

**New Smyrna Beach Utilities Commission Regular Meeting
September 23, 2024**

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

Safety Message by Vernon Steele – Bucket Truck Self-Rescue Kit.

Mr. Steele reviewed the need for the purchase of the four (4) self- rescue kits. The kits will enable workers to repel from the bucket of one-bucket trucks if needed. It eliminates the need to wait for additional personnel, avoiding unnecessary call outs and unexpected weather challenges in Florida. There was initial training and there will be Bi-Annual and Annual refreshers.

Reorganization Item

- a. Election of Officers. Chairman Davenport is in his last year before he term-limits out after 9 years. He would like to continue as Chairman to maintain continuity to the board with all the changes that have occurred this past year. There was unanimous approval of maintaining all current positions for the coming year. They are as follows:
Chairman- J. Davenport, Vice Chairman – R Hawes, Treasurer – L Conrad, Asst. Secretary-Treasurer – J. Smith. Commissioner -L. Kelly
- b. NSBU Regular Meeting Schedule for Calendar Year 2025 No changes to the schedule were noted and it was unanimously approved.

Public Participation: None

Approval of Consent Items - 9 items were presented and 7 initially approved. Items f & g were pulled for further clarification and then approved.

- a. Minutes of Regular NSBU Meeting Held 8-26-24- D. Simmons
- b. Award Approval – ITB No. 27-24 – FY2025 Annual Contract for Water and Wastewater Chemicals (Allied Universal Corp.; Carmeuse Lime & Stone, Inc.: Matheson Tri-Gas: Odyssey Manufacturing Co.; Tanner Industries, Inc., Thatcher Chemicals) – D. Hale
- c. Award Approval – ITB No. 28-24 – FY2025 Annual Contract for Vegetation Management Services (Asplundh, LLC) J. Couillard
- d. Purchase Approval – Sole Source Purchase of WRF Plant Effluent Transfer Pumps (4) Replacements (Hydra Services, Inc.) - D. Hale
- e. Purchase Approval –Sole Source Purchase of Maser Lift Station No. 60 Wastewater Submersible Pumps (3) Replacements (Barney’s Pumps) – D. Hale
- f. Project Approval –Silver Sands AC Water Main Replacement Improvement Project w/Single Source Design Services Assignment to Kimley-Horn and Associates, Inc. – J. Couillard. The question regarding the asbestos removal was discussed and Ms. Couillard stating it was part of the budget.
- g. Approval – FY2025 Annual Risk Management Insurance Coverage (Florida Municipal Insurance Trust (FMIT) thru Florida League of Cities) – H Carrizales, Chairman Davenport commented on the \$83.0 savings in the premium. Ms. Carrizales noted that the deductible was raised from 5% to 10% with no impact on the Risk tolerance.
- h. Supplemental Funding – AMI Smart Grid Project: Additional AMI Meters, Additional Project Management Hours, and Smart Grid Devices (Sensus USA Inc. and Quanta Technology, LLC) - J. McMurray
- i. Purchase Approval – Omicron Relay Test Set from Sole Source Supplier (Power Connection, Inc.) – V. Steele

General Manager’s Report -Interim E. Chavez

Financial Status – August 2024 – C. Girvan

August 2024 FYTD Results reflect a change in net assets of approx. \$5.4M. Change in net assets \$2.4 versus prior year driven by the following factors:

- Lower electric revenue due to increased purchase power reserve,
- increased year-over-year depreciation,
- lower capital contributions and lower fuel and purchased power revenue adjustments due to the decrease from \$21.30 to \$7.00 per kWh,
- effective first billing cycle January 2024.
- Electric year-over year consumption 3.3% is up vs. prior year.
- higher revenue primarily water and reclaimed (rates & usage)
- FEMA reimbursement (primarily Ian, Nicole,) \$2.2M Reimbursed

August water consumption was as follows:

- 4.6% increase in water volume vs. prior year
- Wastewater is 3.0% higher than the prior year and Reclaimed 9.7% higher vs. prior year. The higher reclaimed is due to the very dry year.

