ELECTRIC ADVISORY BOARD
MEETING
AGENDA
CITY HALL, 501 W MEADOW STREET
MONDAY, MAY 6, 2024 5:30 PM

1. CALL TO ORDER

INVOCATION

PLEDGE OF ALLEGIANCE TO THE FLAG OF THE UNITED STATES OF AMERICA

2. APPROVAL OF MINUTES:

A. Regular meeting held April 1, 2024

3. PRESENTATION :

A. CIP's (System Improvements)

4. DISCUSSION ITEM:

A. Power Cost Adjustment Update - presented by City Manager, Al Minner

B. Teacher Location Incentive Concept - presented by Board member Marc Robertz-Schwartz

5. ROLL CALL:

6. ADJOURN:

PERSONS WITH DISABILITIES NEEDING ASSISTANCE TO PARTICIPATE IN ANY OF THESE PROCEEDINGS SHOULD CONTACT THE HUMAN RESOURCES DEPARTMENT, ADA COORDINATOR, AT 728-9740, 48 HOURS IN ADVANCE OF THE MEETING.

F.S.S. 286.0105 "If a person decides to appeal any decision made by the Commission with respect to any matter considered at this meeting, they will need a record of the proceedings, and that for such purpose they 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." The City of Leesburg does not provide this verbatim record.

ELECTRIC ADVISORY BOARD
MEETING MINUTES
MONDAY, APRIL 1, 2024 5:30 PM

1. CALL TO ORDER

The City of Leesburg Electric Advisory Board held a regular meeting on Monday, April 1, 2024, at Leesburg City Hall. Chairperson Morris called the meeting to order at 5:30 p.m. with the following members present:

Board Member Jack Braton
Board Member Dan Robuck
Vice-Chair Jessy Flinn
Chairperson Timothy Morris

Board member Marc Schwartz was absent. Also, present were City Manager (CM) Al Minner, City Clerk (CC) J. Andi Purvis, Electric Director (ED) Brad Chase, the news media, and others.

INVOCATION

Chairperson Morriss gave the invocation followed by the Pledge of Allegiance to the Flag of the United States of America.

PLEDGE OF ALLEGIANCE TO THE FLAG OF THE UNITED STATES OF AMERICA

2. APPROVAL OF MINUTES:

A. Regular meeting held March 4, 2024

Chairperson Morris asked if there were any corrections to the March 4, 2024, minutes. If not, he would entertain a motion. Board member Flinn made a motion to approve the minutes, seconded by Board member Braton. Chairperson Morris stated all in favor to signify by saying aye, oppose same sign, Motion carried unanimously.

3. PRESENTATION / DISCUSSION:

A. System Overview

CM Minner stated not sure how many months we are into this now, but kind of on track to get you some system information and some of the things that Brad and the Electric department want. Probably this month, maybe next month, we will see how far we get here, and then probably in June, we will get into budget and rates. That way, you have some recommendations and some voice to the commission as they

move into budget time. He then turned it over to Brad for the presentation.

Electric Director (ED) Brad Chase said last month Jim Williams talked about budgets and the three pillars that we are trying to follow within the electric department. It was system growth, capital improvement, and maintaining the system. Today's presentation is really about one of those pillars, the system growth, and next month we will talk about the other two pillars. At this point, he does not have the specifics of the budget, this is more of the process that goes into that. This is informal, so if you have questions we can talk and chat along the way. There is some fundamental stuff we want to make sure we talk about before we get into the growth discussions. Showing a slide of the Electric Services area, it showed Fruitland Park in yellow, the city of Leesburg in green, and then filling in with Lake County. Taking a step back, he introduced the team present today. Steve Davis is our supervisor for the service planning group, he does all of our designs for our commercial residential projects, Marie Carter is our budget analyst, she helps us with our budget, with costs, trending, and predictions and also with the FMPA budgets, processing the St Lucy and the monthly fuel budget. Then also, we have Chris Atkins, who is our deputy director over the technology side of the house.

Going back to our service territory, he stated systemwide there are five substations on our system. Each substation is normally comprised or has two large distribution transformers about 32 MVA for each unit and then there are bus ties that allow us again redundancy within the substation itself. One substation has a third transformer, the east sub for Cutrale. They have their own dedicated transformer that they purchased.

System wide we have 26 feeders throughout the territory, kind of like tree branches if you will, that go out and we have ties to other feeders within the area, again for redundancy, and for reliability. We have some complimentary feeders so you bring them from different substations or different transformers to try to mix an area that you are again trying to serve reliably. We have 28,000 customers and climbing at a pretty steady rate. We had a big push when The Villages came in and a lot of the discussions, we have at the city commission level, are those conversations about developments along the US 27 Corridor, which not all of those have been within our electric territory.
Board member Robuck said Cutrale having its own transformer, is that something that is common if you have like a big industrial user wanting to come to Leesburg. Would that be something that is asked about doing? **ED Chase** said yes, and he thinks that at some point it is all about cost and dynamics. They are primary metered customers as well, so they take care of all the transformers, all of the ties beyond our feed, and they manage all that. Also, the distribution transformers within their property belong to them. They maintain them, they operate them, and they wanted again a certain level of reliability. That is unique for our territory having its own dedicated transport for that customer and we do not have that anywhere else. Most utilities have dedicated substations and transports for underground feed, but it is rare that you would have a customer purchase its own unit. **Board member Robuck** asked so like OUC, would they have customers and stuff that way? **ED Chase** said Universal Studios, as one of the big customers in Orlando, but they still did not have a dedicated transformer. The agreements made with them was we will only feed you with transformers within substations that only feed underground facilities, no overhead exposure. That was the agreement they made with them so again Cutrale is unique in that respect.
Board member Flinn asked for clarification of what 32 MVA means. **ED Chase** responded transformers come in sizes and transformers are what it takes in our case to lower the voltage from the transmission level at our substations. We send it out, we lower the voltage from 69,000 volts, we lower it to 12,470 at the substation out to the homes, and lowered again for commercial at 27,480. If you look at The Villages of St Catherine, we probably have eight homes on a 150 KVA pad mount transformer. All those transformers add up on a feeder, all those feeders add up to the station, so at a substation level you are talking about a transformer that is about a quarter of this room. We have a new project in

