

## **New Smyrna Beach Utilities Commission Regular Meeting May 28, 2024**

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

**Quarterly Employee Recognitions:** 12 NSBU employees were recognized for improving their skills sets, education completing something significant having a positive impact on NSBU.

Safety Message by Heather Carrizales: Snake Safety.

- Ms. Carrizales emphasized the need to be aware of your surroundings and check work areas always. Because of our geography and climate, wearing protective clothing is a necessity, inspecting work areas up front for wildlife as well materials that can cause a hazard, and mainly leaving any wildlife, especially snakes, alone.

Chairperson Davenport brought forward the discussion of the search and recruiting process to fill the open CEO position. He suggested eliminating this process, thereby saving money. The Commission knows the caliber of CFO Efrin Chavez and should offer him the open position. Lengthy discussion centered around having a transparent process, advertising and bringing in options to review. A vote was taken, and the results were **3 to 2 denying the proposal.**

### **Public Participation:**

- Three residents spoke. Two representatives from the Community Association of Silver Sands voiced their support and thanked the commissions for offering the residents of the Silver Sands area a forum to discuss the Septic-to-Sewer Project that will directly affect their lives.
- The third participant was a retired employee of the Utilities Commission and wanted to thank the commission for the opportunities afforded him in his career.

### **Approval of Consent Items: All items approved.**

- a. Minutes of Regular NSBU Meeting Held 4-22-24
- b. Award Approval – ITB No. 10-24- Annual Contract for Directional Boring Services (Advanced Directional Drilling Solutions and Loyd Communication Systems, Inc.)
- c. Supplemental Funds Approval – The Balmoral Group, LLC – RSQ No. 07-22 Grant Research and Writing
- d. Approval – Open Systems International (OSI) Annual Maintenance and Support for OSI Monarch System (Sole Source Vendor)
- e. Supplemental Funds Approval – Work & Asset Management System (WAMS) Project – Ongoing Project Management Support (1898 & Co.)
- f. Approval – Silver Sands Septic-to Sewer FDEP Grant Agreement No. LG008
- g. Approval – I.T. Digital Transformation
- h. Approval – Telecommunications Tower License Agreement for Existing NSBU Headend Tower (Sensus USA, Inc. – AMI Project)

### **General Manager's Report**

#### **Financial Status – April 2024**

- April 2024 FYTD Results reflect a change in net assets of approx. \$1.8M
- Change in net assets \$0.6 higher versus prior year driven by the following factors: Higher revenue primarily water and reclaimed(rates & usage)), lower purchased power, increased capital contributions, and MTM adjustment
- FEMA reimbursement (Ian & Nicole)

- Offset by lower electric revenue due to increased purchased power reserve, increased year-over-year depreciation and lower fuel and purchased power revenue adjustment due to recent decrease from \$21.30 to \$7.00 per 1,000kWh, effective with the first billing cycle in Jan. 2024.
- Electric year-over-year consumption +0.9% is up slightly vs. prior year.
- April water consumption is as follows:
  - 1.4% increase in water volume vs. prior year
  - Wastewater is 2.1% higher than the prior year and Reclaimed 8.0% higher vs. prior year.
  - April Purchased Power is \$51.39 per MWh
  - \$1.89 or 3.6% lower than the \$53.28 per MWh Budget and approx. 21% Less than the prior year.
  - Jan 2024 also reflects the addition of 23MW monthly of FPL solar.
- April '24 FYTD operating loss of \$3.4M is \$2.5M greater than Apr. '23. Driven by over-recovery adj. which **reduces revenue and increases PP reserves**, higher year-over-year depreciation and lower fuel and purchased power rev. adj. (\$21.30 to \$7.00) partially offset by +increased revenue primarily water and reclaimed (rates & usage), lower purchased power.
- The April 2024 OVER-RECOVERY balance is \$7.0M which is ABOVE the target of \$5.0M, reflect a \$0.6M decrease from Mar. 24.
- FPPCAC = Fuel and Purchased Power Cost Adjustment Clause. Targeted reserve is 15% to 20% of annual purchased power costs (est. \$5M+. Hot weather equals increased revenue.
- Apr.'24 FYTD Change in Net Assets was \$1.8M which was \$0.6M higher than April '23. April FYTD is driven by:
  - Increased revenue primarily water and reclaimed (rates & usage), FEMA reimbursement, lower purchased power, MTM adjustment, and increased capital contributions partially offset by over-recovery adj. which **reduces revenue and increases PP reserves**, lower fuel & purchased power rev. Adj. (\$21.30 to \$7.00), and increased depreciation.
  - April Capital Contributions were \$1.9M, which is \$0.2M higher than the prior year. The April capital contributions comprised primarily of cash, easements, and contributed assets.
- April 2024 capital expenditures \$11.2M
  - \$5.9M – Major Project spend includes: N. Glencoe Rebuild, EL). GWTP Chemical Improvements, Smyrna Substation Circuit 32, ERIP Phase III, I95 Pioneer Trail Interchanges, LS#3, #12 Reconstruction and Work & Asset Management (WAMS) implementation, COB Elevator Upgrade
  - \$5.3M – Annual project spend includes: gravity sewer lining, transformers, and new business electric & water installations, vehicles, transformers.

