



New Smyrna Beach
... UTILITIES ...

FY 2024 NSBU Budget Presentation
June 2023 Commission Meeting

June 26, 2023

NSBU FY24 Budget – Overall



- The FY2024-FY2033 Budget reflects the following key guiding principles: Our Vision, Mission, and Values drive how we operate to serve our customers and the community – now and in the future
- The FY24-FY33 10-year \$231.1M Capital Improvement Plan (CIP) is consistent with and supported by the long-term strategy, and risk prioritized based in the project’s criticality to NSBU’s infrastructure and the Modernization Program
 - Prior year 10-year CIP was \$174.5M, the current CIP reflects an increase of \$56.6M.
 - The increase is primarily due to updated project mix and estimates, and updates on several significant Modernization Roadmap initiatives planned for over the last several years; Advanced Metering Infrastructure (AMI) and Smart Grid network, Work and Asset Management System (WAMS), Glencoe Water Treatment Plant (GWTP), Chemical Improvements, Grid Reliability Project (Electric) and GWTP Water Palletization softening facilities
 - 3rd Party (Interagency) Projects and several other initiatives
- In addition to the CIP, Capital Connection Fees (Restricted) will fund \$24.9M in growth-related water and wastewater projects over the 10-year period (“Growth funds Growth”)

NSBU FY24 Budget – Overall (cont.)



- The FY2024-FY2033 Budget reflects the following key guiding principles:
 - Current CIP also reflects several 3rd Party (Interagency) Projects which are managed by the State, County and City regulatory bodies who set the project plan and execution schedule which are separately tracked as NSBU does not control when the projects will begin nor their progress
 - Total 3rd Party \$7.5M over the 10-year period
 - O&M Budget focused on providing excellent electric and water utility services in the most cost-beneficial manner
 - Finance team employs an extensive challenge process with each Director and their staff to ensure an appropriate cost-effective O&M budget
 - The challenge process reviews headcount, year-over-year cost trends, costs per unit, and a bottoms-up cost estimate approach- not “last year plus X%
 - The FY24 Budget hardcopy is arranged as follows:
 - Pages 1 – 11 Overall FY24 Budget Introduction
 - Pages 12 – 30 Income Statement and supporting details
 - Pages 31 – 35 FY24 – FY33 CIP Summary
 - Pages 36 and forward CIP Projects Detail

NSBU FY24 Budget – Capital



- FY2024 Capital of \$28.7M reflects the following major initiatives:
 - Major Projects total \$19.1M include the following:
 - \$7.7M Electric major projects include – Transmission Loop Project, South Causeway Subaqueous, AMI, ERIP and Interagency projects [Washington Streetscape Project and I95 Pioneer Trail Interchange]
 - \$5.9M Water major projects include – Glencoe Water Treatment Plant (GWTP) chemical improvements, AMI pilot, I95 Pioneer Trail Water Main, North Atlantic Ave water main improvements
 - \$5.3M Reclaim (includes wastewater) major projects include – Water Reclamation Facility (WRF) improvements such as Screw Press liquids reduction, various Lift Station reconstruction and improvement projects
 - \$0.2M Common major projects include – NSBU enterprise-wide Work and Asset Management Systems (WAMS) and Automated Vehicle Location Service (AVL)
 - Annual Projects total \$9.6M include normal annual preventative and reactive capital work such as; pole replacements, meter installations, breaker replacement program, proactive sewer relining, etc. to maintain infrastructure

NSBU FY24 – FY33 Capital Summary



NSBU 2024 - 2033 CIP Budget Overview

(\$ in thousands)	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	TOTAL
Major Projects	10,253	13,604	24,685	22,015	8,865	11,055	12,060	11,365	11,060	7,055	132,017
Annual Projects	9,563	8,255	8,846	8,925	7,355	7,008	7,070	6,590	6,537	6,286	76,435
Subtotal	19,815	21,859	33,531	30,940	16,220	18,063	19,130	17,955	17,597	13,341	208,451
AMI/WAMS	3,200	4,500	4,000	3,500	-	-	-	-	-	-	15,200
Interagency	5,652	1,600	215	-	-	-	-	-	-	-	7,467
TOTAL	\$28,667	\$27,959	\$37,746	\$34,440	\$16,220	\$18,063	\$19,130	\$17,955	\$17,597	\$13,341	\$231,118
Restricted Funds											
Capital Conn Fees (W/WW)	585	4,263	6,000	6,000	5,500	1,750	750	-	-	-	24,848
TOTAL	\$585	\$4,263	\$6,000	\$6,000	\$5,500	\$1,750	\$750	-	-	-	\$24,848