Fruitland Park, an elementary school, so a 1,500 KVA going in for that elementary school and just for perspectives 1,500 KVA for a school, he thinks the new Chick-fil-A has a 300 KVA. We do have a planned unit addition in 2029, a west substation, parcel located on State Road 44, east of Pennbroke. Showing a substation location slide, he said we have five currently, the Airport out by the mall, the East near Cutrale, Center is on 27, Picciola is in Fruitland Park, and the North is right at the border of 468. Again, we did purchase property last year for a new substation on State Road 44, east of Pennbroke. Another foundational information, if you will, we have all our 26 feeders listed and this feeder information sheet is constantly updated that talks about feeder descriptions. A feeder could be fed off a North substation, run south along County Road 468, down to South Road east to St Catherine, so that is a description. A feeder could be five or six megawatts per feeder. Critical customers that we serve are the hospitals, communication facilities, the water and wastewater facilities, and those are all built into our priority settings. We have a system priority that we manage and system, we are a Duke customer, they own all the transmissions. Our priority from our system is get the substations up, get the main feeders up, laterals and work on our customers at the end of the day. Bring back the feeders, the customers come back up and then you have a feeder priority that says I have all these 26 feeders and what is the most important feeder I have to get back the quickest. Then what is the second, what is the third and we prioritize them. If we have a major issue, we can make sure we are working on getting those critical customers picked back up. Then you have some manual and automatic load shedding that does come into play and Leesburg is what we call a load serving entity with under frequency load shedding. What that means is we participate in the states management of severe faults that will tend to dip the system. Kind of looking at a seesaw, you got load on the one side and generation on the other and you want to make sure it is balanced right. If you have a major fault that loses load, you go out of balance, and you have to be able to compensate for that, so we can compensate by bringing other generators back online. If we lose generation, have to drop the load and balance this thing out. so you have some if the frequency gets really squirrely. He believes back in 2007 in South Florida they had an under-frequency issue where FPL was working on the device, they took out a protective relay scheme, and they forgot to put it back in line when they brought the system back. When they brought it back there was a fault that the whole state saw, we saw it here in Leesburg, that the under frequency kicked in and everybody dropped a ratio of load in order to balance the state out. So, the state does not collapse again, we participate in the load; we are a load serving entity with under frequency load shedding responsibilities. That is our little NERC caveat if you will.

Board member Flinn asked what classifies a critical customer. **ED Chase** showed a slide listing our seven priorities and said that Priority One for us is Hospital Critical Care Facilities, major senior centers and also major assisted living facilities. You have to be careful with assisted living facilities because they are the major ones out there, but you also have a residential home in the middle of a neighborhood that was converted to assisted living and there may be four or five beds there. They fall under this Assisted Living umbrella, but for us it really would not fall under Priority One; the major senior centers, major assisted living facilities. Priority Two is our city's Electric Distribution Operations Center (DOC) on Griffin Road, and the Emergency Operations Centers (EOC) for the City of Leesburg, police and fire housed at the Police department, and the city of Fruitland Park. Whether or not they are number one or number two, this building happens to be on the same feed as the police, so again, city hall tags along because it is on that same feeder. Then you just follow that priority all the way down, your residential feeders are number six and then Reinstates, number seven, that is customers that have completed repairs to their equipment following a storm event. For example, due to the storm a limb fell down on their service and tore off the mast, they have to rebuild and once they get everything built, cleaned up, and ready to go, then it comes back to us as a reinstate. A slide of where all the Priority One feeders are located was provide and ED Chase explained why they are a priority. **Board member Robuck** asked on the load balance and stuff on the Statewide level, when a storm is coming and you are expecting large sections of the state to go off, are they actually pulling down generation? **ED Chase** replied no. A lot of stuff happens all automatically so when we look at what they call the ACE, the Area Control Error, that is

what is managed at the balancing authority level. It looks at generation and load and it balances that out and you have a lot of generators that run in an automatic control where if it is a loss of load due to a storm, what we are really seeing is loss of load due to solar. Solar is one of those things we are having, as a state, to manage a lot differently because you know you could have a solar farm running 74.5 megawatts, a cloud storm comes over, and all of a sudden that drops off and then the balancing authority has to have generators already running that can pick that up and manage that load or replace that generation within 15 and 30 minutes depending on the event. The under free frequency is when there is an event that severely impacts the system, the storm is coming in, the rain coming in the system rides through that all day long. **Board member Robuck** said we just a huge part of that right, when Irma went right up through the throat of the state, but you lost load and generation at the same time. **ED Chase** said there is always a discussion of a storm coming in, do I shut down generation, and rarely do operators shut down generation in anticipation of the storm. Normally what happens is the storm comes in, the load is reduced due to the effects of the storm and the operators are reducing the generation that is being produced. They can take units offline, the easy ones like a gas unit can come offline pretty easy, coal units although there is not many of those anymore, but you keep those as base units. Normally, the storm just kind of takes care of itself, you lose load and generation together and everything goes down gradually. When you are restoring, the state is overseeing a lot of the restoration and if you want to pick up load after a storm you have to make sure that it is okay with the state, that they can manage that generation to meet your load. Just like in the other frequency, you should not pick up the load until you coordinate that with the reliability control down in Miami, who is kind of overseeing the whole system. Some foundational stuff out of the way, we talk about our growth information from a whole lot of resources and right here at the city of Leesburg we have the DRC (Development Review Committee), which is established so if somebody is bringing a new product, they bring it to the DRC for the initial approval. You will see projects here for zoning, for changes, like in the PUD that is getting approved, or those sorts of things. The DRC is really the city of Leesburg, Fruitland Park is the Technical Review Committee, Lake County has their own project review process, and we will get direct conversation from developers within the service territory. FDOT will also talk about projects they have on the scope.

