CALL TO ORDER. Chm Seidel called the Utility Advisory Board meeting to order at 12:04 pm.

ADMINISTRATIVE ITEMS

Approval of Minutes:
Chm Seidel asked for approval of the minutes from the February 11, 2014, regular meeting. Ms. Lindsey moved to approve as revised, seconded by Mr. Reker, motion carried 6-0.

Citizen Comments:
None

Ms. Wilkerson proposed moving the UAB meeting to the Public Safety building since the Public Works building has been demolished. Pending availability the April meeting will move to the Public Safety building.

Chm Seidel confirmed that everyone had received the email regarding the difficulty with staff receiving emails for cfl.rr.com. Alternate arrangements have been made for those who use that email address.

NEW BUSINESS
Chm Seidel announced Mike Whiting’s resignation due to his moving out of the City. Richard James will be moved from alternate to full member. Mr. Warren requested suggestions for a new alternate. The Board briefly discussed terms and term limits.

Action Items
Draft West Fairbanks Ave. Water/Sewer Impact Fee Deferral Program
Mr. Zusi summarized the new program explaining that he is still working on the system wide septic tank incentive.
Purpose – The West Fairbanks Ave. Water Sewer Impact Fee Deferral Program provides a partial deferment of eligible impact fees for existing and new residential and business owners’ utilizing city sewer and water service. The program exists to stimulate economic development, encourage use of city utility services, and provide an inducement to business owners to relocate or expand to the West Fairbanks corridor
Program – the Impact Fee Deferral Program provides an accepted Applicant the ability to pay only 20% of their assessed water and sewer impact fees at time of permitting with the remaining 80% paid in 24 equal monthly installments starting from the issuance of a temporary or final certificate of occupancy. Monthly installment payments will become part of the applicant’s utility bill. Applicant must be assessed at least $1,000 fees to be eligible.
Mr. Zusi also reviewed the eligibility, criteria, contractual agreement, approvals and sunset date. Mr. Zusi responded to questions.

Mr. Reker moved to recommend approval of the Impact Fee Deferral program, seconded by Mr. M. Smith, motion carried 6-0.

**Discussion of Undergrounding Overhead Electric Services**

Mr. Warren started the discussion by stating that he wanted to expand the discussion. At the last meeting, the Board requested that Jerry get reactions to the various strategies being considered for encouraging residents to underground their overhead electric service wires. Jerry reported that he had run into resistance from the City Manager on one of the items and so he had not sought City Commission reaction until he got feedback from the UAB. The following items were discussed:

Mr. Warren reported that Dori Stone the CRA Director had expressed an interest in setting aside a million dollars to fund the conversion work in the CRA. Once we receive the CRA boundary from CRA staff, the electric department can provide an estimate of the number of overhead services in the CRA. Following the March UAB meeting that number was determined to be approximately 770 overhead services in the CRA. $1 million would likely fund conversion of them all. 770 overhead services represent about 15% of the 5,000 remaining overhead services.

Current City ordinances require that overhead services be changed out if a remodeling job is estimated at more than 50% of the assessed valuation of the improvements existing on the property. Given the long period of time since that ordinance was adopted, it was agreed by the Board to recommend reducing the trigger point to the lower of 33% or $40,000. The City Manager felt that trigger point was too low and recommended that it be set at the lower of $60,000 or 33%. There was much discussion about the trigger point. Several thought that it could unfairly hurt those with lesser value homes. At the end of the discussion the Board reached a consensus to set the trigger at 20x the then cost to convert overhead to underground. At today’s cost of $3,000, the trigger would be $60,000. This ratio requires conversion if the cost of conversion is equal to or less than 5% of the renovation cost.

Mr. Warren reported that the City Manager supported the concept of requiring conversion if a property valued at $300,000 or more changes hands. Mr. Warren will schedule a meeting with the City Attorney to discuss how such a strategy could be implemented. Mr. Warren reported that the City Manager also supported the concept of charging a higher customer charge as an inducement to encourage conversion.

**Mechanism to Advance Developer Projects**

Mr. Warren discussed a new and simpler approach to allow developers to buy their way to the front of the undergrounding priority list. The new idea would be an upfront payment that would be calculated on a sliding scale from zero if the project is scheduled in the current year to some percentage (e.g. 50% to 100%) if the project is scheduled in year 10. Major concerns were expressed since it could cause delay of the other projects. Mr. Warren argued that with the new contracting approach that the electric department is structuring that the possibility of delay would be small and the money paid by the developer would reduce the amount of money that the electric system customers would have to pay. Mr. Warren responded to questions. The mechanism will require more thought/discussion.
**Financial Report**
Mr. Hamil reviewed the January financial report for water and sewer fund. He reported that sales in terms of both thousands of gallons and dollars are about 3% behind budget. Projects for annual sales in both dollars and gallons take into consideration the seasonality of water usage trends. Bottom line for the first quarter is a positive $862,008 and debt service coverage is projected to be very strong 2.04 for the fiscal year.

