

New Smyrna Beach Utilities Commission Regular Meeting June 26, 2023

Participants: Chair Davenport, Commissioners Hawes, Conrad, Smith, Kelly, GM Bunch General Counsel Cloud, Executive Manager/Clerk D Simmons

Quarterly Employee Recognition – E. Chavez

Six NSBU employees were recognized for the completion of certifications, Apprenticeship programs, and special licenses.

Approval of Consent Items: 6 items were presented and approved.

- a) Minutes of Joint City/NSBU Meeting Held 4-24-2023 and Regular NSBUC Meeting Held 5-22-2023.
- b) Ratification – Granted and Accepted Third Party Utility Easement (Two)
- c) Ratification – Supplemental Funds for Bio-solids Dewatering at Water Reclamation Facility (WRF) –
- d) Award Approval - - ITB 08-23 Annual Contracts for Septic Sewer Pumping – (Cloud 9 Services, LLC and Enviro Waster Services Group Inc.) A question from Commissioner Smith regarding pricing and contract awards was addressed by Mr. Chavez as additional fees were added to the existing contracts. He explained that purchasing reviewed the requests. If no merit to the price increase was found, additional monies would not be granted.
- e.) Ratification – Supplemental funding for FY2023 Assignment of Work for Asplundh Tree Expert, Co. – Maintenance of Distribution Right of Way
- f.) Ratification – Supplemental Funding for FY2023 Assignment of Work for Pike Electric, LLC. – Underground Extensions

General Manager's Report – J Bunch/E Chavez

Financial Status May 2023 - E. Chavez

- May statements reflected a change in net assets of approximately \$1.6 million due to milder weather (Fall & Winter) contributing to lower electric usage partially offset by increased April usage) and improved Purchased Power cost. \$1.2M lower than the previous year is a result of increased purchase power and operating expenses, lower electric usage driven by milder weather, and impacts of Hurricanes (Ian & Nicole). Offsets by favorable revenues. There was a slight increase in water/wastewater and reclaimed usage and increase interest earnings.
- FMPA interest earning up \$0.4M driven by NSBU fixed maturity (approx 1 yr) investment, interest rate and environment.
- May 2023 FYTD capital expenditures approximately \$7.6M Major and \$5.9M in annual projects
 - Major projects spent included: Electric Reliability Improvement Program (ERIP); Lift station #3 Upgrade Project, Lift Station # 5 & #12. Replacement, Line 17 Rebuild, Glencoe Wells (#2 & #3) upgrade, Airport Static, 5th Street Bridge, and Glencoe Water Treatment Plant Improvements, I95 Pioneer Trail Interchange where the initial work is just kicking off.
 - Annual project spent included: Gravity sewer lining, tools & equipment, and new business electric and water installation.
- May '23 operating loss of \$0.8 is \$1.4M less than May '22. Reasons are lower revenue from lower usage and higher purchase power.
- May '23 Change in Net Assets were \$1.6M which was \$1.2M lower than May '22. Drivers are increased purchased power and operating expenses, lower electric usage and lower Mkt. to Mkt. adjustments partially offset by increased revenue (rates & fuel adj.), continued customer growth, slight improvement in water/wastewater & reclaimed usage & increased interest earnings.
- Monthly and FYTD Purchased Power Costs are on a stable/downward trend due to lower natural gas process resulting in the purchase power coming down.
- The April 2023 Under-Recovery balance continues on a downward trend with the long-term target at year end to be at \$5.0M in the over-recovery position.

Commission Counsel's Report – General Council - T. Cloud

Approval – Acceptance of Deeds to real Property for Future NSBU Regional Lift Station No. 79 – from Geosam Capital US (Venetian Bay) LP and Venetian Bay Homeowners' Association, Inc. 4 voted approval one no.(Commissioner Kelly) The land is being donated by Geosam and Fee Simple deed was issued to the UC. It is the preferred method for building as opposed to easements. This lift station will service 6 future developments

with builders contributing to the expenses by paying a capital connection fee. The cost will be paid out from the restricted capital growth funds.

6.) Old Business –

Chairman Davenport brought up the subject of sewer conversion in the Silver Sands area. He was speaking with the DEP regarding grant money which is available. Mr. Bunch has had discussion with the mayor regarding this issue and said the topic of sewer conversion will be discussed with the city again in August for both the Silver Sands and Aqua golf areas.

7.) New Business –

a.) Consideration of [U.C.'s FY2024 Budget and Capital improvement Plan FY2024-2033](#) (Proposed U.C Resolution No. 2023-02) E. Chavez

The FY 2024 Budget was presented in detail and approved. It reflects the guiding principles of: “Our Vision, Mission and Values drive how we operate to serve our customers and the community – now and in the future.” The Capital expenditures of \$28.7M detailed the Major initiatives broken out by major and annual projects; more controllable projects IE AMI/WAMS and less controllable projects IE interagency projects that must be done. All projects were listed out to 2033 and each year the 10-year plan will be updated. The P&L consists of reviewing its operations, maintenance program objectives and Key Performance Indicators. To ensure appropriate cost-effective NSBU expense budgets, the Finance team employs and extensive a bottoms up challenge process with each Director and staff reviewing head-count, year over year cost trends, and costs per unit. They are not just applying last year's numbers plus X%.

Revenue projections are based on historical and projected customer usage for both water & electric lines. Year-over-year customer growth results in increased usage.

Operating Expenses (O&M), including purchased power are budgeted to increase in FY2024 by approx. 3.7% from FY2023 Budget.

b.) Award Approval – [Advanced Metering Infrastructure \(AMI\) Project](#) (RFSQ – 2022-1) Quanta Technology LLC and J. McMurray.

John McMurray along with a representative from Quanta Technology reviewed their proposal for NSBU grid modernization plan. Foundational priorities utilizing a hierarchy pyramid were established early in this process to lay a foundation for moving forward. A benefit analysis was presented along with how AMI is the most popular metering technology in the US. AMI interacts and allows “data to be analyzed and paired with other data.” It is foundational to grid modernization. High level budgetary estimates were issued in 2020. NSBU and the Quanta teams used a collaborative approach in the vendor selection process. The RFP technical specifications required over 400 system requirements covering technical, services, and contractual aspects. Detailed vendor vetting, ranking and evaluations were conducted. Quanta analysis of each step of the process included pre-qualification evaluations, compliance review, pricing analysis and vendor ranking results and observations. Four vendors were selected that met pre-qualification criteria and after the intense vetting process, the team unanimously ranked Sensus highest in each category and overall achievement.

- Quanta is “the leader in “turnkey” AMI Smart-Grid implementation for small-medium sized municipal and cooperative utilities with advanced functionality.”
- They provide solid electric and water meter support.
- They have effective network communications capabilities.
- They offer robust distribution automation and grid sensor functionality.
- It is an out of the box operational monitoring, reporting and data analytics package.
- The Project Management Team oversees the execution.

After much discussion regarding pricing and comparison between the two finalists, the commission approved the recommendation to move forward with approval of the RFP by re-wording the approval. The changes highlight that the staff is recommending the approval of this system subject to the negotiation and execution of appropriate documents regarding pricing. The CEO or his designee will negotiate and bring back to documents to the commission for final approval. Motions were made and seconded and all approved moving forward.

Time for Commissioners

Commissioner Kelly briefly discussed the pros and cons on the land donation for Lift Station #79. Commissioner Smith briefly touched on the idea that growth pays for itself.

Meeting Adjourned