CM Minner interjected to repeat that process because what you see is before all of this, you are seeing an annexation, a zoning, and a land use that goes before the Planning and Zoning Board and they make a recommendation. The developer comes in to see Dan Miller and they fill out the application to Annex or land use or whatever and Dan makes a report. Let's use Treasure Trove, they come in with 250 units, going to be off 44. They we need to Annex so it goes to Dan, who makes a report and that report then gets presented to the Planning and Zoning Board and the Planning and Zoning Board makes a recommendation that goes to the city commission for first reading of an ordinance on those three issues; annexation, land use, and zoning, if it is an annexation. Then it typically goes to the state for review and comes back to the city, to the city commission, for second reading and then it sets. There is an approved PUD, like right now, Treasure Trove is an approved PUD and they have, I believe it is eight years we put in the PUDs. They have eight years of entitlements and if they do not get it built in eight years, they lose their entitlements and they have to start over again, which is back to Dan. What I think the public does not see, and you hear us say it all the time in the meetings, is that this will get reviewed. This is a schematic they can change, but certain things in the PUD like the densities, the Green Space acreages those are lock solid. So now this development is going to get built and so moving from approval board to the build board, it is like, maybe in the past two out of 10 projects actually ever get built. We are seeing that move a little quicker these days, and where these guys get picked up is at Development Review Committee for the city, Tech Review Committee for Fruitland Park and Project Review for the county; all the same internal boards that each organization has. For our organization, it is housed in Public Works. So, now a developer has his PUD, has his approval, his entitlements, and now they are actually going to build houses, but before they go to Romac and purchase the lumber they have to firm up all this stuff. They have to firm up the lot counts, firm up the road layouts, make sure that water and sewer can

review them, make sure that parks review, that electric has its say and gas. There are a million different development things now going on to a bunch of different city departments where we are reviewing and it starts in the Development Review Committee. Electric is just one peg in that review process and Brad is going to tell you what they do in in this presentation; you are only going to get what electric does. Remember there is a water component, a sewer component, a gas component, a roads component and that is what the DRC process is doing, reviewing all of these steps that have to go in before a house gets built. The DRC is typically triggered when they pull their land clearing permit.

Board member Robuck asked does the city have an obligation once it is approved to run power there. **CM Minner** replied no, we do not and we get that question a lot. On the water and sewer side it is comes down to, we have a general policy that is first come first serve. We know we have capacity of X gallons of water a day, which right now is about two million MGD, million gallons a day, and we are sitting on two to two and a half MGD at the sewer plant. A house is typically a 100-gallons a day sewer and it can, depending in Leesburg, run around 250 a day in water, so a little bit of the difference in the numbers is irrigation. That is kind of when the skid hits the fans. We have not run into a situation where we have not had capacities so, we have not said no we cannot build you because we do not have the capacity; hence, now that goes back to why we are doing the treatment plant and upgrading the CUP (Consumptive Use Permit), especially on the water side. If you divide 300 by 2 million that is about how many houses we have left that we can build before we outgrow the CUP. All those get hit at the DRC level, so that is when we say you do your permit and we run that past DEP (Department of Environmental Protection) on the on the Water and Sewer sides and that is when those capacities are locked in. On the gas side, we have the ordinance that requires gas development, so then we sit down and bang out the cost on the gas side of how much the infrastructure is going to be, what the developers are required to put up, and then we have a separate agreement that will go back to the commission. One of the things we are going to be doing in the near future is square up the electric and gas procedures so that everybody operates the same, where historically, we have not. What you get now is the electric side, so that is where when we say there is 30,000 units approved, which sounds like a horrible, crazy number, but what the question really becomes is, does that or does that not get built out.

Chairperson Morris asked with the capacity you have in storage, you need to know you do not have 250 houses worth of storage sitting in the warehouse, waiting on a development, so you need to know ahead of time, a certain time frame, when you need to order all your inventory to get that set up, correct? **ED Chase** agreed there is a lot of challenges with supply chain management right now. We have a large inventory of transformers and cable in the warehouse, and part of that is things that used to take six to seven weeks to get, now take a year to a year and a half. Transformers were over a year to get, meters, which have been better now, but electric meters were two years in order to get. You do have some concerns about running out of those elements now, and for a short time we had to use, instead of our AMI meters, we used some AMR meters, but we have trucks running in those neighborhoods, so from a billing perspective it did not impact our ability to send a bill. There are some of those constraints you struggle with just trying to make the ends meet, so, again from a planning perspective all this information is coming at you and as Al said, it is coming from Leesburg, from Fruitland Park, from Lake County, from developers, and from FDOT. We have been talking about widening the section of 441 from Dixie to Perkins for about six or seven years. It is going to happen so we budget for it, it does not happen, going to happen next year we budget for it, it does not, so it is a struggle to know what is coming through.

In the packet provided, if you go to the map in the back it talks about growth opportunities. What we look at is these are developers that have gone through one of the processes just described. Fruitland Park has a new project, Arbor Park, which is just over our boundary. The colors really do not mean anything, I wish I could tell you it is coded by year, but it is just projects and customers that come to us and say these

things are underway. You got the big one to left side of the drawing, State Road 44, that shows the big projects that we have been talking about, just south of other side of the road from Pennbroke, then you have Sunnyside that we talked about last month, and then there are a couple projects over by the airport, by the mall, and Silver Lake that are in our territory. All these projects, cannot say they are all going to hit next year, but there is some percentage of these projects that will come through and I think you have some commercial projects shown there as well. The combination of large residential plots and some commercial load going in, what we think is really going to impact this for next year, is we look at some five-year averaging that says last year I spent X on system growth. Do not have it combined for subdivisions, but just as an example, a five-year average is about $600,000, but in that mix was one year at $1,200, another year $45,000, and then the $1.5 million, but that was St Catherine. So, again you know how many subdivisions we might see next year, how many new projects, or how many new transformers are going to be set.

