

**CITY OF WINTER PARK
UTILITIES ADVISORY BOARD**

Regular Meeting
500 N. Virginia Ave
September 25th, 2019
Public Safety Community Room
12:00 p.m.

MINUTES

Present: Jack Miles (Chair)
Paul Conway (Vice-Chair)
Tate Scott
Richard James

Absent: Lawrie Platt Hall
Jennifer W. Lyons
Karim Arja

City of Winter Park Staff: Wes Hamil, Director of Finance
Dan D'Alessandro, Director of Electric Utility
Justin Isler, Operations Manager Electric Utility
Michael Passarella, Engineer Electric Utility
David Zusi, Director of Water & Wastewater Utility
Jason Riegler, Asst. Director of Water & Wastewater Utility
Vanessa Balta-Cook, Sustainability Planner
Karen Hood, Recording Secretary
Linda Antonion, Previous Recording Secretary

Guests: F.M.P.A. representative Navid Nowakhtar

CALL TO ORDER:

- Meeting called to order at 12:02 pm

ADMINISTRATIVE ITEMS:

- Introduction of new Recording Secretary, Karen Hood
- July minutes approved and signed
- August minutes approved and signed

CITIZEN COMMENTS:

- Mark Sullivan (present) had no comments

NEW BUSINESS:

(presented by the F.M.P.A)

- The F.M.P.A representative reported
 - The Cost of Service study, the Objectives table is an overview of all the items we have discussed for the White Paper. Appendix A is intended to be the final version of the White Paper as a bookend to the actual scope of the consultant's work; so that all of the background information is available to candidates that bid on the study ahead of time which maximizes the efficiency of the process.
 - Extensive explanation and discussion about the White Paper in regard to the objectives, scope guidance, response sections, and evaluations of proposals.
 - It is imperative that City staff understand and feel comfortable interacting with the cost of service model deliverable so as to avoid the "black box" effect (a table that does not allow you change or update). Subsequently, the Finance Department will have a model that gives them flexibility with data they can work with in the future.
 - Time line would be completion by May 2020. The solicitation needs to be out by the end of October. The consultant selected and ready to start by the first of the year.
- Tate Scott (UAB member)
 - Would like to work on an annual calendar specifically for the UAB, to include strategic plan dates, operating plan done, key metric certs done. The calendar would help keep the processes going and help with productivity for the board. Will work on this calendar with Dan D'Alessandro.

REPORTS:

- **Sustainability** (presented by Vanessa Balta-Cook)
 - Brochures were distributed for the Annual Report, City of Winter Park Sustainability Education Program, Spring 2019 which is paid for by the Energy Conservation Fund. This sustainability program is available in all of the 5th grade classrooms in Winter Park. Eleven teachers used the program impacting 425 students and the cost of this was about \$3,000.
 - At the City commission meeting there was a discussion about the electrification of our fleets. The electric vehicle ordinance is being pushed until the November session.
- **Electric** (presented by Dan D'Alessandro)
 - An update on the status of the undergrounding projects noting Project G is now on track again since we received the training needed from the FDOT Railroad. The budget is running very close and depending on outcomes of September we may meet the 2019 FY budget.
 - Justin Isler provided information regarding outages. There were actually 11 outages for the month of August. The largest outage in August was due to a primary cable failure (the cable is in a loop and was able to be changed out). There were 45 calls dispatched for outages. There were discussions regarding adding more defined detail on this report.

- Would like to work together as a Board to put out some sort of dashboard that we would like to give information to the public, our city management and the commission.
- An update on Fairbanks Avenue project, now looking at a March time frame for completion. If everything goes well we will have contractors pulling out those large transmission poles.
- Last Wednesday, our contractor hit a TECO gas line on Fairbanks, which caused some evacuations. We called for locates, did everything we are supposed to do, TECO did not have a tracer for their gas line and we hit it at 14' deep. TECO was at fault and came out quickly to work together to isolate and resolve the issue.
- **Water** (presented by David Zusi)
 - The rooftop solar project for the water plant is ready to start, selected 15 Lightyears for the installation.
 - Negotiating interlocal agreements with cities of Orlando and Altamonte Springs, we are upgrading both of the agreements and evaluating purchase of additional capacity as well to handle future growth.
- **Financial Reports** (presented by Wes Hamil)
 - Water and Sewer has good debt service coverage is well above the minimum ratio, a little short on the revenue for sewer sales.
 - Electric kwh sales are very close to matching projection. Fiscal year deficit is under recovery in fuel costs.
 - Cash flows we have remaining receivable payments outstanding from FEMA (Irma), and FDOT (Fairbanks). We recently made a large payment to Duke related to Ravaudage.

