

EXECUTIVE BRIEF REGULAR MEETING

AGENDA DATE: July 21, 2020

DEPARTMENT: City Commission

TITLE:

Engaging the Florida Municipal Power Agency (FMPA) and Florida Power and Light (FPL) to determine whether, and for what price, FMPA and its members would release the City from its obligations to them, and whether FPL might be willing to purchase the City's electric utility

SUMMARY:

Commissioner Hardy brought forward this item so that the City Commission can deliberate and decide the following two questions:

- (1) Should the City Commission engage the Florida Municipal Power Agency (FMPA) to ascertain whether it and its members will release the City from its obligations to them for an agreed upon price?
- (2) Should the City Commission engage Florida Power and Light to ascertain whether it is willing to transact with the City and purchase its electric utility assets?

BACKGROUND AND JUSTIFICATION:

Recently, Commissioner Hardy approached representatives for FPL and asked whether the company had any interest in acquiring the City's electric utility. FPL's representatives advised that before they could answer that question, the City would have to ascertain (1) whether FMPA and its members would allow the City to buy its way out of its obligations to them and (2) how much such a buy-out would cost.

Commissioner Hardy then approached FMPA's Executive Director, Mr. Jacob Williams, and asked how the City might engage FMPA to ascertain (1) its willingness and the willingness of its members to release the City from its obligations and (2) how those obligations would be valued. Mr. Williams advised that such a process could take 3-5 years from the time that FMPA received official communication from the City as to its interest in this matter, and that FMPA's receiving official communication from the City would start the process.

Commissioner Hardy feels that the Commission should be willing to explore this question and determine whether it is feasible for the City to buy its way out of its obligations to FMPA and sell its electric utility to FPL for a windfall. If these transactions are feasible, then the City stands to benefit. If these transactions are not feasible, then engagement with FMPA and FPL will confirm that they are not. But the Commission cannot know that the transactions are infeasible without initiating and completing the process required to answer this very question.

Commissioner Hardy is therefore requesting that the City Commission engage both FMPA and FPL to ascertain the feasibility of taking all steps required to divest the City's electric utility.

MOTION:

Motion to:

- (1) Engage FMPA and ascertain its willingness, and the willingness of its members, to release the City of Lake Worth Beach from its obligations to them for an agreed upon price; and
- (2) Engage FPL and ascertain its willingness to purchase the City's electric utility.

ATTACHMENT(S):

Fiscal Impact Analysis - NA