



**AGENDA  
CITY OF LAKE WORTH BEACH  
ELECTRIC UTILITY CITY COMMISSION MEETING  
BY TELECONFERENCE  
TUESDAY, MAY 26, 2020 - 6:00 PM**

**ROLL CALL:**

**PLEDGE OF ALLEGIANCE:** led by Commissioner Scott Maxwell

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

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

A. [Electric Utility Update by Ed Liberty](#)

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

**APPROVAL OF MINUTES:**

A. [April 28, 2020](#)

**ADJOURNMENT:**

If a person decides to appeal any decision made by the board, agency or commission with respect to any matter considered at such meeting or hearing, he or she will need a record of the proceedings, and that, for such purpose, he or she may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based. (F.S. 286.0105)

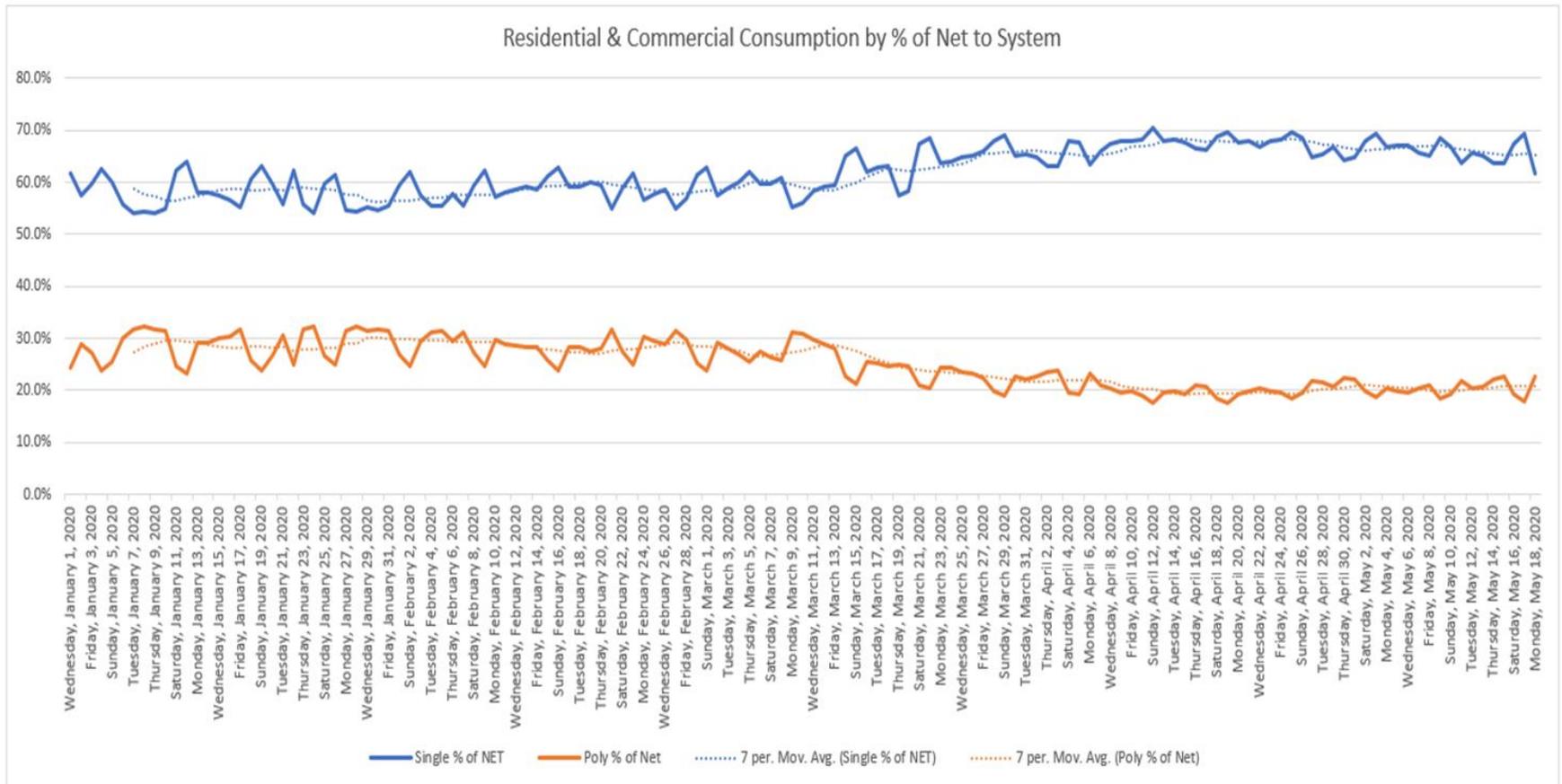


Electric Utility Presentation  
May 26, 2020  
Ed Liberty, Electric Utility Director