August Purchased Power was \$51.63 per MWh; \$1.65 or 3.1% higher than the \$53.28 per MWh Budget and approx. 9% 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 approx. \$8.5M which is approx. \$3.5M greater than target. The Reserve amount is currently stable due to January reduction, and slightly exceeding 15-20% of Annual Purchase Power Budget., which can fluctuate abruptly with changes in Nat. Gas prices. NSBU currently exceeds the \$5.0M over-recovery target.

August 2024 Operating Income/ (Loss)

- August '24 FYTD operating loss of \$1.6M is \$3.1M less than August '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 August 2024 OVER-RECOVERY balance approx. \$8.5M which is ABOVE the target of \$5.0M, reflect a \$0.5M decrease from July '24. PPCAC = Fuel and Purchased Power Cost Adjustment Clause. Targeted reserve is 15% to 20% of annual purchased power costs (est. \$5M+.)

August 2024 Change in Net Assets

- August '24 FYTD Change in Net Assets was \$4.5M which was \$2.4M lower than August '23. August FYTD is driven 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, increased operating expenses, lower capital contributions partially offset by increased revenue primarily water and reclaimed (rates & usage), FEMA reimbursement, lower purchase power, and MTM adjustments.

August '24 Capital Contributions were \$2.7M, which is lower than the prior year. The August Capital contributions comprised primarily of cash, easements and contributed assets.

August 2024 FYTD Results – Capital

August 2024 capital expenditures \$15.9M

- \$8.2M – Major Project spend includes: GWTP Chemical Improvements, Smyrna Substation Circuit 32, ERIP Phase III, I95 Pioneer Trail Interchanges, LS #3, #12 and #72, Reconstruction and Work & Asset Management (WAMS) implementation, GWTP Pellet Softening, Potable Water Well Rehab project.
- \$7.7M – Annual project spend includes: gravity sewer lining, transformers, and new business electric & water installations, vehicles, transformers. (routine projects)

September 2024 FYE Preparation

- Preparations are underway for the FYE Close. The Audit interim fieldwork is completed and all YE fieldwork is scheduled for November 18, 2024. No issues are expected, and all audit procedures were performed with no significant issues.
- FYE physical inventory to be performed September 27,2024 with Purvis on-site performing inventory test counts consistent with the prior years.
- Communications with NSBU staff and vendor/contractors were completed to ensure invoices submitted on a timely basis to be recorded in the proper period.
- FYE status updates will be provided to the Commission on year-end close procedures.

Status update – GM-CEO Executive Recruitment

Ms. Carrizales explained that the executive recruiting firm chosen, Energist, is working to obtain the top candidate for the CEO position. They are looking at candidates who meet the minimum criteria, current residence, compensation expectations and leadership competence. Nine (9) candidates met the minimum criteria. Ms. Carrizales will forward the top candidates to the selection committee. Commissioner Hawes asked how local candidates would apply and it was explained that all applicants must go through the Executive Recruitment firm. She feels that the process is on track to have a candidate for review by November.

WUC Fleet and Filed Ops Summary

The HQ COB replacement cost is \$15.1M. The Fleet & Field Ops. building costs are \$25.6M. The focus needs to be on the replacement of the Field Ops as NSBU must exit the Swoope St. building to make way for the NSB city expansion of a boat ramp. Due to the condition/site size of the Field Ops-Water at Smith St. a new office and staff

are combined with the Fleet building is the most economical. All costs are current and will need to be adjusted for market updates.

SR44 Frontage Land Sales Offset

- An updated Jan. 2024 Fishkind analysis will be needed. The COB remodel is an estimate and will need to be refined further.

Further discussion from the Commission involved the following items.

- The growth of the city is west of 95 and the new WUC would be a major contributor to that area.
- Cost sharing by utilizing the possibility of certain County offices leasing space if a new complex was built.
- There would be reduced maintenance on new buildings.
- Building on SR44 will centralize HQ, Fleet & Field Ops buildings.
- To proceed, a unanimous vote by the Utility Commission would be needed and a super majority vote from the City Commission.

Old Business:

Commissioner Conrad suggested to reschedule the Sept 11th meeting offline to discuss untouched issues. Possible dates will be determined.

Time for Commissioners:

Chairman Davenport just wanted to reiterate his appreciation of working with the Commissioners. There will be a lot of decisions to be made this coming year and risk analysis will be needed.

Meeting Adjourned