MEETING ADJOURNED:

- Meeting adjourned at 1:46 p.m.



Utilities Advisory Board Monthly Electric Report

**Regular Meeting
September 25, 2019**

Undergrounding Update



Miles of Undergrounding performed

Project G: 4.1 miles (81% complete)

Project H: 2.5 miles (45% Complete)

Orwin Manor 1.13 miles (Complete)

Denning : .42 miles (77% Complete)

TOTAL so far for 2019- 5.1 miles completed

FY 2019 Budget Review



Customer Class	Budget Kwh	12 mo Ending August	Pct. Difference
Residential	186,632.0	189,137.0	1.34%
Commercial	236,266.0	232,212.2	-1.72%
Streetlights	<u>2,102.0</u>	<u>2,113.9</u>	<u>0.57%</u>
Total	425,000.0	423,463.1	-0.36%

Note: Another way to Look at 12 month's ending August is it represents actual FYTD (thru August) plus replicating last year's sales for Sept; September last year was below the 10-year average.



Budget Review (cont'd)

Customer Class	Budget Mwh	FYTD Actual (Thru Aug)	10 yr. Avg. Sept	Total w/ 10 yr. Avg
Residential	186,632.0	170,033.7	19,665.5	189,699.2
Commercial	236,266.0	210,512.5	22,583.0	233,095.5
Streetlights	<u>2,102.0</u>	<u>1,937.0</u>	<u>177.9</u>	<u>2,114.9</u>
Total	425,000.0	382,483.3	42,426.4	424,909.6
				-.02%

Note: If we experience the average sales by Class as measured over the last ten years for September, we fall short of total MWh budgeted sales by 0.02%. Sept. sales will determine whether we meet budget.



Budget Review (cont'd)

Customer Class	Budget Mwh	FYTD Actual (Thru Aug)	10 yr. Minimum Sept	Total w/ 10 yr. Minimum
Residential	186,632.0	170,033.7	18,535.0	188,568.8
Commercial	236,266.0	210,512.5	21,507.1	232,019.6
Streetlights	2,102.0	<u>1,937.0</u>	<u>175.2</u>	<u>2,112.1</u>
Total	425,000.0	382,483.3	40,217.3	422,700.5
				-0.54%

Note: If we experience the minimum sales by Class as measured over the last ten years for September, we will fall short of total MWh budgeted sales by 0.54%. Sept sales will determine whether we meet budget.

August's Sales Results



Customer Class	Aug. 2019 vs. Aug. 2018	12 mo's ending Aug. 2019 vs. 12 mo's ending Aug. 2018
Residential	-2.60%	+3.11%
Commercial	-2.71%	+0.87%
Streetlights	-1.96%	-0.73%
Total	-2.66%	+1.85%

Duke Energy Rate Compare 1,000 kWh Residential Customer



July 2019 (Reflects Winter Park change 1/1/19 and Duke 1/1/19 rate change)

	WPE	Duke	Difference	
			\$	%
Base Bill	\$81.68	\$88.38	6.90	+8.4%
Fuel Adjustment	<u>24.99</u>	<u>36.98</u>	<u>11.99</u>	<u>+48.0%</u>
Base Electric Bill	\$106.67	\$125.36	\$18.89	+17.7%
Franchise Fee & Taxes	\$19.10	\$21.59	\$2.50	+13.1%
Total Electric Bill	\$125.77	\$147.15	\$21.39	+17.0%

Duke increased rates in January to include the new Citrus County Combined Cycle Plant and Hamilton County solar in the company's rate base. Both Winter Park and Duke adjusted Fuel adjustments effective 1-1-2019.