NSBU FY24 – FY33 Major Projects #1



NSBU Major Projects 2024 - 2033 CIP Budget Overview

(\$ in thousands)	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	TOTAL
Reclaim Water											
WRF Improvements	1,201	449	-	-	-	2,000	2,000	2,000	2,000	2,000	11,650
Lift Station Projects (various)	2,854	2,750	3,500	1,000	2,150	2,000	4,000	2,500	2,000	1,000	23,754
South Causeway Subaqueous FM	250	250	2,500	2,500	-	-	-	-	-	-	5,500
Lift Station Generator Projects	650	-	-	-	-	-	-	-	-	-	650
Other Reclaim Water Projects - Major	-	-	-	-	-	-	-	-	-	-	-
Subtotal	4,955	3,449	6,000	3,500	2,150	4,000	6,000	4,500	4,000	3,000	41,554
Electric											
Transmission Loop Project	500	7,000	11,000	11,000	-	-	-	-	-	-	29,500
Other Transmission Projects (Field St Rebuild)	-	-	-	-	1,950	3,450	2,000	-	-	-	7,400
T&D Projects - Security Compliance	500	-	-	-	-	-	-	-	-	-	500
South Causeway Subaqueous Elec	250	250	2,500	2,500	-	-	-	-	-	-	5,500
ERIP Projects	250	805	55	55	55	55	55	55	55	55	1,495
Substation Projects	25	-	-	110	1,610	1,060	1,060	4,060	4,000	1,000	12,925
Other Electric Projects - Major	140	600	600	500	1,000	1,240	1,440	1,250	1,000	1,000	8,770
Subtotal	1,665	8,655	14,155	14,165	4,615	5,805	4,555	5,365	5,055	2,055	66,090
Water											
GWTP Chemical Improv	3,043	-	-	-	-	-	-	-	-	-	3,043
South Causeway Subaqueous Water	250	250	2,500	2,500	-	-	-	-	-	-	5,500
Water Main Improvements/Upgrades	-	1,000	1,750	1,250	2,000	1,250	1,500	1,500	2,000	2,000	14,250
WTP Projects - Security Compliance	300	-	-	-	-	-	-	-	-	-	300
Other Water Projects - Major	-	250	275	600	-	-	-	-	-	-	1,125
Subtotal	3,593	1,500	4,525	4,350	2,000	1,250	1,500	1,500	2,000	2,000	24,218
Common											
Automated Vehicle Location Service (AVL Serv	40	-	-	-	-	-	-	-	-	-	40
Other Common Projects - Major	-	-	5	-	100	-	5	-	5	-	115
Subtotal	40	-	5	-	100	-	5	-	5	-	155
Subtotal	10,253	13,604	24,685	22,015	8,865	11,055	12,060	11,365	11,060	7,055	132,017

