

**New Smyrna Beach Utilities Commission Regular Meeting
April 22, 2024**

Participants: Chairman – J. Davenport (via phone). Commissioners L. Conrad, R. Hawes, L. Kelly, J. Smith, CEO – J. Bunch, Counsel – T. Cloud, Executive Manager/Clerk D Simmons

Safety Message by Tom West Water resource Director: Work Zone Awareness

“April is Distracted Driver Month”. Utility crews work every day in traffic. Both drivers and workers should pay attention to work zones, flaggers and avoid distractions.

Public Participation: None

Approval of Consent Items: 8 items were presented and b, d,& g included discussion/clarification.

- a) Minutes of Regular NSBUC Meeting Held 3-25-2024.
- b) Ratification –3rd Party Utility Easements (2) – Riverwalk Phase 3 and Mullinex Ford of NSB
- c) Project Approval –Lift Station No. 71 Pump Replacement Supplemental Funding of W.O. and Award to Continuing Services URD Contractor (Driveways, Inc.)
- d) Project Approval – Transformer Vault Replacement – Minoca (Cont. Services – GAI Consultants)
Commissioner Smith asked if Minoca was providing funding for the project. The answer was NO. UC must complete work before Minoca can fix their infrastructure around an existing vault.
Smith also asked for clarification on CEO approval of contracts. Discussion centered on the need to start and move projects along. Earlier modifications of the process enabled the CEO to give general approval to keep projects moving. Ratifications by the Board were presented at subsequent meetings. CEO Bunch agreed to review the process looking for modifications and present the changes to the commission at the next meeting. Counsel Cloud cautioned the commissioners to remember that CEO approvals are now limited by a dollar amount, and they should stay with that. This project was approved unanimously.
- e) Project Approval – Myrtle Avenue Force Main (FDOT Contractor – Masci General Contractor, Inc.)
- f) Project Approval – WRF Influent Force Main (Cont. Services – Kimbley Horn) Award Approval – Supplemental FY2024 Pole and Padmount Transformers (ITB No. 10+23/Gresco)
- g) Project Approval – Florida State Revolving Fund (SRF) – NSBU Facilities Plan (Cont. Srvs. -Santos Consulting Services)
Commissioner Smith asked if funding would come from the State revolving Fund or the Bond issuance. Ms Couillard clarified that this approval is for a PLAN only. The plan will detail projects needed and when. The plan is needed prior to searching for funds. Commissioner Smith thought that presenting the total picture of where the funding would come from would be the way to go. The study will highlight the needs and Ms. Couillard will work with the consultant to identify and report on possible sources for funding. The project was approved unanimously.

General Manager’s Report – J. Bunch

Financial Status – March (FYTD 2024 - E. Chavez

March (FYTD24) Performance /Results

Mar. ‘24 FYTD Change in Net Assets was \$1.6M which was \$0.3M higher than Mar. ‘23. March FYTD is driven by increased revenue, primarily water and reclaimed (rates and usage), FEMA - reimbursement, lowered purchase power, MTM adjustments, and increased capital contributions partially offset by over-recovery adj. which **reduces revenue and increases PP reserve**, lowered fuel and purchased power rev. adj. (\$21.30 to (\$7.00), and increased depreciation.

Mar. 24 Capital Contributions were \$1.7M, which is \$0.1M higher than the prior year. The March capital contributions comprised primarily of cash, easements, and contributed assets.

March FYTD 2024 Results - Capital

March 2024 Capital Expenditures \$9.6M

\$5.0M - Major Project spend include: N. Glencoe Rebuild (EL), GWTP Chemical Improvements, Smyrna Substation Circuit 32, ERIP Phase III, I95 Pioneer Trail Interchange, LS #3, # 12 and #72 Reconstruction and Work and Asset Management (WAMS) implementation, COB Elevator Upgrade

\$4.6M - Annual project spend includes: Gravity sewer lining, transformers, and new business electric & water installations, vehicles, transformers.

2025 Bond Transaction Preparation:

A rate study is being done in preparation for the 2025 Bond Issuance.

NSBU will perform the following required studies and reports in 2024.

- Asset Assessments require a 3rd party review and report on the state of assets to ensure NSBU assets can support existing operations, repayments of outstanding bonds and subsequent bond issuances. Stantec will perform the Asset Assessment Report - \$41,875
- Quinquennial Report – 3rd party assessment of planning, capacity and operational aspects required every 5 years in the NSBU Governance Plan. Stanyec will perform the Quinquennial Report - \$45,241
- Bond Feasibility/ including Capital Connection Fees - 3rd party review and report of revenue and existing customer rates and fees to ensure the revenue can cover the existing operating expenses, customer requested services (capital connection fees) and prospective debt service requirements. Total of this section (Raftelis and Summit) is \$172,410.

A determination will be made if the existing NSBU rates and fees support the operating expense structure and bond debt service requirements. If any rate changes are needed, they will be presented for consideration.

NSBU will see approximate savings of \$25,000 from the last time that these assessments were performed. (from 4 years ago). NSBU is doing everything to prepare for the Bond Issuance.

Approval was given by the commission for the continuing services consulting agreement with the two consultants noted above.