On lighting, we have a nice lighting rental program that we offer here at the city, but how many subdivisions are going to take advantage of that lighting? Our capital outlay for Arbor Oaks, we are going to spend about $230,000 putting in lighting infrastructure that we are going to pay for, but the homeowners association is going to pay us about 18 to 20 grand every year for the rest of time. Many projects, not going to say you just hang a dart board and start throwing darts to what is going to hit, but we try to look at our past trend. So far, this fiscal year we did have two subdivisions that ended early and we had some other capital commercial projects, but so far, I think we spent about $1.3 million dollars on growth this fiscal year. That map kind of helps us to pass trending, helps us to try to nail in where we are going to be, but how do we pass some of these costs on to the developer. What is the right thing to do with a developer? Our policies have a section included called Customer Aid in Contribution, CAIC, and I have two examples to run through. The first example is a subdivision, Arbor Park, and they are going to create a new developer's agreement. They are going to come to us after they have been through the DRC process that Al discussed and say they need a design to move forward with this project. We are going to develop a design, an overhead design and an underground design because our rates support the overhead infrastructure and the underground is where we have gone with new construction. The developer is going to pay that difference between the overhead and the underground, write a check to us, and that check is nonrefundable. The developer writes a check for that difference between overhead and underground, which is part of the developer's agreement.

The Make Ready work, where we talked about the new elementary school going in on Urick in Fruitland Park, there is a 1,500 KVA pad mount being built. They are going to have a lot of poles along that intersection that are going to have to be relocated due to the road widening, due to the turn in and turn outs. That is existing facilities that we have in place to serve load, so they are going to pay us, again non-reimbursable, to

relocate those existing facilities. Make ready work like line extensions and upgrades, again the model that we have, that we are following with the Customer Aid in Contribution says what is my cost to build and what is their anticipated four-year revenue; that is what we are looking at. The cost of build is going to include the underground subdivision, going to include the street lighting, and it is going to include any make ready work, even though they are paying for it, that is included. With all the costs to build and the revenue, we then go to the developer and say okay the project is going to start in January and they are going to do all our site work, they are going to get all the roads ready, get the utilities and that process is going to take six to seven months. In seven months, they are going to start building their homes and they are going to build 10 homes a month until the project is complete, and from that information, I can build my Revenues. For the first seven to eight months zero revenue because the homes are not built, then in the eighth month we have 10 homes that month and then 10 the next month and 10 the next month. I have zero growth, then it is going to start ratcheting up and then it is going to plateau and this example, in 18 months they are going to max, going to finish building their homes. Again, I am looking at four-year revenue, so I got a slow ramp coming up and then it is going to plateau and I take that number and say that is a projection of your revenue and I think that is a fair assumption. We are taking the input from the

developer, when are they going to get the site work done, the road work done, get utilities, start building homes and how many homes they are going to build a month. We determine what that anticipated revenue is and use that elsewhere in the model and then the final piece of the subdivision says we do not want to have stranded costs. I do not want to have a developer start a project and then midway through decide now financing is not going to work out, we are jumping ship.

The last thing we do with a developer, again this is a subdivision, we say okay remember that cost estimate that Steve did, the cost to build overhead, remember that estimate so what the developer is going to do is write me a check, or give me a letter of credit or a bond for that amount of money. As he develops his lots and homes, a resident moves in and we see 1,850 kilowatt hours, which for a home like this, it may be two or three months that we have an owner-occupied home. If it is 163 lots, in this case it was $647,000, and I divide that by 163 and they get a check or they get a credit for $6,000 each time a lot reaches that threshold. They have four years to build and when they reach that threshold of 1,850 kilowatt hours, they get that reimbursement and normally what that means is most often we see bonds come in and they will want to see a reduction in the bond. Marie manages that, she keeps count of when the meter got set, when the meter met the 1,850-kilowatt hours and then between her and the developer they agree on a number and we credit that amount and slowly over time those developments get completed. A good example of that was Lake Denim Estates that just finished their build out of about 700 homes. When you look at phases one, two, and three, they have maybe a handful of homes left there, things went pretty well. They did ask for an extension, but I think they got their homes built without the extension. Again, that is a subdivision, but overall, it says this cost to build is high, so how do I look at the developer to share in that cost to build.

An example for the commercial side is pretty much the same. You have those discussion and conversation points and again I have to determine their four-year revenue. That four-year revenue, just so we are transparent, that is the same model that Duke and SECO uses. Somebody looking to build in the central Florida area is going to see a lot of consistency between those models that all three of us utilize. Again, with a commercial account; when are you going to begin your site work and when is the property going to be full up and operational. A delay between it is going to take me seven or eight months to do my site work, to build a building, get it fully operational, get somebody in there like the Chick-fil-A selling chicken, when is that going to happen. I am going to have zero revenues until it starts and then it is going to ramp up to that level, not going to be a slow ramp building 10 homes a month, it is going to go from zero to whatever their model is. **Chairperson Morris** said but they are not paying anything up front for the product, for the lines. **ED Chase** said I have the model, the Chick-fil-A, from a cost perspective, we had a restaurant there already, the old Mojo, that got demoed and removed and the transformer got removed. You know there is a pole box there, a primary enclosure, that I have my underground facilities at, so when I look at a customer like Chick-fil-A, their cost of build is not that high comparatively. We have to bring two runs of primary and conduit, set a pad, put a transformer there and all the labor. The new transformer price is probably about $50,000, so what is Chick-fil-A's revenue over four years, not including the six to seven months it was before they started selling chicken, but what was their revenue on a monthly basis multiplied by four years. When you do the math, you are going to get a customer, like Chick-fil-A, that says my revenue exceeds $50,000 so there is no cost to them. If my revenue exceeds the cost to install, there is no Customer Aid in Contribution, it is the other way when I am paying more than your anticipated four-year revenue. We are trying to be fair with the revenue when we do the projection and again, you talk to the customer about when are you going to start the project, when do you think Chick-fil-A is going to be fully up and operational to use those time frames and you can run with it.