Rate Comparison 1,000 kWh Residential Customer 12 mo. rolling



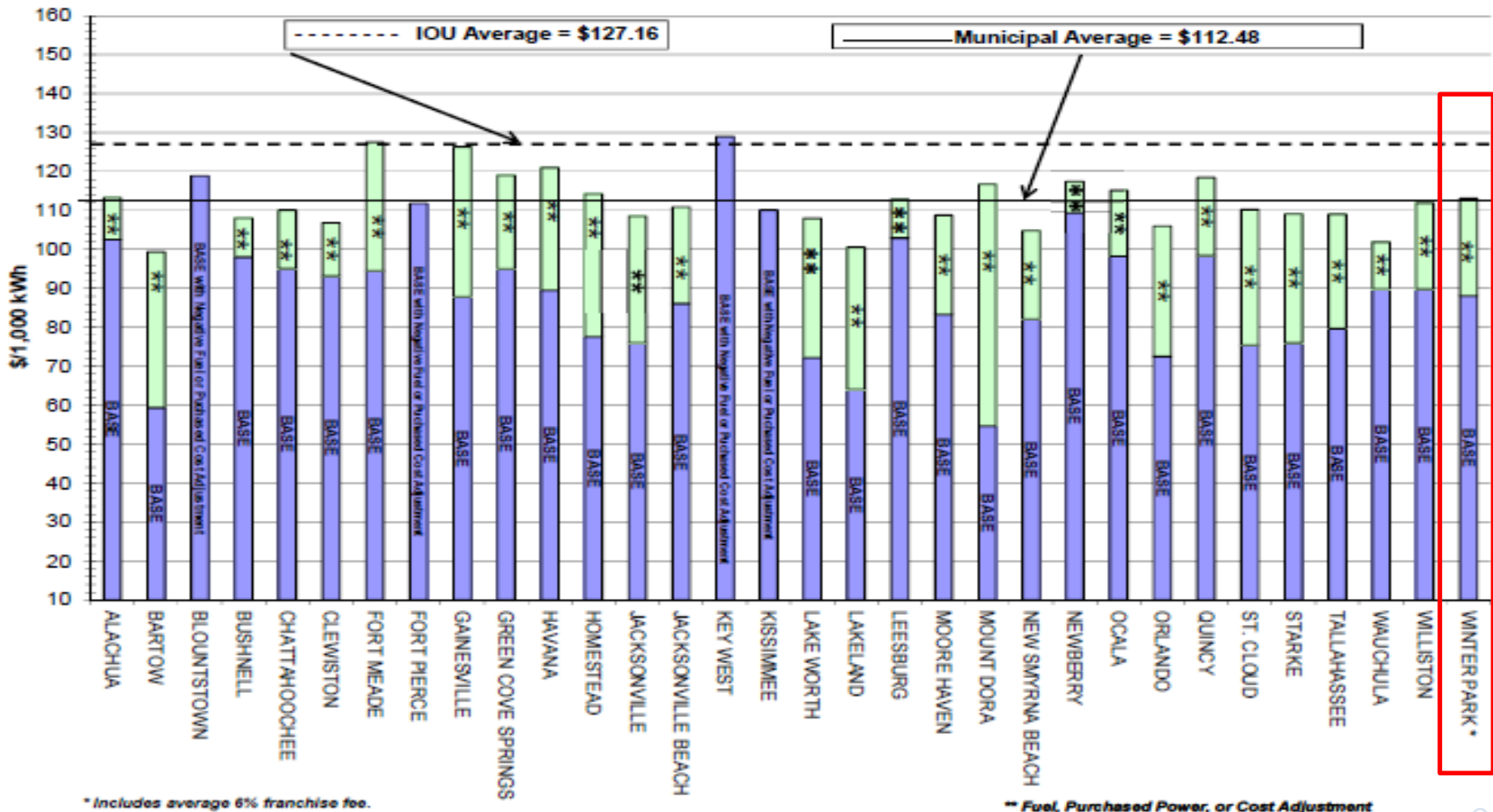
12 Months Ending July				
City of Winter Park	Muni Avg	IOU Avg	State Avg	City of Winter Park % State Avg
\$114.00	\$112.32	\$125.65	\$114.37	99.67%

- July 2019 latest available state information
 - Includes 6% franchise fee, but excludes 10% utility tax and state of Florida gross receipts taxes.
 - Above rate information does not include Florida electric cooperatives which is not published.
- ★ Winter Park rates are 5.33% below the City's objective to not exceed state average by more than 5%.



(1,000 kWh Residential Customer)

