

**MINUTES  
CITY OF LAKE WORTH BEACH  
ELECTRIC UTILITY CITY COMMISSION MEETING  
BY TELECONFERENCE  
TUESDAY, APRIL 28, 2020 - 6:00 PM**

The meeting was called to order by Mayor Pam Triolo on the above date at 6:00 PM by teleconference from City Hall, 7 North Dixie Highway, Lake Worth Beach, Florida.

**ROLL CALL:** Present were; Mayor Pam Triolo; Vice Mayor Andy Amoroso; and Commissioners Scott Maxwell, Omari Hardy and Herman Robinson. Also present were City Manager Michael Bornstein, City Attorney Christy L. Goddeau and City Clerk Deborah Andrea.

**PLEDGE OF ALLEGIANCE:** led by Vice Mayor Andy Amoroso.

**AGENDA - Additions / Deletions / Reordering:**

**PRESENTATIONS:** (there is no public comment on Presentation items)

A. Presentation of the 2019 Annual Report by Edward Liberty

Ed Liberty, Electric Utility Director, said that the LWBEU had many accomplishments in 2019 and the annual report was available on the website and had been mailed to customers. He reported that costs had been reduced throughout the years due to cost cutting, a reduction in fuel prices and restructuring the OUC contracts. He stated that the EU contributed \$6.6 million to the General Fund to fund many City programs. He said that the biggest story in 2019 was the improvements in system reliability; both the number and length of outages have been reduced but there was more to be done. He spoke about the City's investment in products to reduce energy use such as installing LED streetlights and using electric vehicles. He reported that the City had also invested heavily in solar energy and by 2024 the amount would increase to reduce the carbon footprint. He spoke about the ocean energy current program in conjunction with FAU. He stated that customers could make payments in multiple ways in locations with longer hours. He said that system hardening was progressing and all new poles would withstand category 5 storms and were wrapped to cut down on animal and vegetation contact. He stated that the EU supported the pillars in the City's strategic plan.

B. Presentation by Edward Liberty of the 2020 Mid-year Financial Results and Current Key Performance Indicators

Mr. Liberty gave an overview of the key performance measures with an emphasis on the financial and customer interaction measures. He explained that the amount of energy distributed was up significantly, the degree days were up 16%, more customers had been added; all the data indicated that the EU was growing and sending out more energy. He said that the residential and commercial patterns had reversed from the previous year because residents were home all day and businesses were doing less business due to COVID-19. He stated that the EU had come in \$3.2 million above budget and was expected to add approximately \$5.7 to its fund balance. He showed what the impact to the budget would be with reductions in revenue of between five to fifteen percent. He spoke about the averages of account cuts in the prior 14 months although no accounts were currently being cut, and the number of accounts that would have been cut.

Commissioner Robinson asked for clarification regarding the account cuts.

Mr. Liberty replied that accounts would have been cut for non-payment, they were not move outs. He said that staff was contacting customers to give them information regarding the availability of assistance programs and they had adapted to supporting requests remotely. He spoke about the next steps, which included retaining Leidos to perform a cost of service study, continuing to monitor customer revenues to determine impacts on revenue on a daily and weekly basis with leading indicators showing ten percent of customers being late with payments, reviewing FY2019 audited financials with adjustments for FY2020 using the 6+6 forecast, auditing the FY2019 financial (anticipated by end of April 2020) and continuing to bring items to the City Commission for discussion and policy determination.

Commissioner Hardy informed the public that the City was not disconnecting any accounts because it was sympathetic to the hardships caused by the pandemic. He asked Mr. Liberty which of the revised forecasts would be more likely and how the reduction would affect the City's ability to finance the system hardening.

Mr. Liberty replied that the current indicators showed that the City would be in the ten to fifteen percent reduction resulting in not being able to build fund balance as quickly, which would be unfavorable to a bond rating.

Bruce Miller, Financial Services Director, explained that bond rating agencies looked at fund balances to see how the money would be repaid. He iterated that this was an example of the importance of a healthy fund balance, which the EU did not have. He said that anything that eroded the fund balance was not good and not being able to cover the debt ratios would put the City in jeopardy.

Commissioner Hardy asked how many expenses would come out of the operating income. He stated that the City had to finance improvements over time and that the City should be competitive with FPL by providing a rate reduction to its customers.

Mr. Liberty replied that \$5.7 million would flow to the bottom line and make everything better. He stated that the negative fund balance in 2018 was a one-time event due to an old contract and would not happen again.

Vice Mayor Amoroso said that his goal was to keep the power on for residents. He stated that it would be a struggle because of the pandemic and the upcoming hurricane season, but it would be important to continue with the system improvements. He asked what else could be done to get people to take advantage of existing programs to help with paying their bills.

Mr. Liberty said that instead of getting late notices, residents would receive assistance program information and that information would be sent in all of next month's bills. He iterated that late fees were being waived and no minimum payments were being requested.

Commissioner Hardy asked how many of the 1400+ calls resulted in actual conversations.

Mr. Liberty said that he could provide the information about the number of conversations versus the number of calls to the Commission.

Franco Bellitto said that he would provide the data. He explained that there was a three-pronged approach regarding the outreach program, calling the customers to give them information, mailing flyers in three languages regarding the programs to customers who were late with their payments and mailing flyers to every EU customer in the next bill.

Commissioner Robinson asked if there would be a conversation about raising the rates on a temporary basis due to non-payment of accounts and how to get back on track.