Moving to the Subdivision Project Example slide, ED Chase said this example is the Arbor Park Subdivision Phase one. In this particular example their costs are very high because we have some main

feeders, we call it main conductors, going through the center of this subdivision. Phase one of three will connect all the way from Thomas Road at Martin Luther King, going all the way to 468. We, as the electric utility, are going to bring in what we call a 1,000-aluminum conductor, our large underground conductor, going to bring it in as a feeder tie starting at Phase One and we are going to go all the way across to 468. When we are done, the customer is going to have a very reliable system that has main feeders and switch gears going out. **Board member Flinn** asked for clarification, you said Thomas to 468. **ED Chase** answered yes, the entrance is going to be at Martin Luther King and Thomas, Phase one, going in about a mile or so with Phase two and Phase three ultimately taking it all the way to 468. Factors on why it is $1.6 million for us to build, is it has a large conductor, large switch gears and all that factors in. There will be some rework needed at the Martin Luther King Thomas Road area and there is a line extension needed to bring in, extending our primary, our main feeder from Martin Luther King on Thomas Road all the way up to Urick along Thomas Road. Luckily years ago, we installed some six-inch pipe so the cost is not as high as it could have been because the infrastructure underground is already in place, but we still have to pull the primary and put in all those pole boxes. Again, cost to build is $1.6 million, but the Customer Aid in Contribution is $720,000 that they are going to pay us. One of the reasons is because of their cost, their anticipated revenue, like I said a moment ago it is going to be six to seven months of zero and creep up until it hits the 163 homes over an 18-to-19-month period, then it is going to plateau. We calculated their estimated revenue, $830,000, that is their anticipated revenue over four years. The cost of building underground infrastructure is $824,000, so the revenue will exceed the cost to build the infrastructure and they will have a credit of seven to eight thousand that they will carry on to the line extension. The line extension is going to be about a $300,000 expense that they will pay probably 290 of the $300,000 because of where their revenue fell. **Chairperson Morris** said that is $5,000 a home. **ED Chase** replied it is $6,000. At the end of the day when you look at the bond letter credit, remember that $647,000 is the cost to build overhead, so that is the bond that they always give to the city of Leesburg and they get refunded that amount based on each lot over four years. The $719,000 they do not get that back, that is all non-refundable. Again, the city is still paying out of our pocket $830,000 that is not covered under the CAIC, just the difference 719 minus 1.56 so that is what we paid to have this new subdivision. Over time the revenues come in again for the electric utility, the gas, or water and we are in for the long haul making our money over the lifetime, not over a short project. Then finally we added a bullet in there about rental lighting at $240,000 that the city will pay to install and that is included in that $1.6 million dollars. As everything gets built, our rental agreements will share that they will pay us $18,400 each year until the cows come home or whenever, as there is no end, it does not go away when the capital is rebuilt. There is some responsibility for us as you know down the road that if the lighting fixtures fail, we replace them, or if the pole gets damaged, we replace it. **Board member Robuck** asked is that a standard kind of payback period that everyone else uses for lighting. **ED Chase** answered he has two data points, Orlando had a rental light agreement as well, and then after the 20-year Capital ran out, it was at cost. In the City of Leesburg, this is kind of in perpetuity if you will. Our obligation is to maintain and replace those lights well after 20 years. That is again, an example kind of how do I build this stuff but we have to look at a fair way to share the cost in which to build this right. Not every project requires a line extension, not every project has make ready work, every project has a subdivision, a cost, and an anticipated revenue, but again not every project requires us to pull in a million, our largest conductor and switch gears along the way. It will have redundancy that others would not have.

The next slide, example, is of a capital commercial project, a mini-warehouse going up in Fruitland Park at Cook Drive and US 27 with a three-phase 300 KVA pad mount. Cost to build is $66,800 and again I do not know how much primary is included on it but just for the service, for us the cost of our equipment has skyrocketed over the years. For our cost to build, Steve looks at the revenue of this customer, who has a couple of mini warehouses already in our territory, so it is very easy for him to find a comparison. Their net revenue over four years is anticipated at $33,000, subtract the two at their CAIC, and they will

owe us $32,918 cost to build over revenue. They have some make ready work in the rear of the property. We are moving existing facilities, $118,000, so they will pay the total of those two numbers. **CM Minner** said they are going to cut us a check for 150 grand. They do not get that back because they did not ROI the full cost. **ED Chase** agreed, that is non-reimbursable. The capital does not have any loading criteria for any kind of reimbursements that is not the capital in the model for our commercial customers. We look at this model for the new elementary school and I imagine there will be some discussion at the city manager's level because we are going to give them an estimate for relocating the overhead poles. I am not sure how Lake County wants to manage that, but that is part of the process.
CM Minner told Brad to do this in the inverse. Let's say the four-year return on investment was 70 grand and so it was greater than the 66 to build, then they just give us a check for the $118,000. **ED Chase** said yes sir, the make ready work does not have anything to do with revenues. The developer is asking us to relocate existing facilities that are needed to serve other customers and if we have to serve other customers, then they are going to pay us to relocate. We did that with Venetian Isle, when they started that project, that subdivision in the back, we had to redo the feed for, so they stroked us a check for relocating the existing facilities.

One of the questions I heard earlier, is how do you know what the time frame is on some of these projects. At the electric department, we have a meeting once a week basically on project scheduling with a 14-page document. It starts off the back of our projects and apartments in Fruitland Park, commercial, City, Lake County, that are just discussions at this point; nobody is really moving forward with a project. When a project has gone through DRC, somebody comes in to talked to Steve and that is when things start to move up that list. The developers start getting the agreements in place for a subdivision, the commercial customers start working through any CAIC that they owe and then it starts moving up from concept to design, to the finished product, and moves all the way up to scheduling. We know what we are working on today, what we are going to work on next month, and we look at our pole on transformers. Just giving an example of 50 KVA pad mount transformers, kind of our bread and butter for subdivisions, right now there are about 120 in the warehouse at $10,000 apiece. The issue that I am struggling with is, at some point, when do I need more. This is a sore subject by the way, but I know there is 120 in the warehouse. Steve is going on to this subdivision we just talked about Arbor Park and we are getting ready, hopefully this week, to having a preconstruction meeting. Part of that preconstruction meeting is to finish the numbers we talked about here and get the blessing. We have already kind of redrafted the developer's agreement to more of a resolution because we know it has to come before the city commission, so we are moving in that phase. When Steve does the design and it is design finished and the customer has paid, then these 30 transformers get allocated and reserved for that project. Then we have another project coming in for another 30 transformers and at some point, that number will get down to where I only have a few that are actually eligible to be used elsewhere because they have all been reserved for these subdivisions that are underway, that have paid their money, that have all rights they need to get serviced by their needed date. At some point when they get allocated, and we look at a two year or at least a one-year window on when they will be in, I may have to initiate an order. Right now, that is what we struggle with. The first thing we talk about in every meeting is pad mount transformers, what do we have in stock, when are they going to be allocated to a project, and when do I have to do the next order. The larger units, the 1,500s, for the commercial accounts they have been able to deliver them pretty well and we are living within the minimum – maximum we set up for the 500s, which are used a lot. We may have a minimum of two, so once I get down to two, I place a reorder and that process has been managing pretty well because I always have to keep a spare on hand in case something happens. I also understand if I lose a 300, in a pinch a 500 could be used as long as it meets the loading criteria, so we have options that we keep in our back pocket as well. Right now, we have a large reserve in our warehouse and we talked about this project, Arbor Park, and everything we need for that project will be pulled the warehouse. We do not have to initiate an order for anything, minor stuff maybe, but all the major stuff is in the yard, primary cables, transformers, switch gears are in the yard so