# Energy Use, Degree Days, and Customer Growth Metrics

	<u>kWh FYTD</u>	<u>TDD FYTD</u>	<u>CUST FYTD</u>	<u>kWh MAY</u>	<u>TDD MAY</u>	<u>CUST APRIL</u>	<u>AVG Daily Peak</u>
	<u>5/18/2020</u>	<u>5/18/2020</u>	<u>4/30/2020</u>	<u>5/18/2020</u>	<u>5/18/2020</u>	<u>4/30/2020</u>	<u>5/18/2020</u>
2019	267094650	2380	186666	23961985	244	26777	76.19
2020	268071457	2680	188644	21628870	221	27051	67.54
Change	976807	300	1978	-2333115	-23	274	-8.65
%	0.366%	12.605%	1.060%	-9.737%	-9.426%	1.023%	-11.353%

# Residential Energy Use is Up while Commercial is Down



# Electric Utility 7+5 Forecast with Potential Revenue Reductions

SUMMARY OF FINANCIAL ACTIVITY FY 2020							
	Category		FY 2020 1st Qtr	FY 2020 2nd Qtr	FY 2020 3rd Qtr	FY 2020 4th Qtr	Totals \$\$\$
			Actual	Actual	1 Mth Actual; 2 Mths Projections	Projections	
<b>B. Pre- Residential &amp; Commercial Reduction Scenario</b>							
1	7 Mth Actual &	Total Revenues	\$ 13,867,490	\$ 11,199,682	\$ 14,521,985	\$ 24,354,878	\$ 63,944,036
2	Revised Forecast	Total Expenditures	\$ (10,699,871)	\$ (10,792,702)	\$ (18,448,579)	\$ (17,956,285)	\$ (57,897,437)
3		Operating Income	\$ 3,167,619	\$ 406,980	\$ (3,926,593)	\$ 6,398,593	\$ 6,046,599
<b>B. 10% Residential &amp; Commercial Reduction Scenario</b>							
4	7 Mth Actual &	Total Revenues	\$ 13,867,490	\$ 11,199,682	\$ 13,533,110	\$ 22,510,245	\$ 61,110,528
5	Revised Forecast	Total Expenditures	\$ (10,699,871)	\$ (10,792,702)	\$ (18,448,579)	\$ (17,956,285)	\$ (57,897,437)
6		Operating Income	\$ 3,167,619	\$ 406,980	\$ (4,915,469)	\$ 4,553,960	\$ 3,213,091
<b>B. 15% Residential &amp; Commercial Reduction Scenario</b>							
7	7 Mth Actual &	Total Revenues	\$ 13,867,490	\$ 11,199,682	\$ 13,038,672	\$ 21,587,929	\$ 59,693,773
8	Revised Forecast	Total Expenditures	\$ (10,699,871)	\$ (10,792,702)	\$ (18,448,579)	\$ (17,956,285)	\$ (57,897,437)
9		Operating Income	\$ 3,167,619	\$ 406,980	\$ (5,409,906)	\$ 3,631,644	\$ 1,796,337

# Utility Receivables Are Growing

## 30 Day Aging

	3/18	5/18	
	30 days	30 days	Change
Total Commercial (excl. taxes & fees)	\$41,231 3.6%	\$95,230 8.1%	\$53,998 226%
Total Residential (excl. taxes & fees)	\$84,999 4.9%	\$301,189 11.9%	\$216,190 241%
Total EU Res & Comm (excl. taxes & fees)	\$126,230 4.4%	\$396,419 10.7%	\$270,189 243%
Total Water&Sewer (excl. taxes & fees)	\$55,768 3.5%	\$184,472 10.6%	\$128,705 306%
Trial Utilites Balances (incl. taxes & fess)	\$240,651 4.5%	\$696,350 10.8%	\$455,699 242%

## 60 Day Aging

	3/18	5/18	
	60 days	60 days	Change
Total Commercial (excl. taxes & fees)	\$1,157 0.1%	\$27,687 2.4%	\$26,531 2342%
Total Residential (excl. taxes & fees)	\$8,884 0.5%	\$108,251 4.3%	\$99,367 828%
Total EU Res & Comm (excl. taxes & fees)	\$10,040 0.4%	\$135,938 3.7%	\$125,898 1048%
Total Water&Sewer (excl. taxes & fees)	\$5,050 0.3%	\$67,817 3.9%	\$62,767 1242%
Trial Utilites Balances (incl. taxes & fess)	\$19,987 0.4%	\$253,575 3.9%	\$233,588 1060%