Mr. Liberty said that he would not recommend adjusting rates during an emergency. He said that there was a bigger financial picture as everything in the City was being affected. He stated that the cost of service study would help in determining what the EU rates should be, but it was a City-wide revenue issue, not just electric utility.

Mr. Miller responded that there was a cash flow issue, which was being impacted, and an income recognition issue, where the utility fees would be repaid to the City over time and would become part of the income recognition. He cautioned against raising a rate until early next year. He said that there was to have been a very strong rebound in 2019-2020; rating agencies would need to see a clear and concise plan for recouping the lost revenues.

Mayor Triolo asked if the rate decrease from FPL was only for one month.

Mr. Liberty replied that the return to customers was to have been paid over a year instead of at once and FPL rates would be going up due to an increase in expenses.

Commissioner Hardy stated that the City should contact FPL to see if a deal could be made for them to buy the EU. He opined that the City should not be in the electric utility business and the perception had not changed much over the years and was a drag on the City.

City Manager Bornstein stated that the City did not know what the failure rate regarding payments would be. He said that the City committed years ago to changing the perception of the electric utility from a liability to an asset and made significant leaps forward on infrastructure. He said that the EU had been made very profitable and was catching up on 40 years of infrastructure neglect before the pandemic. He stated that it would take 10 to 11 years to get rid of the EU and Mr. Liberty had a plan to improve the system. He said that there would be a program for people who were behind in payments to pay over time and there were options to get revenue back this year. He asked about extending the suspensions of the disconnections, which expired on April 30.

Commissioner Hardy iterated that the City's situation was different from Vero Beach's and perhaps FPL should be called to see if there was interest in purchasing the EU; the value to the City would decline over time due to the reduction in contributions to the General Fund. He spoke in favor of extending the shut offs through May 31.

Mayor Triolo said that she had been in favor of selling the EU in the past. She stated that the reduction in contributions was to be responsible and operate as other utilities did. She spoke in favor of extending the deadline until May 31.

Commissioner Robinson said that the economy and perception of the EU would not change and asked that there could be a conversation with FPL after getting information from the bond rating companies. He stated that he would approve an extension of no cut offs through May 31.

Mayor Triolo stated that there should have been marketing dollars spent on branding for the EU and that new residents spoke favorably about the EU.

Commissioner Maxwell spoke in favor of extending the deadline to May 31.

C. 2020 Earth Day Announcement of CO<sup>2</sup> reductions in our electric supply

Mr. Liberty announced that by 2025, the City's electric utility would have reduced its emissions by more than 50% from 2005. He said that the City would be alone in this accomplishment; the information was on the electric section of the website. He stated that the EU was growing which was a positive sign.

Commissioner Robinson asked about the relationship between the City's numbers and FPL's numbers.

Mr. Liberty stated that the City was doing solar projects with FPL.

**PUBLIC PARTICIPATION OF NON-AGENDAED ITEMS AND CONSENT AGENDA:**

City Clerk Andrea read the public comments submitted by the following individuals:

Ramsay Stevens wrote as a member of the Electric Utility Advisory Board, strongly encouraging the Commission to use the advisory boards to develop ideas to support the community in this historic time of need.

Wes Blackman wrote that it would be good to have a breakdown of residential and commercial accounts that would have had their service disconnected between March 18 and April 24 and about giving some relief to commercial electric and water utility customers.

David Arm wrote as President of the Greater Lantana Chamber of Commerce requesting some form of rate rebate for commercial users.

Ryan Oblander wrote asking if the City could afford to match FPL's rate reduction and that there be consideration of an advance for small businesses against their utility deposits on a case by case basis.

**APPROVAL OF MINUTES:**

There were no minutes on the agenda.

**CONSENT AGENDA:** (public comment allowed during Public Participation of Non-Agendaed items)

**Action:** Motion made by Vice Mayor Amoroso and seconded by Commissioner Maxwell to approve the Consent Agenda.

- A. Ratification of Agreement with Wesco Distribution Inc., for the purchase of Metering Voltage Transformers
- B. Ratification of First Amendment to original Agreement with ENCO Utility Services, LLC
- C. Ratification of Task Order No. 3 with TEAMWORKnet for professional engineering services
- D. Ratification of Work Order No. 3 with The L.E. Myers Co., for 7th Ave N. Pole Relocation and Storm Hardening
- E. Ratification of Work Order No. 15 with NuCAT Corp. to provide and install new radiators on spare substation transformer
- F. Agreement with E & F Florida Enterprises, Inc. dba Creative Contracting Group for warehouse to office space conversion at 1900 2nd Ave N.

- G. Letter Agreement with Florida Municipal Power Agency (FMPA) for Consulting Engineering Services by Quanta Technology
- H. Resolution No. 13-2020 – Electric Vehicle Charging Infrastructure Phase I Application

**Vote:** Voice vote showed: AYES: Mayor Triolo, Vice Mayor Amoroso and Commissioners Maxwell, Hardy and Robinson. NAYS: None.

**ADJOURNMENT:**

**Action:** Motion made by Vice Mayor Amoroso and seconded by Commissioner Hardy to adjourn the meeting at 8:02 PM.

**Vote:** Voice vote showed: AYES: Mayor Triolo, Vice Mayor Amoroso and Commissioners Maxwell, Hardy and Robinson. NAYS: None.

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Pam Triolo, Mayor

ATTEST:

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Deborah M. Andrea, CMC, City Clerk

Minutes Approved: May 26, 2020

A digital audio recording of this meeting will be available in the Office of the City Clerk.