



City Commission Work Session Minutes

June 9, 2022, at 1:00 p.m.

City Hall, Commission Chambers
401 S. Park Avenue | Winter Park, Florida

Present

Mayor Phil Anderson; Commissioners Marty Sullivan, Sheila DeCiccio, Kris Cruzada, and Todd Weaver; City Manager Randy Knight; and City Clerk Rene Cranis. Also present: Director of Utilities Dan D'Alessandro, and Director of Finance Wes Hamil.

Utility Advisory Board Members: Chairman Michael Poole, Mary Dipboye, Leon Huffman, Paul Conway, and Linda Lindsey. Absent: Alison Yurko and Fred Guitton.

1) Call to Order

Mayor Anderson called the meeting to order at 1:03 p.m.

2) Discussion Item(s)

- a. Discussion of funding for undergrounding efforts including residential service lines.

Mayor Anderson stated the focus of this work session will be on funding, timelines for the undergrounding project and the modified scope of residential service drops. He thanked the UAB members for their review of the scope for undergrounding which was modified based on their recommendations. He noted that significant world events occurred directly after the modifications were made and have impacted global supply chains and how the projects will be funded.

Mr. Poole stated that the board understands why funding considerations need to be made and explained how fuel inflation is impacting customers with increased rates. He spoke about the impact of the shortage of materials and backorders on the timeline for the undergrounding project and noted that staff has indicated a revised completion date in 2026. He said he no longer feels the 2026 target date is realistic and would like to work with staff on the timeline and find funding for secondary loans to complete the project.

Mayor Anderson said he believes the commission does not want to pass on a rate increase at this time. Mr. Poole stated that the board agrees and consensus was not to increase rates.

Commissioner Weaver asked if slipping the underground schedules is consistent with supply chain issues and if there is any other recourse. Mr. D'Alessandro stated that regardless of budget, supply chain issues will slow progress and dates will slip unless there are drastic changes.

Mayor Anderson spoke about the “pay as you go” model and issues related to inflationary impact, time constraints, rapid inflation, and increasing cost of transformers. He asked if the city should consider borrowing money at 4.5% to buy materials now. Mr. D'Alessandro advised that the city has already tried to purchase materials in mass quantities and outlined issues with supply and demand costs. He stated materials are becoming harder to get and that the FMPA is working on the city's behalf and other municipalities in the state to get better access to supplies. The issue is not the cost, but the timing for delivery of supplies, which, for transformers is 54 weeks.

In-depth discussion followed on supply chain delays and inflation. Mayor Anderson raised the question of whether the city should have a line of credit for \$2 - \$3M to stockpile supplies once they are available. Mr. Knight explained that the budget isn't affected until inventory is pulled. Further discussion was held on how world events such as the war in Ukraine will affect supply and demand as Ukraine rebuilds in the aftermath. Mr. D'Alessandro added that the city has enough transformers to carry the project through 2023 and hopes that based on current delivery times the city will have enough through 2024. He stated that staff continues to try to advance load and work with vendors to hold supplies.

Mr. Knight stated that he is asking for a flexibility to shift to service drops if supplies are not available and return to the undergrounding project when supplies are available. He stated that there is no way to determine how long the delay in the schedule. He said having more money would only guarantee the service drops being done sooner. Mr. D'Alessandro explained that pricing is merely a projection at this time and final pricing will be based on demand when supplies are available.

Mayor Anderson summarized that the core undergrounding project is being affected by material (transformers) constraints not financial constraints for increasing inventory when supplies are available. Mr. D'Alessandro discussed labor issues and explained that it has been difficult to get line people to do the work.

In-depth discussion followed on the \$8M reserved for the undergrounding project, whether the city should borrow money to accelerate the service drops project, impacts on the timeline, and challenges with moving forward with the service drop project before the undergrounding is completed.

After the discussion, Mayor Anderson summarized that the city has enough inventory available to move the project through the end of 2023. He stated that once the additional inventory is available the city can address labor issues and determine how to move forward. Further discussion was held on different scenarios related to debt service, budget, cash reserves, and rates.

Commissioner Sullivan expressed concern about public perception and feels the city should disseminate information on the progress of the projects to the public.

Following discussion on the timeline, labor, and supply constraints, Mayor Anderson stated that as soon as materials are available the city will do everything it can to accelerate and achieve completion of the projects as close to 2026/2027 as possible.

Responding to Commissioner Cruzada, Mr. D'Alessandro explained that the inventory is turning over regularly, but he is holding back some materials for emergencies. He explained that supplies are not available and the FMPA is working on the city's behalf to try to pool resources within the state to create a municipal storeroom.

Commissioner Weaver noted the city's efforts to move to 100% renewable energy in the future and spoke about the advantages of solar power. He asked that the commission and board consider ideas by which the city can supply substantial amounts of power locally.

Commissioner DeCiccio asked if it would make sense to restructure bonds to lower rates now. Mr. Poole said that the staff would have to run calculations to determine whether the rates could be lowered significantly enough to make it worth doing. Mr. Poole agreed with Commissioner Weaver regarding alternative energy solutions and provided examples of ways the city can enter the solar panel business and generate revenue to fund its utility.

Discussion followed on the process for service drops and electrician costs. Mr. D'Alessandro noted that the cost for electrical upgrades was incorporated into the proposal for the project. He added that 30 to 33% of underground services checked thus far will require further work by a technician.

Mayor Anderson summarized that the consensus is not increase rates increase and commission will take formal action in its next meeting. Staff will inform the public that supply constraints and increased fuel costs will cause the project extend beyond the 2026 completion date, but that the city has the financial strength to stockpile materials and will recover lost time as much as possible. Staff will review whether it makes sense for the city to refinance its debt.

3) Adjournment

The meeting adjourned at 2:05 p.m.

Mayor Phillip M. Anderson

ATTEST:

City Clerk Rene Cranis