# Customer Payment Methods

## Payment TYPE

	<i>Dec-19</i>	<i>Jan-20</i>	<i>Feb-20</i>	<i>Mar-20</i>	<i>Apr-20</i>
<b>CREDIT CARDS</b>	42%	46%	47%	43%	45%
<b>CHECKS</b>	28%	26%	25%	26%	24%
<b>e-Checks</b>	7%	8%	8%	8%	8%
<b>ACH (old)</b>	11%	10%	10%	10%	10%
<b>AUTO PAY (new)</b>	1%	3%	4%	5%	6%
<b>CASH (local office)</b>	10%	0%	0%	0%	0%
<b>CASH (PayNearMe)</b>	1%	7%	6%	8%	7%
<b># of Transactions</b>	<b>30,503</b>	<b>29,398</b>	<b>26,720</b>	<b>30,620</b>	<b>25,820</b>

## Payment DETAIL

	<i>Dec-19</i>	<i>Jan-20</i>	<i>Feb-20</i>	<i>Mar-20</i>	<i>Apr-20</i>
<b>Online</b>	33%	36%	36%	36%	37%
<b>By Mail</b>	21%	21%	21%	20%	21%
<b>Walk-Ins</b>	15%	0%	0%	0%	0%
<b>ACH (old AutoPay)</b>	11%	10%	10%	10%	10%
<b>Auto Pay (new)</b>	1%	3%	4%	5%	6%
<b>Drop Box</b>	7%	8%	9%	9%	7%
<b>Local Office</b>	0%	0%	0%	0%	0%
<b>Paymentus IVR</b>	11%	15%	14%	12%	12%
<b>PayNearMe</b>	1%	7%	6%	8%	7%
<b># of Transactions</b>	<b>30,503</b>	<b>29,398</b>	<b>26,720</b>	<b>30,620</b>	<b>25,820</b>

# SUMMARY DASHBOARD

	TOTAL DEPOSIT ON HAND	BALANCE DUE	TOT BALANCE DUE AFTER DEP APPLIED	TOT DEPOSIT REMAIN AFTER DEPOSITS ARE APPLIED
COMMERCIAL	\$172,316.22	\$228,285.96	\$99,213.76	\$43,244.02
RESIDENTIAL	\$381,242.35	\$573,111.59	\$265,430.99	\$73,561.75
COMBINED	\$553,558.57	\$801,397.55	\$364,644.75	\$116,805.77

## RESIDENTIAL

%	# accts.	<i>balance due</i> <i>(after deposit applied)</i>
0.6%	7	\$2000 - \$5400
3.8%	43	\$1000 - \$1999
9.7%	110	\$500 - \$999
21.7%	247	\$200 - \$499
12.7%	145	\$100 - \$200
13.6%	155	< \$100
37.9%	432	Zero Balance
100%	1139	87%

## COMMERCIAL

%	# accts.	<i>balance due</i> <i>(after deposit applied)</i>
4.0%	7	\$5000 - \$10,500
4.0%	7	\$2000 - \$4999
5.7%	10	\$1000 - \$1999
6.9%	12	\$500 - \$999
10.9%	19	\$200 - \$499
5.7%	10	\$100 - \$199
10.3%	18	< \$100
52.3%	91	Zero Balance
100%	174	13%

1313 TOTAL ACCOUNTS (as of FRI 5/14)

# Assistance with Utility Bills

<b>22</b>	<b>2454</b>	<b>985</b>	<b>1035</b>	<b>948</b>	<b>948</b>	<b>9</b>	<b>2</b>
<b>TOTAL # of Days of Calls</b>	<b>TOTAL Calls Made</b>	<b>TOTAL Voice Mail Reached</b>	<b>TOTAL Talked With</b>	<b>TOTAL Flyers Sent</b>	<b>TOTAL Interested in Assistance</b>	<b>TOTAL Moved</b>	<b>TOTAL Vacant</b>

- Our outreach program to customers with accounts in arrears continues and is showing positive results. Customers are being offered information on sources of assistance by our team members in personal phone calls and direct mailings.
- 481 of our customers have applied and 24 will begin receiving assistance with their Lake Worth Beach utility bills as an outcome of the outreach program.
- As of May 20<sup>th</sup> there are 1,544 customers seriously in arrears on their utility bills, approximately 87% of which are residential accounts and 13% are commercial accounts.