NSBU FY24 – FY33 Major Projects #2



NSBU Major Projects 2024 - 2033 CIP Budget Overview

(\$ in thousands)	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	TOTAL
AMI/WAMS											
Electric											
Advanced Metering Infrastructure (AMI) - EL	2,500	4,000	4,000	3,500	-	-	-	-	-	-	14,000
Subtotal	2,500	4,000	4,000	3,500	-	-	-	-	-	-	14,000
Water											
Advanced Metering Infrastructure (AMI) - WR	500	500	-	-	-	-	-	-	-	-	1,000
Subtotal	500	500	-	-	-	-	-	-	-	-	1,000
Common											
EnterpriseWorkAssetMgmtSystems (WAMS)	200	-	-	-	-	-	-	-	-	-	200
Subtotal	200	-	-	-	-	-	-	-	-	-	200
Subtotal	3,200	4,500	4,000	3,500	-	-	-	-	-	-	15,200
Interagency											
Electric											
Washington Streetscape Project	1,550	300	215	-	-	-	-	-	-	-	2,065
I95 Pioneer Trail Electric	1,500	-	-	-	-	-	-	-	-	-	1,500
N. Atlantic Electric Relocation - City	-	-	-	-	-	-	-	-	-	-	-
Stormwater Project	500	-	-	-	-	-	-	-	-	-	500
Old Mission Rd - County Widening	-	400	-	-	-	-	-	-	-	-	400
Subtotal	3,550	700	215	-	-	-	-	-	-	-	4,465
Water											
I95 Pioneer Trail Water Main	1,000	-	-	-	-	-	-	-	-	-	1,000
North Atlantic Ave WM Improv	500	700	-	-	-	-	-	-	-	-	1,200
Washington Streetscape Project	265	-	-	-	-	-	-	-	-	-	265
Old Mission Rd - County Widening	-	200	-	-	-	-	-	-	-	-	200
Subtotal	1,765	900	-	-	-	-	-	-	-	-	2,665
Reclaim Water											
Washington St Streetscape Project	200	-	-	-	-	-	-	-	-	-	200
Pioneer/SugarMill 12" RWM Reloc	137	-	-	-	-	-	-	-	-	-	137
Subtotal	337	-	-	-	-	-	-	-	-	-	337
Subtotal	5,652	1,600	215	-	-	-	-	-	-	-	7,467
TOTAL	\$19,105	\$19,704	\$28,900	\$25,515	\$8,865	\$11,055	\$12,060	\$11,365	\$11,060	\$7,055	\$154,684

NSBU FY24 – FY33 Annual Projects



NSBU Annual Projects 2024 - 2033 CIP Budget Overview											
(\$ in thousands)	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	TOTAL
Electric											
Heavy Duty Vehicles - EL	650	500	650	575	-	300	-	275	650	550	4,150
Transformers	600	480	550	550	550	550	550	550	550	550	5,480
Underground Extensions	600	600	600	600	600	600	600	600	600	600	6,000
Overhead Extensions	540	540	600	600	600	600	600	600	600	600	5,880
115kV Breaker Replacements	500	500	500	500	500	-	-	-	-	-	2,500
ConditionBasedPoleReplacements	240	240	200	200	200	200	200	200	200	200	2,080
ERIP-EL Reliability Improve Program	180	120	75	75	75	75	75	75	75	75	900
Switchgear Installation	150	75	75	75	75	75	75	75	75	75	825
Install PVC Conduit & Cable/Contract	120	120	100	100	100	100	100	100	100	100	1,040
Contractor Services	100	100	100	100	100	100	100	100	100	100	1,000
Pole Inspection & Treatment/OS	100	100	100	100	100	100	100	100	100	100	1,000
Light/Medium Duty Vehicles - EL	-	-	55	70	35	-	90	140	70	-	460
Other	480	468	525	660	1,065	861	1,055	590	615	475	6,794
Subtotal	4,260	3,843	4,130	4,205	4,000	3,561	3,545	3,405	3,735	3,425	38,109
Reclaim Water											
Annual Gravity Sewer Rehab	2,000	1,000	1,000	1,000	-	-	-	-	-	-	5,000
Heavy Duty Vehicles - WW	513	120	-	-	-	-	-	495	-	-	1,128
Power Operated/Heavy Equip- WW	487	50	-	235	-	100	50	-	145	-	1,067
LS Pumps/Piping/Controls	142	147	150	150	155	159	165	169	172	180	1,588
Reclaim Meters	100	100	125	125	125	125	125	125	125	125	1,200
Light/Medium Duty Vehicles - WW	-	100	300	30	100	760	325	-	-	100	1,715
Lift Station Generator Improv	-	750	750	750	750	750	750	750	750	750	6,750
Other	356	724	778	653	680	412	438	445	460	444	5,390
Subtotal	3,597	2,991	3,103	2,943	1,809	2,306	1,853	1,984	1,652	1,599	23,837
Water											
Potable Meters	400	405	410	410	410	410	410	410	410	410	4,085
Samsula Wells	215	255	140	150	5	5	5	5	5	220	1,005
Backflow Devices	105	105	115	115	115	115	115	115	115	115	1,130
Vehicles	-	140	-	-	260	25	25	-	-	-	450
Other	389	307	625	737	408	351	528	285	273	232	4,133
Subtotal	1,108	1,212	1,290	1,412	1,198	906	1,083	815	803	977	10,802
Common											
Generators	160	-	-	-	-	-	250	-	200	-	610
Air Conditioners	100	20	20	20	20	20	20	20	20	20	280
Vehicles	-	-	30	195	120	25	140	170	-	-	680
Equipment Forklifts	62	-	125	-	-	-	-	-	-	70	257
Other	275	190	148	150	208	190	180	196	127	195	1,859
Subtotal	597	210	323	365	348	235	590	386	347	285	3,686
TOTAL	\$9,563	\$8,255	\$8,846	\$8,925	\$7,355	\$7,008	\$7,070	\$6,590	\$6,537	\$6,286	\$76,435