Residential Bill Comparison, July 2019



F/A Update

August 2019

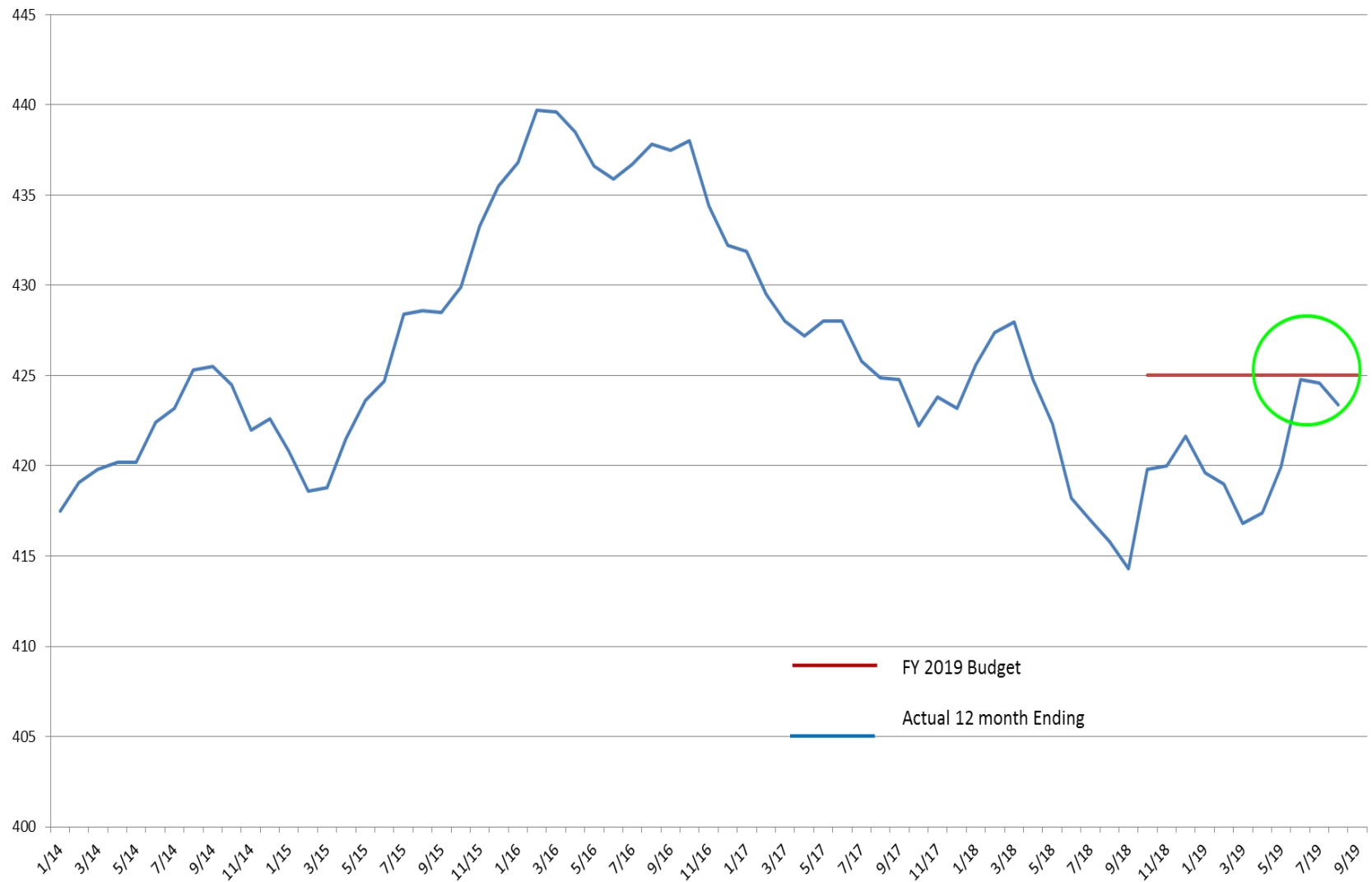


Fuel Cost Recovery	\$
Beginning Balance July 31, 2019	\$1,023,134
August Fuel Revenues Collected	\$1,179,816
August Fuel Cost Purchased Power (est.)	\$1,183,870
Over/(Under) Collected (est.)	-\$4,054
Ending Balance August 31, 2019	\$1,019,080
Calendar Year End Goal	\$1,350,000

