

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

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

Safety Message by Dana Hale: Hazard Communication (w/Holiday Hazard communication)

Ms. Hale reviewed the handout that utilized Standard Pictograms (nine total) that are required on labels to caution users of chemical hazards people may be exposed to. These pictograms consist of a symbol on a white background framed within a red border and represent a distinct hazard. She also reviewed Winter Carbon Dioxide dangers, Holiday Fire avoidance tips and the safe use of Holiday lights.

Approval of Consent Items - 4 items were presented and 3 initially approved. Item 3c. was pulled by Commissioner Smith for further clarification and then approved.

- a. Minutes of Workshop Meeting Held 11-25-24
- b. Approval – Developer’s Agreement – Sandlewood Development (located in the City of Edgewater)
- c. Project Approval – S.W. Regional Lift Station. Commissioner Smith wanted to discuss the expenses and how they fit into the 2025 budget. The total cost of the project is estimated at \$3.6M and budgeted for the '26-'27 fiscal year. This is for the Engineering consultant. The lift station is for the new South Village off SR44.
- d. Award Approval – RFP No. 29-24 – Employer Managed Uniform Program

General Manager’s Report -CEO E. Chavez

Financial Status – November 2024 -FY25) C. Girvan

- November 2024 FYTD financials reflect a change in net assets of approx. \$0.7M.
- Lower revenues, lower capital contributions and lower fuel and purchased power revenue adjustments. Higher electric revenue, electric year-over-year consumption up by 2% vs. prior year and lower over-recovery adj. which reduces revenue and increases Purchase Power reserve.
- November water consumption is as follows:
 - Water usage reflects approx. 7% decrease vs. prior year
 - Wastewater 3% lower than the prior year and Reclaimed 26% lower vs. prior year.
 - November Purchased Power was \$51.98 per MWh. 10% lower than the \$57.52 per MWh Budget and approx. 2.5% less than the prior year.

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

- The **over-recovery** position of approx. \$9.4M is approx. \$4.4M greater than target. The fuel and Purchased Power adjustment was successfully lowered to \$7.00 per 10000kWh in Jan. 2024. The Fuel Adjustment will be revisited in December 2024. (See Item 7a under new business)
- The Reserve amount is currently exceeding 20% of the Annual Purchase Power Budget, which can fluctuate abruptly with changes in Nat. Gas prices. NSBU is evaluating the targeted reserve.

Fuel & Purchase Power (FPPCAC) Update- (This is item #7a under new business but handled and voted on in this presentation. _

- A proposal to reduce the Fuel and Purchase Power Cost Adjustment Calculation (FPPCAC) is from \$7.00 to \$6.00. This is a result of the current fuel & purchase power over-recovery reserve of \$9.4M and the relative stability of the current purchased power price per MWh.
 - This updated price would be effective the first billing cycle in January 2025
 - A residential customer using 1,000kWh will see their electric bill drop \$1.00.
 - NSBU electric rates are the lowest among all investor-owned utilities and the 3rd lowest versus Florida municipal electric utilities.

The cost of purchased power will continue to be monitored along with the overall energy markets to determine if future changes are needed. NSBU will always be cognizant of any prospective change and the impact to its customers. If a subsequent FPPCAC update is required, NSBU will discuss and ask for approval.

Approval to change the FPPCAC to \$6.00 per 1,000kWh from the current \$7.00 per 1,000kWh, effective the first billing cycle in January 2025 was approved unanimously.

November 2024 Operating Income/ (Loss)

- November '24 FYTD operating income of \$0.5M is \$1.0M less than November '23. November FYTD increased operating income is driven by **lower** over-recovery adj. which reduces revenue and increases PP reserves, lower year-over-year depreciation, Higher usage (electric) power partially offset by higher purchased power, and lower fuel and purchased power rev. adj. (\$21.30 to \$7.00)
- The November 2024 OVER-RECOVERY balance approx. \$9.4M which is ABOVE the target of \$5.0M, reflect approx. \$0.1M increase from October '24.
- FPPCAC = Fuel and Purchased Power Cost Adjustment Clause. The targeted reserve is 20% of annual purchased power costs (est. \$5M+.)

November Change in Net Assets: Note: FY'25 Income before contributions is \$0.6M(November'24) vs. \$1.5M (November '23 (for a \$0.9M decrease from the prior year

- November '24 FYTD Change in Net Assets was \$0.7M, which was \$1.2M lower than November '23. November FYTD is driven by: lower fuel and purchased power rev. adj. (\$21.30 to \$7.00), no FEMA reimbursement, increased purchased power and lower capital contributions offset by decreased depreciation, and operating expenses and lower capital contributions partially offset by decreased depreciation, and **lower** over-recovery adj. which reduces revenue and increases PP reserve.
- November '24 Capital Contributions were \$0.1M, which is \$0.3M lower than the prior year. November Capital contributions comprised primarily of cash.

November 2024 FYTD Results – Capital

November 2024 capital expenditures \$1.6M

0.9M – Major Project spend includes: GWTP Chemical Improvements, Smyrna Substation Circuit 32, ERIP Phase III, 195 Pioneer Trail Interchanges, LS #2, #3, #7 and #10 Improvements, Work & Asset Management System (WAMS) implementation, GWTP Pellet Softening, Potable Water Well Rehab project, Subaqueous improvements/upgrades. N. Atlantic Ave. – Electric Relocation (in conjunction with the City Stormwater Project)
0.7M – Annual project spend includes: gravity sewer lining, transformers, and new business electric & water installations, vehicles, transformers. (routine projects)

Commission Counsel's Report – General Counsel

General Counsel Ramos noted that a 2017 lawsuit had reached an agreement with the Insurance company regarding attorney fees and division of the fees is still in discussion. No more appeals are available.

Questions came to the Utilities about the removal of Fluoride in the water system. Counsel Ramos touched base with the city attorney and discovered that the city had no previous input on this. Staff has been directed to research and a presentation will be to this commission in February. Approval is not needed by the city for addition or removal.

Old Business

Silver Sands Septic-to- Sewer Update – CEO Chavez, Chairman Davenport and Ms. Couillard met with state Senator Tom Wright to apprise him of this project and ask for help in obtaining more grant monies. The main reason is to offset as much cost to the residents for a changeover. Chairman Davenport also met with County Commission Danny Robbins to solicit his help in getting this project moving since Silver Sands is county land. Commissioner Robbins pledged to help in any way he could. The chairman also asked that grants be more detailed when submitted with specific reasons for the need for this project. CEO Chavez will work with Julie Couillard on this.

Commissioner Smith inquired if there would be any report at the end of the project to illustrate the benefits of converting from septic to sewer. He feels the commission should partner with the city and county on a comprehensive stormwater master plan.

New Business:

Chairman Davenport made a proposal for an exploratory RFP with Dr. Fishkind to major Developers on how to best utilize the land in the Western Complex. The Commission is not in the development business and the land at the Western Complex increases in value every day. The fiduciary duty of the Commission is to determine the best plan possible for the residents and the Utility. The proposal to sell the Canal St. building and build a new complex on 44 has been in discussion for years and now is the time to do something. CEO Chavez, Julie Couillard and Dr. Fishkind to put together an RFP to see what opportunities are available. All agreed the UC is not in the development business.