

New Smyrna Beach Utilities Commission Regular Meeting July 24, 2023

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

Safety Message by Efren Chavez: Protecting Workers from Heat Stroke

Mr. Chavez reviewed the OSHA Quick Card that covers extreme heat and how it can cause serious illness and death. The most serious illnesses are heat stroke, heat exhaustion, heat cramps and heat rash. He highlighted the risk factors and symptoms and stressed the need for establishing a complete health illness prevention program, including training about the hazards and procedures for dealing with the issue. At least one pint of cool water near the work location is required per person per hour on hot days. Work schedules should be modified to avoid the hottest periods of the day and should include frequent rest periods and water breaks in shade or air-conditioned areas. A responsible person should monitor conditions, know the signs /symptoms of heat illness and know what to do when a worker is ill from the heat.

Immediately following, the regular meeting was called to order:

Public Participation: None

Approval of Consent Items:

5 items were presented with 3D and 3E pulled for discussion and later approved.

- a) Minutes of Regular NSBUC Meeting Held 6-26-2023.
- b) Ratification – Granted and Accepted Third Party Utility Easements (Two)
- c.) Ratification – Supplemental Funding - Tyndale Co. Inc. for Managed Uniform Program
- d.) Approval – FY2024 Employee Health Insurance Renewal - Chairman Davenport had a question about the maximum out of pocket costs employees would have to pay and if there was any cap. Heather Carrizales, HR Manager explained that there was no change to the plan, it was the same one they had been using for years and there was no increase to employee's premiums.
- e.) Ratification – Required Plan Amendment for NSBU Employee 457(b) Retirement Plan – Commissioner Smith asked if they would consider switching back to the Florida Retirement System. Mr. Chavez and Mr. Bunch stated that there were no plans to return to that because there would be an increased cost. There are still a handful of employees on the 1996 plans.

General Manager's Report – J Bunch/E Chavez

Financial Status June 2023 - E. Chavez

- June statements reflected a change in net assets of approximately \$2.4 million due to lower electric usage partially offset by increased April usage) and improved Purchased Power cost. There was a slight increase in water/wastewater and reclaimed usage and increased interest earnings.
- FMPA interest earning up \$0.5M driven by NSBU fixed maturity (approx 1 yr) investment interest rate.
- Electric consumption year over year is 1.2% lower vs. 2022
- June 2023 FYTD capital expenditures approximately \$8.26M Major and \$6.6M in annual projects
 - Major projects spend include 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 spend included: Gravity sewer lining, tools & equipment, and new business electric and water installation.
- Fitch Rating Affirmation – July 2023
 - "Fitch affirms NSBU Commission, FL's Bonds at 'AA'; Outlook Stable." A July 11, 2023 press release communicated Fitch's rating decision, supporting analysis and relevant conclusions on NSBU's financial and operational position. Fitch annually reviews NSBU Annual Financial reports positions as apart of NSBU Series 2020 Bond Issuance.
 - Fitch recognizes that the utility operates to provide its customers with reliable and resilient utility service at cost-effective rates. A press release was issued with the agenda packet.
- Total FYTD Electric kWh sales are 1.2% lower than prior year driven by mild weather.

- June 2023 OVER-RECOVERY balance is \$0.5M which is \$2.5M under FY '23 target of \$3.0M initial reserves. Trending is expected to continue based on current energy market and the reduced price of natural gas.
- June '23 Change in Net Assets were \$2.4M which was \$2.1M lower than June '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. June Capital Contributions were \$2.0M, slightly lower than the prior year. These were mainly comprised of cash.
- Monthly and FYTD Purchased Power Costs are on a stable/downward trend due to lower natural gas prices.
- The June 2023 Under-Recovery balance continues a downward trend with the long-term target at year end to be at \$5.0M in the over-recovery position. June reflects the first month since Aug '22 that NSBU is in an over-recovered position.

3rd Quarter FY2023 Balanced Scorecard and Enterprise Metrics – June 2023

Key Performance Indicators (KPI)

- Safety and Risk - all 3 metrics are in the green
- Electric Reliability – Substantial improvements with nuisance outages eliminated and outages that now occur require repairs which are being addressed.
- Water Resources – Metrics are green for the month and FYTD.
- Customer Service and Billings and Collections are Green. Excellent performance in all metrics.
- Materials Management – PO Issuances are in the green. Covid supply chain issues linger.
- Cost Goals - On target for Electric and Water/Waster Water O&M and Capital Cost per customer.
- Organizational Capacity - Human Resource head count is under budget by 18 and actively recruiting.
- Information Technology – Cyber security Training is red for month and yellow FYTD, Increased focus plus new supervisor getting on board.

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

Mr. Cloud asked for approval to ratify CEO Bunch's signature requesting the courts extension on the High Tower case.

Possible Other Business – Time for Commissioners

All commissioners congratulated CEO Bunch on being named President of the Florida Municipal Electric Association's Board of Directors. All commented on attending the FMBA/EA conference the previous week and it being a great learning experience.

Meeting Adjourned