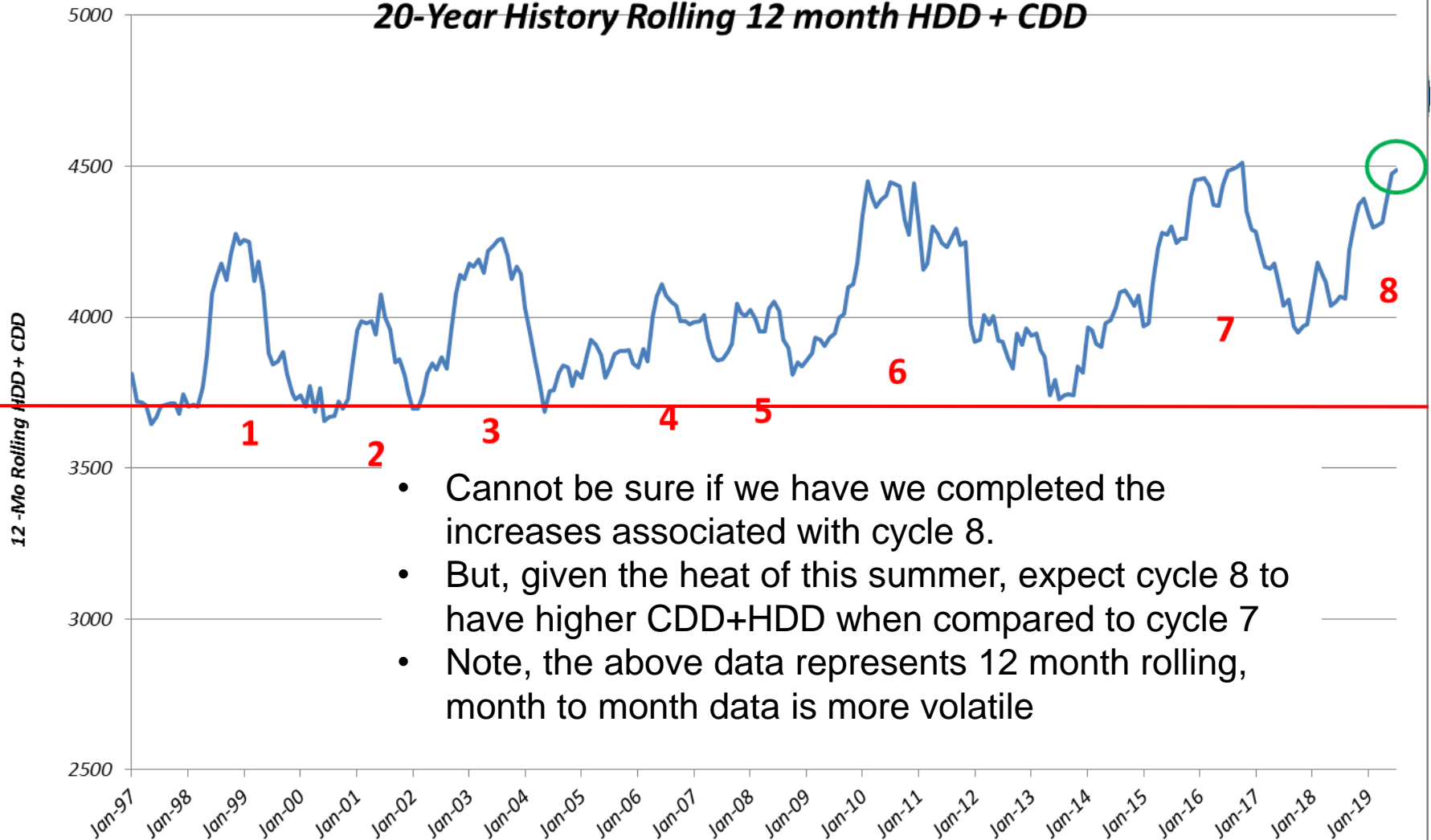
True-up fuel cost reductions due to continuing low natural gas prices are helping us move toward our goal. True-ups May-July have increased our balance by \$118k.

Comparison of 12 mo rolling kWh Sales to FY 2019 Budget

kWh (Millions)



20-Year History Rolling 12 month HDD + CDD



- Cannot be sure if we have completed the increases associated with cycle 8.
- But, given the heat of this summer, expect cycle 8 to have higher CDD+HDD when compared to cycle 7
- Note, the above data represents 12 month rolling, month to month data is more volatile

September 2019 outage report

Type of outage	QTY	Citizens affected
Vegetation/preventable	7	43
Equipment failure		
Animal related	1	5
Lightning		
Wind	1	24
Unknown	2	68
Public		
Tree/wind	1	10
Total	12	150

Our largest outage this month was due to a fault that occurred behind an MVI (Molded Vacuum Fault Interrupter). The cause was reported as unknown. This piece of equipment covers a large area and is one shot capable only so it can be difficult to pinpoint the location of a small fault that may have cleared because of the fault current. Outages this month averaged .87 hours in length, which is down from last month's 1.78 hours. Total calls dispatched to field was 22.

Financial Report

For the Month of September (100% of fiscal year lapsed) Fiscal Year 2019

Water and Sewer Fund

Water sales in total were 43,682 (1.27%) thousand gallons, ahead of the forecast. Sewer sales were 10,971 (0.58%) thousand gallons short of projected sales.