Mr. Zusi explained that there will be an addition to the capital budget related to the I-4 corridor widening project. The City crosses that project with utilities in many locations and FDOT has changed their reimbursement policy significantly. We will be required to move and pay for anything in their right of way in almost in all cases. We are analyzing what we can abandon, upgrade or move.

Mr. Hamil reviewed the January financial report for the electric services fund. He reported electric sales in kWh are up 1.2% over the prior year and on track to meet budget. Annualized sales in terms of both kWh and dollars take into consideration the seasonality of electric sales. Fuel costs were over recovered by about $30,000 for the first four months of the fiscal year. Bottom line for the first four months is a positive $482,070. Debt service coverage is projected to be 2.86 for the fiscal year. Mr. Hamil responded to questions.

**Usage Graphs Water, Waterwaster and Electric.**
Mr. Reker reviewed the water and sewer graphs which cover changes in water sales, irrigation sales and the consumptive use permit. Mr. Reker commented that residential and commercial sales are both down for the last two months possibly due to additional rainfall. The moving total is a little under budget. Irrigation went down substantially. To analyze the decline a 12 moving rainfall graph will be provided at the next meeting. The 12 month raw rolling average stayed pretty flat which puts us in a good spot under out CUP.

He also provided electric graphs which cover the Monthly % Change in kWh consumption from Prior Year’s month, Moving Total 12 Months kWh Sales, and Residential kWh vs Heating and Cooling Degree Days. Rolling weather charts, degree days showed a major increase for degree days for January but we saw a slight decline in residential sales possibly due to billing cycles. February reports confirmed that billing cycles impact those numbers. Moving 12 months increased significantly. Mr. Reker reviewed an updated kWh sales chart which included forecasting information. Mr. Reker responded to questions.

**Water/Wastewater Report**
Mr. Zusi commented that everything had been covered in his previous comments.

**Electric Utility Report**
Mr. Warren presented the reliability indicators. He commented that MAIFI is awesome. SAIDA is 68, the goal is 60.

Mr. Warren explained he does not have the February fuel adjustment, because he doesn’t have the February invoices. He reviewed rate comparison and power supply.

| F/A Update January |  |
Mr. Warren commented that the cumulative to date is setting at a positive $738,000 and our management objective is to keep it north of $500k. He will be updating the quarterly fuel adjustment for April-June.

<table>
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<tr>
<th>Rate Comparison 1,000 kWh</th>
<th>WPE Jan-March</th>
<th>Duke Jan-March</th>
<th>Difference</th>
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<tr>
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</tr>
<tr>
<td>Base Bill</td>
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<td>Fuel Adjustment</td>
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<td>Electric Bill *</td>
<td>$109.99</td>
<td>$122.16</td>
<td>$12.17</td>
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* Excludes franchise fee and taxes

**Power Supply Update**

**GRU**
- Approved by City Commission 2/24/14
- Executed by GRU
- Service starts 1-1-15
- 20 MW but can reduce to 10MW depending on Cavanta

**Clean Footprint**
- Commercial Operation 2-14-2014

**Fairbanks FDOT – Duke Update**
  - Transmission
    - Test holes nearly complete
    - Estimate expected in May
    - Duke is optimistic that final estimate will be below planning estimate previous provided
  - Distribution
    - WPE conceptual submitted to Duke for review
    - WPE draft agreement provided to Duke, Mr. Warren responded to questions.
**Utility Billing**
Ms. Margraf reported utility billing is functioning as usual with a few customers requiring clarification on how pay online works.

**Communications**
Ms. Howard provided copies of publications that included articles on Winter Park, including the cover story for the US Airways in-flight magazine and Mr. Warren’s article in the Winter Park Forum. She also provided an update of the train station dedication.

**Action Items**
- City wide incentive to connect to sewer program
- Mechanisms to advance developer projects

**ADJOURNMENT**
Chm. Seidel adjourned the meeting at 1:48 p.m. Next regular meeting date, April 8, 2014.

Respectfully submitted,

**Debbie Wilkerson**
Debbie Wilkerson, Recording Secretary