

**MINUTES FROM THE BUDGET AND FIVE -YEAR
FINANCIAL PLAN WORKSHOP
THE UTILITY BOARD OF THE CITY OF KEY WEST, FLORIDA,
HELD AT 3:30 P.M. ON WEDNESDAY, JULY 28, 2021
KEYS ENERGY SERVICES BOARD ROOM**

The above referenced workshop of the Utility Board of the City of Key West, Florida, convened at 3:30 P.M., on the above date and location and was called to order by Utility Board Chair Ms. Mona Clark.

Utility Board Members Present

Mona C. Clark, Utility Board Chair
Timothy Root, Utility Board Vice Chair
Robert Barrios, Member
Pat Labrada, Member
Steve Wells, Member

Staff Present

Lynne Tejeda, General Manager & CEO
Jack Wetzler, Assistant General Manager & CFO
Edee Delph, Executive Assistant to GM/CEO & Utility Board
Dan Sabino, Engineering & Control Center Director
Jesse Perloff, Accounting & Financial Analysis Supervisor
Amy Haas, Accounting & Financial Analyst
Jeanette Williams, Accounting & Financial Analyst
Katherine Lansdown, Accounting Representative

Mrs. Tejeda stated that today's workshop is to discuss the Fiscal Year 2022 Budget and Five-Year Financial Plan. Staff will provide five budget scenarios, which the Board will review and discuss.

Mr. Perloff presented a draft of the Budget and Financial Plan to the Board and the five scenarios below were discussed:

Scenario 1 – Balanced Base Case

Remove Power Cost Adjustment (PCA) Credit and Reduce Energy Rate – All Classes

Scenario 2 - Status Quo

Rates Remain at Current Levels Including PCA Credit

Scenario 3 – Status Quo

Rates Remain at Current Levels, Cease \$1.2M Transfer to Storm Fund, Reduce Pension Contribution to 40% and Issue \$15M Bond

Scenario 4 – Balance Budget

Remove PCA Credit, Reduce Energy Rates, Cease \$1.2M Transfer to Storm Fund and Reduce Pension Contribution to 40%

Scenario 5 – Balanced Budget

Remove PCA Credit, Reduce Energy Rates for Residential and Senior Citizens, Cease \$1.2M Transfer to Storm Fund and Reduce Pension Contribution to 40%

Mrs. Tejada provide the Board with several projections regarding the Storm Fund target at the end of Five-Years. She stated that the projections do not include any additional Federal Emergency Management Agency (FEMA) funds nor projections for unknown expenses, such as Florida Keys Electric Cooperative (FKEC) and Florida Keys National Marine Sanctuary (FKNMS).

Mrs. Tejada informed the Board that the extra Pension Funding can be paused or eliminated for Five-Years, holding at 40% with a savings of \$904k. She stated that Resolution 20-08 requires 8% above required contribution, until net position is 95% of liability. The net position as of December 31, 2021, was 92.39%.

Mrs. Tejada informed the Board that Capital Spending can be delayed or eliminated on transmission projects for Line Reconductoring and Transmission Line Separation for Line 2, 10 and 11. Also, Distribution Projects for Phase III Key West Secondary Easement, Big Pine Substation 13.8 kV Bus Replacement, Three Way Transmission Switch to bypass Substations and Automated Meter Infrastructure (AMI).

Mrs. Tejada provided the Board with information on increasing or decreasing residential and commercial rates.

After discussion the consensus of the Board was to proceed with Scenario 5 and have a Balanced Budget, Remove PCA Credit, Reduce Energy Rates for Residential and Senior Citizens, Cease \$1.2M Transfer to Storm Fund, Reduce Storm Fund Surcharge and Reduce Pension Contribution to 40%.

The Board directed Mrs. Tejada and Staff to make appropriate changes as discussed during the workshop and bring back to the Board at the August 11, 2021, Regular Board Meeting and Budget Workshop for additional discussion.

(Documents provided at the meeting are available upon request)

ADJOURNMENT

The Utility Board Budget and Five-Year Financial Plan Workshop of July 28, 2021, was adjourned by Utility Board Chair Mona Clark at 4:47 P.M.

APPROVE:

ATTEST:

Mona C. Clark, Utility Board Chair

Lynne E. Tejada, General Manager/CEO & Secretary

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