

**New Smyrna Beach Utilities Commission Regular Meeting
November 25, 2024**

Participants: Chairman -. J Davenport, Commissioners: L Conrad, J Smith, General Manager/CEO – E. Chavez, Counsel -H. Ramos, Executive Manager/Clerk- D. Simmons

Safety Message by Julie Couillard: 12 Days of Safety

Using the Christmas theme, Ms. Couillard reviewed 12 safety tips as we approach the holiday season. 1.) Never leave candles burning unattended. 2.) Turn off all decorative lights and portable space heaters when leaving the house or asleep. 3.) Never burn wrapping paper. 4.) Use indoor/outdoor lights as indicated on packaging. 5.) Don't overload circuits, outlets, or extension cords. 6.) Poinsettias and mistletoe are poisonous. Keep from pets and children. 7.) Never leave cooking or baking unattended. 8.) Check batteries in smoke alarms. 9.) Don't drink and drive. Pick a designated driver. 10.) Choose an artificial tree that is labeled fire resistant. Water natural trees daily. 11.) Clean and maintain wood burning fireplaces and chimneys. 12.) Don't post holiday plans on social media

Approval of Consent Items - 9 items were presented and 8 initially approved. Item (i.) was pulled for further clarification and then approved.

- a. Minutes of Workshop Meeting Held 10-25-24 and Minutes of Regular NSBU Meeting Held 10-28-24
- b. Approval – Supplemental funding – Managed Uniform Program (Tyndale Company, Inc)
- c. Ratification – Corrected, Granted and Accepted Third Party Easement – Greenlawn Manor (NSBU Housing)
- d. Ratification – Six Emergency Purchase Orders Issued for Four Notices of Emergency Purchases- hurricane Milton
- e. Approval – Radio Telemetry Unit (RTU) Replacement – Samsula and Western Wellfields Raw Water Wells (*Sole Source Vendor – Data Flow Systems, Inc.*)
- f. Award Approval – FY2025 Pole and Pad mount Transformer Order – ITB No. 10-23 / Gresco and Stuart Irby
- g. Approval – Easement Vacation Agreement for Greenlawn Manor Project – 911 Oleander St. (Parcel I.D. No. 7418-00-00-0030)
- h. Approval – Annual Contract Renewal for Cogsdale Corp. – NSBU's CIS ERP and Third-Party Software Application (*Sole Source Vendor*)
- i. Budget Ratification (Increase) – Smyrna Substation Circuit 32 Construction Project & Award of ITB No. 30-24 (SPE Group. Chairman Davenport asked for clarification, and all approved on the amount of the increase from July of 2022 of \$1.5M to now of \$\$1.668M

General Manager's Report -CEO E. Chavez

Financial Status – October 2024 -FY25) C. Girvan

- October 2024 FYTD financials reflect a change in net assets of approx. \$0.81M. Change in net assets \$1M lower versus prior year driven by the following factors:
- Lower revenues due to no FEMA (Ian – related) approved funds in the current fiscal year (approx. \$1.4M in prior year), 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 1% is down vs. prior year partially due to the impacts of Hurricane Milton Offset by lower purchased power and depreciation.
- October water consumption is as follows:
 - 8% decrease in water volume vs. prior year
- Wastewater is 4.0% lower than the prior year and Reclaimed 24% lower vs. prior year driven by the impacts of Hurricane Milton.
- October Purchased Power is \$50.20 per MWh
 - \$7.32 or 13% lower than the \$57.52 per MWh Budget and approx. 20% less than the prior year. A favorable situation.

Cumulative Over/Under Recovery vs. Fuel & Purchased Power Cost Adjustment Factor

- The trend represents the current **over-recovery** position of approx. \$9.5M which is approx. \$4.5M 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 – monitoring of balance vs. target \$5M. NSBU currently exceeds the \$5.0M over-recovery target. A possible rate decrease in January will be looked at.

October 2024 Operating Income/ (Loss)

- October '24 FYTD operating income of \$0.7M is greater than October '23. October FYTD increased operating income is driven by lower over-recovery adj. which reduces revenue and increases PP reserves, lower year-over-year depreciation, lower purchased power partially offset by lower usage, higher operating expenses, and lower fuel and purchased power rev. adj. (\$21.30 to \$7.00)
- The October 2024 OVER-RECOVERY balance approx. \$9.5M which is ABOVE the target of \$5.0M, reflect an approx.. \$0.6M increase from September '24.
- FPPCAC = Fuel and Purchased Power Cost Adjustment Clause. Targeted reserve is 20% of annual purchased power costs (est. \$5M+.)

October 2024 Change in Net Assets

- October '24 FYTD Change in Net Assets was \$0.8M, which was \$1M lower than October '23. October FYTD is driven by: lower fuel and purchased power rev. adj. (\$21.30 to \$7.00), no FEMA approved funds, increased operating expenses and lower capital contributions partially offset by decreased depreciation, lower purchased power and **lower** recovery adj. which reduces revenue and increases PP reserve.
- October '24 Capital Contributions were \$0.0M, which is \$0.2M lower than the prior year. October Capital contributions comprised primarily of cash, easements and contributed assets.

October FYE 2024 Results – Capital

October 2024 capital expenditures \$1.0M

- 0.1M – Major Project spend includes: GWTP Chemical Improvements, Smyrna Substation Circuit 32, ERIP Phase III, I95 Pioneer Trail Interchanges, LS #2, #7 and #10 Improvements, Work & Asset Management (WAMS) implementation, GWTP Pellet Softening, Potable Water Well Rehab project, Subaqueous improvements/upgrades.
- 0.9M – Annual project spend includes: gravity sewer lining, transformers, and new business electric & water installations, vehicles, transformers. (routine projects)
- The auditors were in-house the previous week to review all processes. There are no issues, and the audit will continue smoothly

Commission Counsel's Report – General Counsel

General Counsel Ramos noted that a 2017 lawsuit was won on appeal for the city with the possibility of the commission recouping \$90,000 in fees. There will not be any further challenges to the decision and the settlement.

Old Business

a. Approval – General Manger/CEO Employment Agreement for Efren Chavez Ms. Carrizales outlined the compensation package and stated that former CEO Bunch's contract was "plagiarized" for content but tweaked for improvements. It was approved

b. Request for Approval – by Chairman Davenport on Western Utility Complex (WUC) Strategic Planning Consideration / Next Step. Chairman Davenport asked for clearance from the Board to identify developers who might play a part in the development. The consensus was to table this to the next meeting when a full board was present. Today's meeting was missing two Commissioners.

Possible Other Business -Time for Commissioners:

- a. Scheduling of Quarterly Workshop Meetings (discussed at the 10-28-24 NSBU Workshops w/ the city) – A consensus was reached that this item also could be tabled until a future meeting and initiatives could be incorporated that the commission would want to work on.
- b. Commissioner Smith wanted to clarify his no vote on the approval of Mr. Chavez as CEO. He stated that he wasn't questioning Mr. Chavez's proven ability to lead the Utility or his knowledge of the business. He fully supports Mr. Chavez but his no vote was on the process not the person.