

**New Smyrna Beach Utilities Commission Regular Meeting
February 24, 2025**

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

Approval of Consent Items - 6 items were presented, Chairman Davenport pulled 3e for clarification and all were approved.

- a. Minutes the Regular NSBU Commission Meeting Held 1-27-25
- b. Approval – Renewal of ITB No. 08-22 – WRF Bio=Solids Processing (3rd Annual Renewal – Revinu Inc.)
- c. Ratification – Granted 3rd Party Utility Easement (Beach Partnership 3 LLC – 833 Maralyn Ave.)
- d. Approval – Post Hurricane Milton Subaqueous Crossings Repair (Single Source – Logan Diving & Salvage)
- e. Approval – Supplemental Funds and Renewal of Annual Contract for Outsourced Utility Locates for Electric and Water Resources Departments Chairman Davenport wanted to clarify that the additional approval of \$243,000 was covered under the present budget.
Approval – Developer’s Agreement – Oakwiler (Tri Pointe Homes Holdings, Inc.)

General Manager’s Report

Financial Status – January

Jan. 2025 FYTD financials reflect a change in net assets, \$2.5M lower versus prior year, driven by:

- Lower revenues due to no FEMA reimbursement in the current fiscal year (approx. \$2.0M in prior year) increased operating expenses and purchased power costs, lower capital contributions and lower fuel and purchased power revenue adjustments due to the decrease from \$7.00 to \$6.00 per 1000kWh, effective first billing cycle January 2025. Partially offset by increased electric revenue and lower over-recovery adj., which reduces revenue and increases PP reserves. Still building the reserves but at a slower pace. Electric year-over year consumption is flat vs. the prior year
- January water usage reflects an overall 7% decrease vs. prior year
 - Wastewater is approx. 5% lower and Reclaimed is approx. 18% lower vs. prior year.
 - decreases are driven by the impacts of Hurricane Milton.
- January Purchased Power was \$53.54 per MWh
 - \$3.98 or approx. 7% lower than the \$57.52 per MWh Budget.

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

- The fuel and Purchased Power adjustment was successfully lowered to \$6.00 per 10000kWh in Jan. 2025.
- The Reserve amount is currently exceeding 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 \$5.0 over-recovery Target
- As part of the current rate study, NSBU is evaluating the targeted reserve.

January 2025 Operating Income/ (Loss)

- January ‘25 FYTD operating loss of \$1.7M is \$0.7M less than December ‘24. January FYTD operating loss is driven by lower fuel and purchased power rev. adj. (\$7.00 to \$6.00), increased operating expenses and purchased power costs, partially offset by **lower** over-recovery adj. which reduces revenue and increases PP reserve, lower year-over-year depreciation, and increased revenue (primarily electric).
- January 2025 OVER-RECOVERY balance approx. \$9.3M which is ABOVE the target of \$5.0M, reflect approx. \$0.2M increase from December ‘24.
- FPPCAC = Fuel and Purchased Power Cost Adjustment Clause. The targeted reserve is 20% of annual purchased power costs (est. \$5M+.)

January 2025 Change in Net Assets: Note: FY’25 Income before contributions is \$1.5M (January ‘25) vs. \$0.1M (Jan. ‘24) for a \$1.4M decrease from the prior year

- January ‘25 FYTD Change in Net Assets was (\$1.1M), which was \$2.5M lower than January ‘24. January ‘25 FYTD is driven by lower fuel and purchased power rev. adj. (\$7.00 to \$6.00), no FEMA reimbursement, increased operating expenses and purchased power costs, and lower capital contributions, and lower market to market partially offset by increased revenue (electric), lower depreciation, and **lower** over-recovery adj. which reduces revenue and increases PP reserve.

January 2025 FYTD Results – Capital

January 2025 capital expenditures \$6.4M

- \$3.3M – Major Project spend includes: GWTP Chemical Improvements, Smyrna Substation Circuit 32, ERIP Phase III, I95 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)
- \$3.1M – Annual project spend includes: gravity sewer lining, transformers, and new business electric & water installations, vehicles, transformers. (routine projects)

An audit and annual report will be presented at the March meeting. The preliminary report is all good. Commissioner Smith inquired if there were any issues of concern on the horizon, but CEO Chavez noted that all normal events are forecasted.

Commission Counsel’s Report

General Counsel Ramos noted that there are two upcoming proposed bills being introduced in the new Florida Congress session in March.

- SB 330 - “Residential Utility Disconnections -prohibiting electric utility, a public utility, or a water utility from disconnecting service to residential customers for nonpayment of bills or fees under specified circumstances; requiring such utilities to waive reconnection fees and late fees in certain circumstances.”
- SB700 – Florida Farm Bill – proposes to “stop adding non- water quality additives to public water supplies.”

Both are in preliminary committees but something to keep an eye on.

New Business

Approval – Staff’s Recommendation to Eliminate the Fluoride Feed at Glencoe Water Treatment Plant (Due to Operational Drivers)

All Commissioners voted to approve this measure. In addition to the operational cost savings, Commissioner Davenport spoke about how this move added to the public safety.

Other business/Time for Commissioners:

3-10-2025 Workshop with the NSB City Commission. A copy of the proposed Workshops schedule was reviewed with the agreement that one workshop per month would be held on the 2nd Monday of each month at the usual 3:00PM time slot. Commissioners agreed that keeping the day and time was consistent with the current schedule.

- The two topics on the agenda will be the WUC (Western Utility Complex) RFI and developing a Governance Report.

Additional Directive/Approval – Submission of draft for WUC Strategic Planning

- Chairman Davenport is anxious to issue an RFI is to see what possibilities exist for the WUC. An RFI should be finalized by 2/28 and the the plan is to issue RFI by March 10th with a due date back April 15th.
- Commissioner Smith discussed an article, that he’ll share with the commission, from the Jornal of Planning Supply regarding the depletion of the aquifer.
- CEO Chavez stated that the Utilities works with SJWRM (St. John’s Water River Management) and they are members of the Water Resource Management group. With the implementation of the pellet softening program the Utility will not need to be concerned with implementing a reverse osmosis system for 20-25years.
- Chairman Davenport noted that he is glad that the commission will be investigating governance processes. He’s anxious to see what the RFI brings in. He believes the WUC is a great asset and with a change to the rezoning and comp plan, the land value will increase.
- Counsel Ramos will put together a time frame the comp plan change process.

Meeting Adjourned