we are trying to pull from our reserves as best we can. I do still have to look at the delivery times and materials to make sure they meet the customers' expectations. **Board member Robuck** asked if at some point consider having two options for developers where it is when we sign the DRC, we will order your stuff and there is no charge for that, or charging some sort of capital cost and we will guarantee your stuff that you need, we will hold it in our inventory but you have to pay that 5% a year carrying fee? **ED Chase** said the supply chain issues we are dealing with now are getting better. In the past our agreement was always with Gresco, our supplier, and basically our agreement with them said we are going to buy all our transformers from you, but you have to guarantee delivery within six weeks of a request; you are going to have my quantity there and they meet that. We went there for years, that was acceptable they are not in my warehouse, I am not paying for them, I only pay for them when I bring them in, so the process is smooth. Right now, it is the supply chain went way out of whack, but things are coming down a little better. I am not sure commissioner whether or not we need to consider another model other than what we just shared, and I think we are trying to look outside the box to say what is fair, what can we pass on to the developer, but still try not to look like we are difficult to deal with. I cannot put ourselves in a financial burden in order to bend over backwards. **Board member Robuck** said laughingly, do not know what you call these people on the board, but I am not a commissioner anymore. **ED Chase** replied, if I am going to make an error, I would rather make it that way.

Chairperson Morris asked if there were any more questions and thanked ED Chase, saying this was very informative.

ED Chase said unfortunately, next month he will be out of town, so Chris will keep the same schedule date. We will talk about Capital Improvement planning and budgeting, as well as budgeting for maintaining the system. We can get into specifics about the budget or we can wait one more meeting. **CM Minner** said we are going to wait and see internally how far we get on the budget side, so we will definitely hit that in June.
ED Chase said he thinks there is enough to wet the appetite with the system analysis that Chris does each year that says contingency analysis says what happens if we take a component out of service, how does the system respond. You go through the entire system looking at taking this feeder out how does the system respond and oh by the way I have to take it out under the worst loading conditions possible. Middle of summer last year was the worst loading conditions so I take this feeder out under the worst loading conditions how does the system respond and you go to each feeder and after you go through each feeder you go to back to the substation. Take this transformer out, now I lose two or three feeders, how do I respond to this one out and work through the whole system. At the end of the day, your weak points, your areas of concern get shown, elevated up, so we can see it now and we start talking about how do we fix it and how do we plan for that. We talk about the customers responsibility, we have some customers over on Register Road, up north Fruitland Park, so the developer agreement will say I have to upgrade this line from the new subdivision out to 27 and Mr. developer you are going to pay for that, but the 27 stuff well that falls back on us and so those are some of the struggles. Kind of looking at the dartboard, where is the growth going to go, is it Fruitland Park, are all these subdivisions going to unleash in Fruitland Park, I do not know. I can tell you that Arbor Park Phase one looks like it is coming down the road, but where are we going to go next, Steve is thinking we are probably going to go out to the old golf course, so that is a piece of the dynamics that says where are we going next. **Chairperson Morris** asked do you and Al play cards on whether or not you can order your transformers? **ED Chase** said he would make one comment and that is that Al is right much more than he is wrong. Is the storm going to hit, storm is not going to hit, no we are not going to get impacted; we do not get impacted. It is hard to argue with him because he is right more often than not. Laughing, **Chairperson Morris** asked the city manager if he would, please, write down the lottery numbers. **CM Minner** replied, no, then he would have to share billions.

ED Chase said the struggle is that we have much dollars in inventory, more than we have ever had, and our plan is to start pulling from that and this year we have stuck to that. We have pulled from inventory and paid that down or used those items. **CM Minner** said Dan, you asked about that earlier too, and at least from my desk, my desk started December 2013, and until covid 2000, we really never had a huge inventory issue. We were always able to get stuff and his inventory number stayed, that was kind of a trick of the trade. It took some "Where is Brad's money going" right, holy cow what are you doing with all this inventory. Long story short, the inventory never really became an issue until covid, and then when everything shut down hard, the ability to get stuff and then the backlog. He thinks we still have bucket trucks ordered four years ago that have not shown up yet. They get all wigged out before I get wigged out because they are building stuff and I am always watching that cash number. One day I am like they started stocking up on inventory, so when they used to keep their inventory say previously two to three million bucks sitting out there, man I am scared to say how much is sitting there now because you know robbers right, as if they could actually pick up a transformer, but now they are sitting six to eight million; that is a delta of four to five million bucks. You see that number show up on the cash graph, so that is where arguments start coming in, and relooking at the CAIC's and are our numbers tight there. Those are the kind of things now that we are doing, kind of a lesson learned from covid and where we are now. **Board member Robuck** said but if you went from three to six, one and a half of that is just inflation if you had the same amount of stuff. **CM Minner** agreed. Now, we need more stuff and it is more expensive, like the best story is a meter; a meter was like 150 bucks and now that meter is 300 to 400 bucks. They talked about the 5 KVA transformer used to be $2,500 bucks, that is now like five grand. **Board member Robuck** said so price out a developer; it sounds like you are using today's costs. **ED Chase** said we are very careful, the estimate that you pull, you have the average cost and you have the last purchase price. The average you buy something today, 10 grand, it is thrown in the average right away, and last month you paid seven grand, so that is averaged together and that is what our estimates are looking like. **Board member Robuck** said probably other businesses, we are not using an average in this, using to replace. **CM Minner** said on that number too, and he thinks we got to where we are in the process of doing that now, but where we are going to end up headed is having a true up cost in these contracts. If we miss under or over, there is a true up one way or the other at the end.

