

**New Smyrna Beach Utilities Commission Regular Meeting
October 28, 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 Dan Hale: Situational Awareness.

Ms. Hale outlined how Situational Awareness is an important safety skill at work. Key points include paying attention and being aware of what is going on around you no matter what the employee's role is in the organization. It involves three elements: observation, comprehension and anticipation. Avoid factors that will reduce the situational awareness. These include rushing through tasks, mental or physical fatigue, complacency, poor communication, distractions, daydreaming/loss of focus, and stress She stressed always being aware of changes in the work routine and applying the SLAM (STOP, LOOK, ASSESS, and MANAGE) method for promoting situational awareness.

Approval of Consent Items - 11 items were presented and approved.

- a. Minutes of Workshop Meeting Held 9-11-24 and Minutes of Regular (Reorganizational) NSBU Meeting Held 9-23-24.
 - b. Submission of Annual Update report – Red Flag Identity Theft and Pr4vention Program
 - c. Budget ratification (Increase)
 - d. Project Approval – Water SCADA Upgrade (Tetra Tech)
 - e. Budget Ratification (Increase) – Smyrna Substation – Electromechanical Relay Replacement Project (SEL Engineering Services)
 - f. Approval Supplemental Funding – AMI Smart Grid System Project – Software Integration (Cogsdale Corporation)
 - g. Project Approval – Overhead Distribution Hardening Project (*Initially Funding Phase I -FY25 & FY26*)
 - h. Budget Ratification (Additional Funding) Glencoe WTP Pellet Softening System Project – Long Lead Material Purchases
 - i. Approval – Awards (2) for Heavy Duty Vehicle Replacements (Tallahassee RFP 130-20KM Agreement #5073-Coop.Purchasing Program Contract)
 - j. Approval – Water reclamation Facility (WRF) Bar Screens (2) Rebuild (Sole Source Equipment by Parkson Corporation)
- Approval – Utilities System Master Plan Update for Water Resources (Stantec)

General Manager's Report

Preliminary/Unaudited) September (FYE24) Financial Performance

- September 2024 FYTD Results reflect a change in net assets of approx. \$5.1M. Change in net assets \$4M 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 of 2.6% is up vs. prior year.
- Offset by higher revenue primarily water and reclaimed (rates & usage), lower purchase power, and MTM adjustment.
- FEMA reimbursement (primarily Ian & Nicole)
- September water consumption is as follows:
 - 4.3% increase in water volume vs. prior year
- Wastewater is 2.3% higher than the prior year and Reclaimed 7.8% higher vs. prior year.
- September Purchased Power is \$51.16 per MWh
 - \$2.12 or 4% higher than the \$53.28 per MWh Budget and approx. 6% 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. \$8.9M which is approx. \$3.9M greater than target. The Reserve amount is currently exceeding 15-20% of the Annual Purchase Power Budget, which can fluctuate abruptly with changes in Nat. Gas prices. NSBU currently exceeds the \$5.0M over-recovery target. A possible rate decrease in January will be looked at.

September 2024 Operating Income/ (Loss)

- September '24 FYTD operating loss of \$2.6M is \$4.3M less than September '23. September FYTD is 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 September 2024 OVER-RECOVERY balance approx. \$8.9M which is ABOVE the target of \$5.0M, reflect a \$0.4M increase from August '24. F
- FPPCAC = Fuel and Purchased Power Cost Adjustment Clause. Targeted reserve is 15% to 20% of annual purchased power costs (est. \$5M+.)

September 2024 Change in Net Assets

- September '24 FYTD Change in Net Assets was \$5.1M, which was \$4M lower than September '23. September 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.
- September '24 Capital Contributions were \$3.4M, which is \$3.1M lower than the prior year. The September Capital contributions comprised primarily of cash, easements and contributed assets.