Operating revenues were \$597,338, (1.92%), short of forecast. We know the reasons and have adjusted the FY 2020 forecast appropriately.

Operating expenses are all in line with budget with the exception of wastewater treated by other entities. About \$215,000 of this projected shortfall is due to additional flows to Altamonte Springs for treatment. The FY 2020 budget was increased to accommodate the greater cost.

The big dollars in Other Capital Spending is mostly for projects such as I-4 Ultimate and Iron Bridget Wastewater Treatment Plant improvements. We had to budget for these because we know they are on the horizon but we do not control the timing. Funding for these comes from reserves and will be unspent money will be carried over to FY 2020.

The bottom line reflects a positive \$472,190 and debt service coverage of 2.20 for the fiscal year, well above the minimum ratio of 1.25.

Electric Services Fund

Our kWh sales exceeded the projected budget by 487,483, a variance of only are looking like they will just about exactly match our 425,000,000 projection. The projected variance based on historical trends for the past five years shows a variance of only 0.11%.

Overall, the fiscal year was completed with a positive \$325,866 being added to working capital. Fuel cost recovery came very close to zero for the fiscal year with an overall under recovery of (\$23,879), leaving the end of fiscal year fuel cost stabilization fund balance at \$1,279,687. With two months remaining in the calendar year, the City should end 2019 very close to its 12/31/2019 target of \$1,350,000.

From an income statement and debt service coverage point of view, the City completed the fiscal year in a strong position.

From a cash flow perspective, the picture won't be quite as favorable in the short-term due to the following factors:

1. The City's reimbursement from FEMA and the State for restoring power service following Hurricane Irma will likely not occur until FY 2020. The total amount outstanding is \$755,161.
2. The City has spent \$1,333,048 on the Fairbanks Avenue project. \$1,061,353 of this cost has already been billed to FDOT and was reimbursed in early October. Billing for the remainder of the FY 2019 costs will occur as all the necessary documentation becomes available.
3. The City made a payment to Duke Energy for \$531,221 in July as required by its agreement related to purchasing service territory in Ravadauge. This will reduce cash in the short-term but position the City to benefit from customers in this area for the future.

WINTER PARK WATER AND WASTEWATER METRICS
September 30, 2019
UNAUDITED - NOT FINAL

	FY 2019 YTD				FY 2018 YTD	
	FY 2019 YTD	FY 2019 Annualized	FY 2019 Budget	Variance from Budget	FY 2018 YTD	FY 2018 in Total
Operating Performance:						
Water and Irrigation Sales (thousands of gallons)						
Sewer - inside city limits	1,017,717	1,017,717	1,015,000	2,717	1,003,058	1,003,058
Sewer - outside city limits	876,312	876,312	890,000	(13,688)	890,927	890,927
Water - inside city limits	1,575,515	1,575,515	1,500,000	75,515	1,542,806	1,542,806
Irrigation - Inside City	598,157	598,157	585,000	13,157	573,574	573,574
Water - outside city limits	1,191,321	1,191,321	1,235,000	(43,679)	1,202,479	1,202,479
Irrigation - Outside City	113,690	113,690	115,000	(1,310)	112,162	112,162
Total	5,372,711	5,372,711	5,340,000	32,711	5,325,006	5,325,006
Operating revenues:						
Sewer - inside city limits	\$ 6,628,392	\$ 6,628,392	\$ 6,660,987	\$ (32,595)	6,597,283	6,597,283
Sewer - outside city limits	6,956,395	6,956,395	7,159,291	(202,896)	7,053,427	7,053,427
Water - inside city limits	9,382,124	9,382,124	9,694,542	(312,418)	9,071,477	9,071,477
Water - outside city limits	5,758,655	5,758,655	6,004,353	(245,698)	5,765,475	5,765,475
Other operating revenues	1,774,269	1,774,269	1,578,000	196,269	1,783,058	1,783,058
Total operating revenues	30,499,835	30,499,835	31,097,173	(597,338)	30,270,720	30,270,720
Operating expenses:						
General and adminstration	1,951,338	1,951,338	2,050,245	98,907	2,139,076	2,139,076
Operations	12,578,130	12,578,130	13,279,642	701,512	11,881,602	11,881,602
Labor costs capitalized	415,000	415,000	400,000	(15,000)	300,133	300,133
Wastewater treatment by other agencies	5,035,512	5,035,512	4,767,099	(268,413)	4,951,839	4,951,839
Total operating expenses	19,979,979	19,979,979	20,496,986	517,007	19,272,650	19,272,650