Chairperson Morris asked if you have ever had a developer come to you and say I will buy all the materials; I mean some of the bigger ones like KB Holmes or the like. **ED Chase** responded sometimes they want to get into the pipe business, install everything and they manage that whole process. **CM Minner** said gas too, because you will have people who will put in their gas infrastructure instead of cutting us a check; that has happened on occasion. **ED Chase** said we do let developers put in their pipe if they want to, but we provide the pipe because I do not want different, inferior quality, so they may save a little bit of money there. **CM Minner** said water and sewer is different too. Typically, your developer fronts that cost and we will work pioneering agreements with them. If their developments are going from point A to point B and you only need a 4" main, but we need to get you to point C, and we want you to put in an 8" main, that is the pioneering in your game, so that C can hook up to B. We do not see that as much on the electric side of the house. The water, sewer side is more developer driven, they pay for it, they dedicate it, and we take it over. **Chairperson Morris** said so this is only one of three. **CM Minner** said one of four; gas, water, sewer, and electric, who has a huge cost that the developer does right off the bat.

4. ROLL CALL:

No Board member had anything further to discuss.

5. ADJOURN:

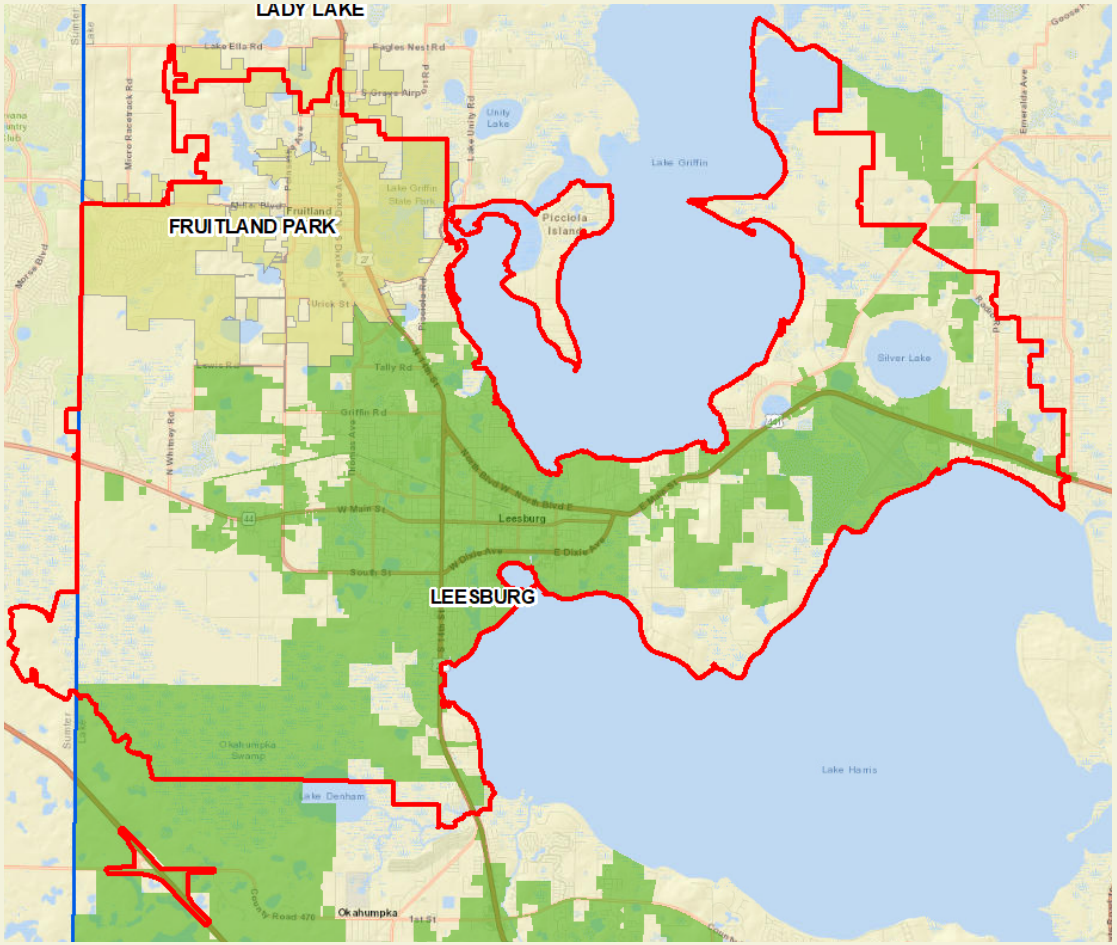
PERSONS WITH DISABILITIES NEEDING ASSISTANCE TO PARTICIPATE IN ANY OF THESE PROCEEDINGS SHOULD CONTACT THE HUMAN RESOURCES DEPARTMENT, ADA COORDINATOR, AT 728-9740, 48 HOURS IN ADVANCE OF THE MEETING.

F.S.S. 286.0105 "If a person decides to appeal any decision made by the Commission with respect to any matter considered at this meeting, they will need a record of the proceedings, and that for such purpose they 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." The City of Leesburg does not provide this verbatim record.

Board member Robuck made a motion to adjourn, seconded by Board member Braton. The meeting adjourned at 6:36 p.m.