Introduction to Commission – Senior I.T. Manager J. Mark McKinney – J. Couillard

Ms. Couillard highlighted Mr. McKinney's impressive background. He has been employed since Jan. 1, 2024 and has hired two additional members creating a team of 4. Mr. McKinney is "a recognized leader in technology, cyber security, and risk management, and has more than 39 years of experience in the design, engineering, certification, and management of high-availability network systems, and services, and cyber-security programs and controls, including active and passive measure designed to prevent unauthorized access to facilities, materials, information, equipment, and personnel. His extensive background spans several critical infrastructure sectors, including Defense- Industry, Energy, Water and Wastewater, Nuclear, Transportation Systems, Public Safety and Emergency Services, Public Health Services, Communications, and security for dams and Levees." He advises several Senate committees and proposals to the Clean Water Act, Safe Drinking Water Act, the Drinking Water Infrastructure Act of 2020, and others. His list of accomplishments is lengthy, and he is a Veteran of the United States Army and Army National Guard as well as being associated with several industry associations. He was warmly welcomed by the Commission, and he noted that cyber-security involves not only a set of tools but also the human factor.

1st Half (Q1 & Q2) of FY2024 Balance Scorecard and Enterprises Metrics

Scorecard – Safety and Risk: Safety always a priority. Risks are inherent with work hazards.

Zero recorded OSHA Injuries for Q1-2. On the heels of Calendar Year '23, OSHA Incident Rate is the best on record. 0 Incidents received APPA Diamond Safety Excellence award and FMEA Perfect Record safety award. 2 preventable minor vehicle accidents in April led to further training to reduce backing and slow-speed accidents. Safety Management System(SMDS) and Safety Handbook Training were conducted earlier this year. Safety training is taking a management top-down approach to management.

Scorecard – Electric Reliability

Electric reliability for the calendar year '23 was the best on record and FY'24 is off to an excellent start. (SAIFI) Frequency of outages for the month, (SAIDI) the average duration of outages, and (CAIDI) the restoration time for the month were all in the green and expected to meet or be below goal for the year end.

FY 2024 Improvement Plans:

- ERIP Phase III – In Q2 new electronic devices will be installed to automate restoration tying sections together. These new devices will also be integrated with the Sensus Smart Grid System by Q3. Construction of Feeder line 32 in the Western areas and Venetian Bay to improve reliability within those areas. Upgrades to Protective & Control (P&C) Relaying and related equipment at the NSB airport and Smyrna and Field St. substations will improve device coordination, thereby reducing many feeder and transformer outages.
- Cost Management and Water Reliability - Annual costs for electric, water, and wastewater per customer, are all under target for year end. All water reliability metrics for water and wastewater are all at or below target. Mr. Chavez stated that he and his team are constantly looking at costs and where efficiencies can be achieved.

- Customer Service – An area of excellence. Call Center metrics continue to below target and the average speed to answer calls is 23 seconds, YTD 39 seconds vs. YE Less than or equal to 75 seconds. Billing and Collections were either equal to or lower than their targets, almost 100%. Overall Customer Service metrics continue to be exceptional.”
- Materials Management met or exceeded goals in issuing Purchase Orders for both jobs under \$75.0 and over \$75.0 YTF.
- Human Resources – There are some positions that are not being filled, repurposing personnel in other areas or just not filling jobs that are not needed in order to maintain costs.
- Information Technology – Cyber Security Training Participation is at 85.0% for the month and 24.9% YTD vs. Target of less than or equal to 35%. Organizational Risk is at 25.8% for the month and 24.9% YTD vs. Target of less than or equal to 35%. Phishing Test Click Rate is 0.6% for the month and 0.6% YTD vs. YE Target of less than or equal to 3%.

Overall, Q1-Q2 Performance is positioning NSBU for meeting high % of year end targets.

Commission Counsel’s Report – Counsel Cloud wanted to address the retirement of CEO Bunch and referenced the documents he had sent the commissioners from the last CEO search process. He just wanted to remind them that they should begin a search process within 90 days. He is there to advise on any process they choose to follow.

Old Business – None

New Business:

Asset Assessment and Bond Feasability Report (Prep for 2025 Bond Issuance), w/Rate Consulting Services and Quinquennial Report (Consultants – Stantec, Raftelis, and Summit
Approved after the earlier Bond Trans. & Governance Prep Presentation

Notification – NSBU General Manager –CEO Retirement – J. Bunch.

Chairman Davenport started the conversation that the next steps need to be taken to find an interim CEO and then set up the search process. Mr. Bunch will be retiring July 15. All commissioners took turns expressing their gratitude for Mr. Bunch’s leadership. The interim CEO will take the helm July 1st. Heather Carrizales, Human Resource Manager, will conduct a benchmarking study for the position salary range and will present a list in May of executive hunt firms. A motion was made and approved to place Efrin Chavez, CFO, in the Interim CEO position effective July 1. Mr. Chavez accepted the offer. Mr. Bunch offered to be “on call” through the end of the year. Heather will put together a draft contract to accommodate this offer.

Possible Other Business – Time for Commissioners

Commissioner Davenport Thanked Efrin for stepping up to the challenge and Thanked Mr. Bunch again for his service. Mr. Bunch thanked the commission for their support over the years.

Meeting adjourned