

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

Participants: Chairman -. J Davenport, Commissioners: L Conrad, R. Hawes (by phone), J Smith, L. Kelly, Jr., Interim CEO – E. Chavez, Counsel -T. Cloud, Executive Manager/Clerk- D. Simmons150

Public Participation: None

Approval of Consent Items - 9 items were submitted and approved.

- Minutes of Regular NSBU Meeting Held 6-24-24
- Ratification – Granted and Accepted Third Party Utility Easement (Nicole & Jeremy Hovencamp/ 3617 Watermelon Lane
- Award Approval – RFP No. 13-24 Emergency Response Services - Annual Service Agreement (CFK Services/Doodie Calls/EDS Hold Co. LLC/SLSCO LTD)
- Approval – Annual Renewal Microsoft Enterprise Licenses (SHI)
- Award Approval – RSQ No. 15-24 – Continuing Professional Hydrogeological Services (Rummel, Klepper & Kahl, LLP)
- Approval – FY2025 Employee Insurance Renewals - Chairman Davenport had a discussion with Ms. Carrizales regarding changes with the employee rate (there was none). A 3.25% increase is a Statutory change. All employee health insurance is covered 100% by NSBU. Dependent are covered up to 50% depending upon the number of years worked.
- Project Approval – Beachside Subaqueous Reliability Tie Upgrade – A handout covered the upgrades needed to correct the outage issue that occurred beachside in June. It details midterm and long-term goals to create redundancy and the ability to switch feeder lines from one location to another to avoid interruptions.
- Approval Additional Funding – Vegetation Management (Asplundh)
Approval Supplemental Funding – Cogsdale Integration Support for WAMS Project

General Manager's Report -Interim E. Chavez

Financial Status – June 2024 – C. Girvan

June 2024 FYTD Results reflect a change in net assets of approx. \$2.6M Change in net assets \$0.2 higher versus prior year driven by the following factors:

- Higher revenue primarily water and reclaimed (rates & usage)), lower purchased power, and MTM adjustment
- FEMA reimbursement (primarily Ian, Nicole, & Idalia)
- Offset by lower electric revenue due to increased purchased power reserve, increased year-over-year depreciation, lower capital contributions 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 +3.0% is up slightly vs. the prior year.
- June water consumption is as follows:
 - 3.8% increase in water volume vs. prior year
 - Wastewater is 3.4% higher than the prior year and Reclaimed 8.4% higher vs. prior year. The higher reclaimed is due to the very dry year.
- June Purchased Power is \$52.09 per MWh
 - \$1.19 or 2.23% lower than the \$53.28 per MWh Budget and approx. 13% Less than the prior year.

Cumulative Over/Under Recovery vs. Fuel & Purchased Power Cost Adjustment Factor - The trend represents the current **over-recovery** position of \$7.9M which is \$2.0M greater than target. The importance of this is that the customers are protected if the occasion arises that natural gas prices start to rise. NSBU will not have to raise customer rates because there are sufficient monies in reserve to cover the higher prices. NSBU currently exceeds the \$5.0M over-recovery target.

June 2024 Operating Income/ (Loss)

- June '24 FYTD operating loss of \$3.0M is \$2.8M less than June. '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 June 2024 OVER-RECOVERY balance is \$7.9M which is ABOVE the target of \$5.0M, reflecting a \$0.5M decrease from May. 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).

June 2024 Change in Net Assets

- June '24 FYTD Change in Net Assets was \$2.6M which was \$0.2M higher than June '23. June 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 and lower capital contributions.
- June '24 Capital Contributions were \$2M, which is flat with the prior year. The June Capital contributions comprised primarily of cash, easements and contributed assets.