City of Leesburg
Electric Department Overview – Capital Improvement Plan
May 6, 2024

Electric Service Area



Revenues

- Residential Sales
- Commercial Sales
  - Demand and Non-Demand
- Rental Light Agreements
- Street Lighting
- Pole Attachment Fees
- Charges
  - Change of Service/New Service/Meter Tamper
- Surge Protection
- Customer Aid in Contribution

CIP Funding Sources

- Renewal and Replacements (R&R)
  - Funded from depreciation of the capital assets installed each year
  - Heavy pull has depleted source
- Customer Aid in Contribution (CIAC)
  - Associated with new projects
  - Amount varies depending upon actual costs/customer revenues
- Projected Revenues
- Possible Grant Funding
  - Matching funds % TBD

Capital Improvement Plan and System Repair

- CIP Process
  - Update 5-year Capital Plan
    - Supports long term planning horizon
  - Study, analyze, estimate, justify and present annual plan
  - Ensure net revenues support Capital and O&M budgets
- System Repair – Unplanned
  - Replace/repair/upgrade as needed
  - Cost of providing utility service

Contingency Plan

- As per prudent utility practice, N-1 studies are annually performed on feeder breakers and busses
- Process involves outaging each component under peak loading conditions and then solving to serve the load
  - Identifies restoration concerns
  - Identifies unserved load situations
  - Identifies opportunities for improvement
- Typically NOT performed on loss of entire substation
- Analysis at peak loading conditions

Upgrades and Extensions

- Local loading issues
  - Large, new specific commercial or subdivision growth
    - Line extension policy
  - Incremental issues over time
    - Utility's responsibility
- Improving redundancy and switching configurations

Targeted Reliability Improvements

- Study of outage trending and analysis
- Identify areas of concerns
  - Sustained and momentary outages
  - Fuse coordination and isolation
  - Aged infrastructure
- Available tools
  - May add field recloser
  - May develop Fuse Location, Isolation and Restoration Scheme (FLISR)

Potential CIP Projects
Single Year Initiatives

- Feeder L703 Reconductoring Project
  - Potential upgrade needed from Miller Street in Fruitland Park north to Cooke Street to accommodate projected growth
- Plan to replace 85 older, wooden distribution poles that have reached end of life
  - Reoccurring budgetary concern
- East Substation
  - 2 breaker replacement projects associated with unit #3
  - Cutrale will reimburse all costs
- North Substation
  - Order replacement for 1957 transformer
  - Transformer is currently not in service due to failed Load Tap Changer – used to regulate voltage
  - Windings were rebuilt after lightning damage in the 1990's
- Maintain/replace system infrastructure as needed
  - Damaged equipment

Potential CIP Projects
Multi-Year Initiatives

- New West Substation
  - Multi-Year Project
  - Begin budgeting in FY2026
- Replacement of existing AMI solution – GE/Itron
  - GE has shared that they do not want to extend any of their contracts - contract ends December 2026
  - Firm up options and cost analysis – including partnering with Itron directly

Questions

Leesburg Electric Advisory Board Proposal
Submitted by board member, Marc Robertz-Schwartz - May 6th, 2024

SUMMARY: The following requests your support in recommending to the Leesburg City Commission and City Manager a two-year beta test in which the City of Leesburg would waive one-time hook-up fees as a recruiting incentive to new Lake County Public Schools teachers and support staff as part of the 2024-2025 and 2025-2026 recruitment cycle and school years.

Criteria:

- New employees who relocate to the area from outside the Lake County School District who require new utility service. This incentive *would not* apply to any previous or current employees nor anyone who relocates from within the Lake County School District.
- Must sign a one-year employment contract with the district and provide documentation from the District confirming eligibility
- Must be employed by one of the nine public schools that make up the Leesburg (District 2) feeder pattern including:
    - Leesburg High School
    - Carver Middle School
    - Oak Park Middle School
    - Leesburg Elementary School
    - Fruitland Park Elementary School
    - Treadway Elementary School
    - Beverly Shores Elementary School
    - Rimes Early Learning
    - Villages Elementary School of Lady Lake
- Waiver would apply to rental units as well as owned homes
- Waiver would only apply to residential domiciles served by Leesburg Utilities
- Individual would only have one waiver option even if they relocate within the Leesburg Utilities service area and feeder pattern during their employment.
- Security deposit would not be waived

Impact:

According to the City Manager, **the maximum cost to initiate utility hookups for electric, gas and water is $205 per address** if all hooked up on the same day. In some cases, an address may not require all three utilities, which would lower the economic impact to the utilities department.

During the 2021-2022, 2022-2023, 2023-2024 school years, an average of 206 new employees were hired across the feeder pattern which would have resulted in an **average potential maximum impact to Leesburg Utilities of $4223.**

See breakdown on next page

New Hires by School Per School Year

School	21-22	22-23	23-24
Beverly Shores	25	31	22
Carver Middle	20	19	18
Fruitland Park	20	13	18
Leesburg Elementary	25	27	31
Leesburg High	22	29	31
Oak Park Middle	14	16	16
Rimes	20	29	13
Villages Elementary	19	22	17
Treadway Elementary	38	30	34
	203	**216**	**200**

Rationale:

There is an expression – "So go the schools, so goes the community." Recruiting quality educators and support staff continues to be a growing challenge across public education. The competition for the best is fierce and while there has been impressive progress over recent years, recruiting to the Leesburg feeder pattern, particularly compared to other area opportunities such as South Lake and The Villages Charter to name a few, continues to be a challenge. **And, while Lake County is the 19th largest in the state by student population, it is 64 out of 67 is per pupil funding.**

Because the City has a vested interest in the success and staffing of its schools, as well as the flexibility and authority to consider such a waiver as opposed to larger utilities, Leesburg Utilities stands to not only provide a small yet meaningful and symbolic incentive to potential school district employed residents, but potentially lead by example as a City that supports public education… *for the low price of less than $5000.*

Additionally, more employees and their families moving to the area also contributes to the economic impact of the area served by Leesburg Utilities.

This also may, in turn, provide the district with talking-points and leverage to inspire others to join Leesburg Electric in providing similar incentives to market the added benefits of choosing the Leesburg feeder pattern as its employer.

Without a doubt, there other equally worthy employment sectors that would likely benefit from this waiver which is why this is proposed as *a 2-year beta test*, with the idea of this being a starting point, gauging quantifiable impact (both in recruiting and financial impact to Leesburg Utilities), with an open mind to expanding this waiver (or revising based on need) and its relatively negligible impact to Leesburg Utilities to, for example, first responders, school bus drivers, etc.

Thank you in advance for your consideration of this recommendation.