alternative Board member position is now vacant.

CITIZEN COMMENTS:

- None

NEW BUSINESS:

Analysis of fixed costs and customer rates (presented by Wes Hamil)

- Evaluation of costs reveals an estimated \$28.9M, or 59% of our FY 2019 budgeted costs, are fixed (generators, T&D, staff), with ≈ \$3.1M recovered today via demand charges. Variable

cost to serve customers limited to fuel and non-fuel energy charges. Customer charge and demand charge rates only recover 22% of fixed costs.

Recovering 50% of the remaining fixed costs via customer charges reflects a reasonable, conservative basis for gradual increases. A 5-year ramp is proposed that would avoid excessive revenue erosion based on potential energy sales declines, and not unduly penalize or reward a specific customer class.

Residential solar takes advantage of cost misalignment, harming customers without solar. Raising customer fixed charge/going to demand billing is appropriate to prevent lower income consumers from “subsidizing” self-generators. Increasing (gradually) the customer charge per month is a way to send appropriate price signal and better align costs with reality.

- Considerable discussion ensued amongst the board regarding establishing tiers to recover the fixed costs in a manner that is fair to all consumers.

An Action Item has been assigned to bring back data on the plan for using tiers over the next five years to recover the fixed costs.

ACTION ITEMS:

- Holiday meeting schedule; no December 2018 meeting. The next meeting will be held January 23, 2019.

- Electric vehicle incentives (presented by Kris Stenger).

A rising demand for electric vehicles is being predicted, presenting utilities and municipalities with the need to provide charging locations. Only 2 utilities locally offer a financial incentive for the purchase of electric vehicles. The City of Winter Park has seen a considerable increase in the use of their charging stations. Five more charging stations are planned to be installed in the near future. As some of the usage is not by utility customers, the question of whether to charge for the electricity supplied was raised; especially as agencies are forecasting the sales of electric vehicles nationwide to reach or exceed 1 million within the next 7 years.

A possible incentive for installing a charging station in the home versus an incentive to purchase an electric vehicle was suggested. The question of recommending that the city purchase more electric vehicles in the future was also put before the board. A motion was made and seconded to explore incentive strategies in regard to electric vehicles.

An Action Item was assigned for Sustainability to study the cost of having the city's electric vehicle charging stations able to accept payment, as well as rebating residential and commercial installations of charging stations. Plus whether the city should require the future purchase of their non-emergency vehicles to be electric.

REPORTS:

Financial Reports (presented by Wes Hamil)

- Water's bottom line reflects a positive \$1.6 million and debt service coverage of 2.2.

- Electric sold 415,000,000 kWh versus a budget of 425,000,000. October 2019 sales was better than the prior October. Undergrounding overspent approximately \$500,000. Bottom line result was satisfactory and nearly broke even including the \$450,000 under-recovery of fuel. Fuel balance is \$1.43 million. Cash balance of almost -\$2.5 million is still pending FEMA reimbursement from Hurricane Irma of about \$700,000 to \$800,000. Electric Refunding Revenue bonds series 2009 A & B have been sourced through TD Bank at 3.48% beginning in July 2019 which will reduce debt service costs by about \$370,000 per annum.

Water/Wastewater (presented by David Zusi)

- Compared to last year at the same time consumption has not changed. Conservation efforts appear to be working.

Electric (presented by Michael Passarella)

- The contract with GRU power supply agreement is expiring in 2018. Proposals to replace them elicited 5 or 6 responses. The FMPA provided the best savings in the years of 2019 to 2027 for bulk power costs.

A Board member asked how the savings would be allocated questioning whether the money could be put towards undergrounding but Finance does not consider the savings to be a windfall. Another Board member recommended that any savings be put towards the cash balance.

Sustainability (presented by Vanessa Balta Cook)

- The program to educate fifth graders on energy conservation has produced an increase in awareness of 90% in knowledge and they are considering expanding the program into middle and high schools.

MEETING ADJOURNED:

- Meeting adjourned at 2:17 p.m.

R. James, PhD