June 2024 FYTD Results – Capital

- **June 2024 capital expenditures \$13.1M**
 - 6.7M – Major Project spend includes: GWTP Chemical Improvements, Smyrna Substation Circuit 32, ERIP Phase III, I95 Pioneer Trail Interchanges, L Portable Water Well Rehab projectS#3, #12 and #72 Reconstruction and Work & Asset Management (WAMS) implementation, GWTP Pellet Softening,
 - \$6.4M – Annual project spend includes: gravity sewer lining, transformers, and new business electric & water installations, vehicles, transformers. (routine projects)

3rd Quarter FY2024 Balanced Scorecard and Enterprise Metrics – J. Couillard

Scorecard – Safety and Risk:

- 1 OSHA Recordable Injury in Q3, back strain. OSHA Incident Rate 0.60 is the best for NSBU.
- 0 Incidents for electric business which received APPA Diamond Safety Excellence award and FMEA Perfect Record safety award.
- 1 preventable motor vehicle accident April 1st and 2 YTD which lead to further training on backing and slow-speed accidents.
- Safety Management System(SMDS) and Safety Handbook Training were conducted earlier this fiscal year.
- Conducted CPR, AED, and First Aid classes.

Scorecard – Electric Reliability

- Following best overall year ion record for reliability, FY'24 was off to a great start until June 2024.
- Frequency of outages 0.30 for month, and 0.81 YTD. YE projection of 1.07 vs. Goal of 0.9
- (SAIDI) Average duration of outages 27.86 for the month. YE Projection of 73.03 vs. Goal of 60.
- (CAIDI)Restoration time 93.32 for Month and 77.17 YTD. YE projection of 78.28 vs. Goal of 67

Cost Management and Water Reliability

Water & Electric - Water Reliability Metrics are all well below target. The metrics include Gallons of water loss per connection/day, Major Water main breaks per 100 miles, watermain break repair time, major wastewater main beaks per 100 miles and wastewater main break repair time hours per 100 miles.

- Annual Electric per Customer \$443 YTD vs YE Projection of \$500 and target less than \$515.
- Annual Water Cost Per Customer \$282 YTD vs. YE Projection of \$302 and target less than \$323.
- Annual Wastewater Cost Per Customer \$319 YTD vs. YE Projection of \$336 and Target less than \$353.

Customer Service. Call Center metrics continue to be above target. The average speed to answer calls is 42 seconds, YTD 42 seconds vs.YE Less than or equal to 75 seconds. Abandoned call rates are below target and Customer Service levels exceed targets.

Billing and Collections were either equal to or lower than their targets, almost 100%.“Overall Customer Service metrics continue to be exceptional.”

Materials Management, HR and Info Technology - Materials Management met or exceeded goals in issuing Purchase Orders. The employee count is 2 under the YE forecast and being monitored. Information Technology.

- Cyber Security Training Participation is at 85.0%.
- Organizational Risk is at 26.5% for the month and 25.3% 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%.

Despite the impact of the June outage events to its electric performance, NSBU will continue to strive to improve overall performance in kts electric and water business.

Status update – GM-CEO Executive Recruitment

Ms. Carrizales stated that the RFP had closed, and she received 12 responses. A committee of Mr. Bunch, Ellen Fisher, and Heather Carrizales reviewed and shortlisted 3-4 candidate firms. Pricing varies from \$28.0--\$75.0. A selection of firm will be made to meet the goal to have a firm in place by Mid-August. The long-term timeline will be reached and candidates for the GM-CEO position will be in place by the end of November.

General Counsel**Agreement Revision to Addendum No. 3 to General Counsel's Agreement – Successor for Thomas Cloud -**

Mr. Cloud is relocating out of state but wishes to remain on the payroll until the end of December with a replacement starting in January. Chairman Davenport expressed that he thinks they need an immediate replacement. A motion was made to keep Gray Robinson as the legal firm and request an immediate replacement.

Old Business**Approval – Interim GM/CEO Employment Agreement (Efrin Chavez)**

Ms. Carrizales asked for approval on page 189 of the agenda packet that codified the duties, responsibilities and salary for the interim CEO E. Chavez. A motion was made and approved.

Time for Commissioners.

Commissioner Smith asked that the Commissioners give some thought to adding a "wish list" of projects they would like to see addressed in the future and be added as an agenda item. He used Chairman Davenport's embrace of the Septic -to-Sewer projects that NSBU has undertaken. Ms. Coulliard gave an update for two additional grants she was seeking for this project. Commissioner Kelly applauded the community outreach and communication with the public in the Silver Sands Septic -to Sewer project. Compliments were given by Chairman Davenport to Commissioner Smiht for requesting the addition of the City Development Reports into the Agenda Packet.