WINTER PARK WATER AND WASTEWATER METRICS
September 30, 2019
UNAUDITED - NOT FINAL

	FY 2019 YTD				FY 2018 YTD	
	FY 2019 YTD	FY 2019 Annualized	FY 2019 Budget	Variance from Budget	FY 2018 YTD	FY 2018 in Total
Net Operating income	10,519,855	10,519,855	10,600,187	(80,332)	10,998,070	10,998,070
Other sources (uses):						
Investment earnings	438,360	438,360	(10,000)	448,360	(43,054)	(43,054)
Miscellaneous revenue	19,899	19,899	17,000	2,899	12,190	12,190
Transfer to Renewal and Replacement Fund	(2,096,335)	(2,096,335)	(2,060,525)	(35,810)	(867,051)	(867,051)
Transfer to General Fund	(2,446,548)	(2,446,548)	(2,446,548)	-	(2,395,367)	(2,395,367)
Transfer for Organizational Support	(77,354)	(77,354)	(77,354)	(0)	(73,809)	(73,809)
Transfer to Capital Projects Fund	(351,538)	(351,538)	(351,538)	(0)	(157,917)	(157,917)
Transfer to Electric Fund	(188,431)	(188,431)	(188,431)	0	(146,561)	(146,561)
Other Capital Spending	(169,358)	(169,358)	(3,228,087)	3,058,729	-	-
Debt service sinking fund deposits	(5,176,360)	(5,176,360)	(5,418,995)	242,635	(5,634,572)	(5,634,572)
Total other sources (uses)	(10,047,666)	(10,047,666)	(13,764,478)	3,716,812	(9,306,140)	(9,306,140)
Net increase (decrease) in funds	\$ 472,190	\$ 472,190	\$ (3,164,291)	\$ 3,636,481	1,691,929	1,691,929
Debt service coverage		2.20				2.00

WINTER PARK ELECTRIC UTILITY METRICS

September 30, 2019

UNAUDITED - NOT FINAL

	<u>FY'19</u> <u>YTD</u>	<u>FY'19</u> <u>Annualized</u>	<u>FY'19</u> <u>Budget</u>	<u>Variance</u> <u>from</u> <u>Budget</u>	<u>FY'18</u>	<u>FY'17</u>
<u>Technical Performance</u>						
Net Sales (kWh)	425,487,483	425,487,483	425,000,000	487,483	414,329,035	424,821,271
Average Revenue/kWh	0.1100	0.1100				0.1043
Wholesale Power Purchased (kWh)	439,804,052	439,804,052	447,368,421	(7,564,369)	434,246,377	429,845,391
Wholesale Power Cost/kWh	(0.0591)	(0.0591)				(0.0627)
Gross margin	0.0508	0.0508				0.0415
Sold vs. Purchased kWh Ratio	96.74%	96.74%	95.00%		95.41%	98.83%
 <u>Revenues and Expenses Directly Related to Sales of Electricity:</u>						
Electric Sales:						
Customer charges - residential	2,232,225	2,232,225	2,482,314	(250,088)		
Customer charges - commercial and public authority	499,223	499,223	548,363	(49,141)		
Demand charges	2,694,021	2,694,021	2,916,488	(222,467)		
Street Lighting	380,733	380,733	383,100	(2,367)		
Non-Fuel kWh charges	28,358,148	28,358,148	27,850,677	507,471	33,381,040	30,628,559
Fuel	12,623,109	12,623,109	13,560,222	(937,113)	13,739,354	13,663,392
Purchased Power :						
Fuel	(12,616,487)	(12,616,487)	(13,560,222)	943,735	(13,739,354)	(12,619,342)
Non-Fuel	(9,928,071)	(9,928,071)	(9,958,180)	30,109	(10,180,683)	(10,778,312)
Transmission Power Cost	(3,468,020)	(3,468,020)	(3,965,605)	497,585	(3,510,746)	(3,558,875)
Net Revenue from Sales of Electricity	20,774,881	20,774,881	20,257,156	517,725	19,689,611	17,335,422
 <u>Other Operating Income (Expenses):</u>						
Other Operating Revenues	319,801	319,801	325,000	(5,199)	350,997	276,212
General and Administrative Expenses	(1,976,286)	(1,976,286)	(1,822,599)	(153,687)	(1,804,767)	(1,705,609)
Operating Expenses	(5,650,489)	(5,650,489)	(6,229,805)	579,316	(5,616,455)	(7,170,834)
Total Other Operating Income (Expenses)	(7,306,973)	(7,306,973)	(7,727,404)	420,431	(7,070,224)	(8,600,231)
Net Operating Income	13,467,908	13,467,908	12,529,752	938,156	12,619,387	8,735,191