#### Work & Asset Management System (WAMS) – Status Update

NSBU has coordinated leadership efforts to monitor operational performance, optimizing field crews and maintaining asset health by engaging in weekly operational meetings, discussing the next steps to include corrective maintenance items and discuss lessons learned and action plans. The goal with this system is to maximize the benefits from the WAMS system, assets, people and processes. The discussion led to an overview of the Outage summaries noting locations, duration, the number of customers impacted, looking at the causes and resolutions. It's more than a software tool. It is an "implementation of new business process that will.

- Better meet customer commitments and deadlines, streamlining and automating field crew activities, scheduling, and workflows.
- The key being optimizing asset performance and maintenance visualizing and reporting on asset metrics (reliability, life-cycle costs, etc. )
- Improvement to communications and collaboration across all teams and crews (electric & water).
- Enhancing customer service through reliability and responsiveness with up-to-date work/project status.
- Improvements to material management, reducing costs through detailed forecasting and advanced planning.
- Minimize equipment failure risks through asset maintenance tracking.

- The timeline is as follows:
  - Fleet & Facilities Go-Live mid-June.
  - Remainder of company Go-Live in Q3/ Q4
- Post implementation will utilize DTS ongoing administrator and user training.
- 1898 & Co will provide support and coaching for new Business Processes on Work Management cycles, Planning/Scheduling/Resource Loading and Asset Management.

### **Commission Counsel’s Report – General Counsel T. Cloud**

Mr. Cloud expressed his concern about handing the CEO approval for contracts that totaled \$75.0. He is hesitant that the contracts aren’t really in process. CEO Bunch explained that this process was changed in 2019 to move projects along and not having to wait each step along the way. Ultimately, the Commissions approval is necessary as Commission Ratifications at each step in the process.

### **Historical Mechanisms for Overall NSBU Projects Approval – J. Couillard**

#### **Project Approval Process Improvements**

In Sept. 2019 the bid threshold was raised from \$50.0 to \$75.0 after ensuring the thresholds were in line with Florida Statutes and surrounding comparable utilities. Purchasing Policy and Procedure Manuals were updated incorporating all amendments & resolutions and approved by the Commission in September 2020. The following quote embodies the essence of this change.

*“The project PRE requirement represents the total cost of the project. Once the Project PRE is approved, all purchases for the project and its respective scope are assumed to be approved. Individual Material or subcontract purchase greater than \$75K require Utility Commission post purchase ratification to avoid project delays.”*

- Purchasing Policies and Procedures and NSBU Contract Guiding Principles were also reviewed.

### **New Business**

- a. Approval – GM-CEO Recruiting and Selection Process
- b. Approval – Appointed Interim GM-CEO Salary Determination
- c. Approval -Updated GM-CEO Job Description
- d. Amendment Approval – Modified Existing General Manager/CEO Employment Agreement

All 4 sections can be outlined as follows:

- Accepting an internal candidate, even though the performance has shown Mr. Chavez capable of becoming CEO, was not recommended.
- An RFP for a candidate search firm for approximately \$25.0-\$50.0 was approved.
- 6 Firms were identified that have Utility expertise. A national search will be conducted.
- An approval was given to let Staff initiate the FRP process.
- The salary was discussed as being 5% as a usual increase. A suggestion was made to increase the CFO’s salary 10-12% since he would be doing double duty, acting CEO and CFO.
- Mr. Bunch participated in updating the CEO job description
- Amendments will be made to Mr. Buch’s contract so that he can stay on past his retirement date of July 15<sup>th</sup>, as a consultant, while the new CEO comes on board.
- All amendments were approved.

### **8. Time for Commissioners.**

Commissioner Kelly thanked Heather Carrizales for her efforts in the preparation for the job search.

Meeting Adjourned