# Revenue Recovery Plan, Why?

- We need a Plan to help customers catch up on their City utility bills, and for the City to create FY2020 forecasts and FY2021 budgets
- The Plan needs to be defined in advance so customers know what to expect, and to allow Staff time to create the required processes to implement the Plan
- The Plan needs to balance the needs of all customers and the City's financial obligations
  - Coverage ratios, cash flows, working capital, etc.

# Conceptual Elements of a Revenue Recovery Plan

- Phase-in of disconnects for non-payment
  - ✓ Set a date and give 30 days notice to all customers
- Apply deposits on hand to outstanding balances
  - ✓ Reduces immediate impact on customers
  - ✓ Requires changes to City Resolution 70-2013; Section 4 (A) and Section 5
- Waiver of late fees incurred between March 18 and date of Recovery Plan implementation
- Spread customer payment on remaining balances over subsequent monthly payments; number of months to be suggested by City Commission

# Value of Including Deposits in a Conceptual Recovery Plan

- Provides free working capital to commercial customers
  - Enhances benefits received under state/federal programs
- Allows customers to use a stranded asset (utility deposits) as working capital
  - Zero cost of capital and waived late fees
  - Rapid application and approval; no process delays
- Benefits to the City
  - Deposits are deployed locally to decrease financial stress on the involved customers and the City, thereby benefiting all customers and residents
  - Helps businesses focus their resources on opening and returning employees to work

# City Resolution 70-2013

## Section 4. Refund of Residential Service Deposits.

- (A) Residential service deposits shall be refunded to the depositor(s) after a continuous service period of twenty-five (25) months provided that the customer has a satisfactory payment record; the customer has not, in the previous twelve (12) months, made more than one (1) late payment of a bill; had a check returned for non-payment of a utility bill; has not engaged in any Illegal Use; left an unpaid balance from a previous account; and, does not have any other indebtedness to the City.
- (B) Refund of a deposit for an active utility account(s) shall be in the form of a credit to the corresponding account(s). Refund of deposit for closed accounts will be in the form of a check payable to the person or persons who established said utility deposit. In the event of a deceased depositor, refund will be to the estate or pursuant to Court order.

## Section 5. Commercial Deposits - Non-refundable.

No commercial deposit shall be refunded until the service(s) are terminated; the final bill is paid in full; and, any other indebtedness to the City is paid.

# Conceptual

## Elements of a Revenue Recovery Plan (Continued)

- Temporarily suspend bill deposit reviews through September 30, 2020;
  - ✓ For Residential Customers requires modification to City Resolution 70-2013 Sections 3.A.1 and 3.A.3
  - ✓ For Commercial Customers required modification to City Resolution 70-2013 Sections 3.B.1 and 3.B.3
- Plan would not apply to new accounts created after Recovery Plan implementation
- A customer who has a deposit applied to their outstanding balance would not have to replenish their deposit unless they have a subsequent occurrence that meets the criteria of Resolution 70-2013

# City Resolution 70-2013 (Residential)

## Section 3. Deposit Review/Adjustment Policy

### (A) Residential

In addition to the City's reserved right to periodically update an individual(s)' Consumer Information Check and revise the required residential deposit accordingly, the City shall require an adjustment of a residential deposit balance under the following circumstances:

1. One (1) disconnect for non-payment;
2. One (1) dishonored check;
3. Four (4) delinquent payments within current twelve (12) month period;
4. Balance due on a prior final bill;
5. Evidence of Illegal Use; or,
6. Any other evidence to suggest a higher risk of delinquency.

If any of the above exist, the residential account balance shall be adjusted to the amount required for an individual whose Consumer Information Check suggests a high risk of delinquency.

# City Resolution 70-2013 (Commercial)

(8) Non-Residential (commercial) General Service.

The City shall require an adjustment of a non-residential deposit balance under the following circumstances:

1. One (1) disconnect for non-payment;
2. One (1) dishonored check;
3. Four (4) delinquent payments within current twelve (12) month period;
4. Balance due on a prior final bill; or,
5. Evidence of Illegal Use.

If any of the above exist, the non-residential account balance shall be adjusted to the amount equal to two and one-half (2.5) times the recent monthly average or estimated bill rounded to the nearest Fifty Dollars (\$50).

# Next Steps

- Develop a consensus on when to phase out the no-disconnect policy
- Develop a consensus on the elements of a deferred revenue recovery plan
- Staff to prepare a Staff Report and Motion for City Commission vote at a subsequent meeting

End.....Questions



**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.