WINTER PARK ELECTRIC UTILITY METRICS

September 30, 2019

UNAUDITED - NOT FINAL

	<u>FY'19</u> <u>YTD</u>	<u>FY'19</u> <u>Annualized</u>	<u>FY'19</u> <u>Budget</u>	<u>Variance</u> <u>from</u> <u>Budget</u>	<u>FY'18</u>	<u>FY'17</u>
Nonoperating Revenues (Expenses):						
Investment Earnings	(165,218)	(165,218)	(25,000)	(140,218)	(34,021)	(35,398)
Principal on Debt	(2,670,000)	(2,670,000)	(2,670,000)	-	(2,530,000)	(2,450,000)
Interest on Debt	(2,218,854)	(2,218,854)	(2,458,230)	239,377	(2,913,548)	(2,995,826)
Miscellaneous Revenue	22,635	22,635	-	22,635	83,427	21,910
Proceeds from Sale of Assets	25,886	25,886	18,000	7,886	32,599	18,592
Contributions in Aid of Construction (CIAC)	479,648	479,648	500,000	(20,352)	789,480	498,577
Residential Underground Conversions	68,245	68,245	100,000	(31,755)	81,158	94,004
Capital (including the costs of improvements paid for by CIAC revenues)	(2,173,298)	(2,173,298)	(1,147,320)	(1,025,978)	(1,678,010)	(1,546,321)
Reimbursement of Fairbanks Distribution Line Costs	1,333,048	1,333,048	3,071,921	(1,738,873)		
Undergrounding Fairbanks Distribution Lines	(1,333,048)	(1,333,048)	(3,071,921)	1,738,873	(1,029)	-
Undergrounding of Power Lines	(3,896,261)	(3,896,261)	(3,931,640)	35,379	(4,429,125)	(3,303,800)
Total Nonoperating Revenues (Expenses)	(10,527,217)	(10,527,217)	(9,614,190)	(913,027)	(10,599,071)	(9,698,262)
Income Before Operating Transfers	2,940,691	2,940,691	2,915,562	25,129	2,020,317	(963,071)
Operating Transfers In/Out:						
Transfers from Water and Sewer Fund	188,431	188,431	188,431	-	146,561	1,151,088
Transfers to General Fund	(2,577,382)	(2,577,382)	(2,634,772)	57,390	(2,557,836)	(2,463,692)
Tranfers for organizational support	(126,258)	(126,258)	(126,258)	-	(120,705)	(118,947)
Tranfers to capital projects	(99,615)	(99,615)	(99,615)	-	(122,500)	(179,771)
Total Operating Transfers	(2,614,825)	(2,614,825)	(2,672,214)	57,390	(2,654,480)	(1,611,322)
Net Change in Working Capital	325,866	325,866	243,348	82,519	(634,164)	(2,574,393)
<u>Other Financial Parameters</u>						
Debt Service Coverage		2.72			2.31	1.72
Fixed Rate Bonds Outstanding	59,560,000				62,185,000	64,685,000
Auction Rate Bonds Outstanding	-				1,000,000	1,030,000
Total Bonds Outstanding	59,560,000				63,185,000	65,715,000
Principal Retired	2,670,000				2,530,000	2,450,000
Cash Balance					(2,377,803)	(324,693)
Current year change in cash balance						

WINTER PARK ELECTRIC UTILITY METRICS**September 30, 2019****UNAUDITED - NOT FINAL**

	FY'19 <u>YTD</u>	FY'19 <u>Annualized</u>	FY'19 <u>Budget</u>	Variance from <u>Budget</u>	<u>FY'18</u>	<u>FY'17</u>
<u>Fuel Cost Stabilization Fund Balance:</u>						
Beginning Balance	1,303,566				1,998,073	2,127,701
Fuel Revenues	12,592,607				13,516,532	13,821,741
Fuel Expenses	<u>(12,616,487)</u>				<u>(14,211,039)</u>	<u>(13,951,369)</u>
Ending Balance	<u>1,279,687</u>				<u>1,303,566</u>	<u>1,998,073</u>
Current year change in fuel stabilization fund	(23,879)				(694,507)	(129,628)

Notes

Fiscal Years run from October to September; FY'19 is 10/1/18 to 9/30/19