NSBU FY24 – FY33 Capital Conn. Fees



NSBU Major Projects 2024 - 2033 CIP Budget Overview

(\$ in thousands)	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	TOTAL
Capital Conn Fees (W/WW) - Restricted Funds											
Reclaim Water											
Lift Station 79 Reconstruction	585	2,263	-	-	-	-	-	-	-	-	2,848
South Village Regional Lift Station	-	-	-	-	1,500	1,000	-	-	-	-	2,500
Subtotal	585	2,263	-	-	1,500	1,000	-	-	-	-	5,348
Water											
GWTP Pellet Softening	-	2,000	6,000	6,000	4,000	-	-	-	-	-	18,000
Turnbull Bay Rd WM Improve	-	-	-	-	-	750	-	-	-	-	750
VBAY - Palms Phase 6 Cost Sharing (Water) - Se	-	-	-	-	-	-	-	-	-	-	-
Subtotal	-	2,000	6,000	6,000	4,000	750	-	-	-	-	18,750
TOTAL	\$585	\$4,263	\$6,000	\$6,000	\$5,500	\$1,750	-	-	-	-	\$24,098

NSBU FY24 Budget – P&L



- Each year as part of the annual Budget process, NSBU reviews its operations, maintenance program objectives and Key Performance Indicator (KPI) targets
 - To ensure an appropriate cost-effective NSBU expense budget, the Finance team employs an extensive challenge process with each Director and their staff
 - The challenge process reviews headcount, year-over-year cost trends, costs per unit and other bottoms-up cost estimates approach (not last year plus X%)
- Revenue projections are based on historical and projected customer usage for both water and electric lines of business. NSBU continues to see year-over-year customer growth resulting in increased usage.
 - From FY 2021 to FY 2022, electric, water, and wastewater customers grew 2.4%, 2.4%, and 2.2%, respectively. Reclaimed grew 9.3% and this was on a smaller base of existing accounts versus water and wastewater customers.
- Operating (O&M) expenses, including purchased power, are budgeted to increase in FY 2024 by approximately 3.7% from the FY 2023 Budget
 - Overall budget changes are driven by higher purchased power, increased costs of goods and services as a result of higher inflation, labor, etc., and higher property and liability insurance

NSBU FY24 Budget – P&L (cont.)



- 2024 O&M of \$64.0M reflects the following major drivers:
 - Increased employee-related costs such as healthcare and employee benefits
 - HR will perform employee wellness outreach to encourage employee and family health best practices to assist with claims reduction and promote employee/family wellness
 - Purchased Power totals \$28.4M with an average cost per MWh of \$57.78 which is \$1.3M greater than FY23 Budget
 - NSBU is currently in discussions with Florida Power & Light (FPL) to secure 20 MW of solar in addition to the 10 MW already secured from FMPA
 - The solar power purchase agreement totals are already reflected in the FY24 Budget. We are continually reviewing the most cost-effective and reliable purchased power sources for our customers.
 - Projected operational staffing level of 181 reflects four (4) less FTEs than the FY23 Budget
 - NSBU is continually reviewing its operations to ensure we have the right level of staffing to serve our customers

NSBU FY24 Budget – Next Steps



- Recommend motion for NSBU Commission to approve the FY 2024 Budget Submission
- NSBU must submit the FY 2024 Budget to the City of NSB by close-of-business Friday, June 30th
- The City of NSB will have two (2) readings of the Ordinance approving the NSBU Budget and it will be approved after the 2nd reading. The two readings conducted by the City are expected to occur in August and September 2023.