September FYE 2024 Results – Capital

September 2024 capital expenditures \$18.4M

- \$10.0M – Major Project spend includes: GWTP Chemical Improvements, Smyrna Substation Circuit 32, ERIP Phase III, I95 Pioneer Trail Interchanges, LS #3, #7 and #10 Improvements, Reconstruction and Work & Asset Management (WAMS) implementation, GWTP Pellet Softening, Potable Water Well Rehab project, Subaqueous improvements/upgrades.
- \$8.4M – Annual project spend includes: gravity sewer lining, transformers, and new business electric & water installations, vehicles, transformers. (routine projects)
- The O&M and capital totals reflected in the presentation include FYE accruals. The numbers will be updated again for the remaining accruals at the end of October for FYE24.

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.

Presentation – NSBU's FY2024 Organizational Accomplishments and Enterprise Metrics Results

Highlighted were major strategic accomplishments that were realized across NSBU's businesses in FY24 in operational, financial, and Customer service experience improvements. Major modernization projects that were started including AMI, WAMS, Pellet Softening, and Transmission Grid Reliability Project (Transmission Loop). Continued Cyber security focus on critical IT assets. Improving safety program, culture and performance. Positive Human Resource environment to attract new talent. Also discussed were Vision, Mission and Core Values that are promoted internally and externally. Key components are outlined below.

- Integrated the NSBU "One Utility" Customer experience, business operations and customer communications.
- Initiated the Silver Sands Neighborhood Septic-to-Sewer conversion project with the selection of the engineering firm and the acquisition of \$7.5M grant.
- Improved customer service to increase electric outage notification through *TextPower* (two-way electric outage communication platform) for ease of customer outage reporting implementation. .
- Provided mutual aid to other states and cities within Florida
- Held employee volunteer drives/events and charitable contributions to benefit the community.
- Continued coordination of resources and support activities during emergency events between the City of NSB and NSBU.
- Maintained focus on IT and Cyber Security management
- Delivered Operational Excellence through KPI (Key Performance Indicators) management.

Overview – NSBU’ FY2025 Strategic Goals

Mr. Chavez reemphasized that the strategic goals are just a continuation of the accomplishments and goals from 2024. There are timelines on all projects, and they may be adjusted based on material availability.

Touch Base/Informational Status – NSBU Western Utility Complex Strategic Planning

Mr. Chavez recapped discussion from the previous workshop that the continued Joint City/Commission bi-monthly meetings regarding the improvements to Swoop St, and the relocation to the Western Complex site. He noted that there is not an existing deadline nor operational priority at this time by the City to expedite the pending NSBU relocation. This allows the NSBU staff additional time to complete ongoing strategic planning. Chairman Davenport suggested that the commission set an hour with Mr. Fishkind to further discuss the Western Complex so that future planning can continue.

Commission Counsel's Report – General Counsel

General Counsel Ramos spoke to possible items during the 2025 Legislative session. She advised that a proposal killed in 2023 may surface again on the inability for municipal utilities to charge a different rate for customers outside the boundaries of the city. Also, she noted that a 2017 lawsuit was won on appeal for the city with the possibility of the commission recouping \$90,000 in fees.

Approval – Selection of GM/CEO Candidates for Commissioner’s In-Person Interviews – H. Carrizales

Ms. Carrizales stated that she submitted 9 candidate resumes for the CEO position. 8 external and one internal. She asked which candidates the commission would like to interview. Commissioner Hawes reviewed each candidate with Interim CEO. Mr. Efrin Chavez. His conclusion was that Mr. Chavez had proven his knowledge of the culture of the NSBU and proved his ability to lead by the positive outcome of returning 97% of the city’s 85% outages within 48 hours. His ability to communicate with the city staff as well as emergency personnel and Utility staff during the outage, were critical for a leader. Commissioner’s Conrad, Keely and Chairman Davenport all agreed with Commissioner Smith. A motion was made and approved to name Mr. Chavez the new CEO of NSBU. Ms. Carrizales will work with Chairman Davenport to negotiate a contract, salary and benefits for Mr. Chaves to be presented at the November meeting for approval.