

New Smyrna Beach Utilities Commission Regular Meeting August 28, 2023

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

Public Participation: Four residents of the Williams Rd and Bay Dr. areas were in attendance and three spoke regarding the Transmission Line Route Selection.

- The owner of, 1250 Williams Rd expressed his concern about the new transmission placement that would basically encircle his home. He has lines running along the north and east sides of his house and if this new line is approved, it will run along the front of his and his neighbor's property. He suggested running the lines along the back side of his property where there are existing electrical poles or also suggested an alternative to run the lines underground in front of his house for approximately ½ mile and then reconnect above ground. He is also concerned about the removal of big trees on his property changing the feel of the property. He sent emails to CEO Bunch previously who in turn forwarded the information to the project manager J. Couillard so that the questions could be answered at the presentation on the project.
- The owner of 1230 Williams Rd. also expressed concern asking why the new lines could not go down SR 44 to US RT1 then to Turnbull Bay Rd. It would not affect the wetlands and be easier to maintain. She expressed that she and other residents would file a Declaratory Action on whether these lines would be allowed in the existing Prescriptive Easement.
- The owner of 605 Bay Rd expressed his approval of the Williams Rd. route, indicating the Bay Rd route would pose environmental issues. Turnbull Creek would have to be crossed two times and Bay Rd is a gravel road and subject to flooding making access almost impossible during those times.

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

- a) Minutes of Regular NSBUC Meeting Held 7-24-2023 were approved.
- b) Approval - Memorandum of Understanding to 2022-2025 Collective bargaining Agreement between NSBU and IBEW Local 2088- E. Chavez
- c.) Project Approval – Lift Station No. 72 Rehabilitation
- d.) Ratification – Budget Increase for Barracuda Bridge Utility Improvement Project
- e.) Project Approval – Rip Rap repairs Installation on 12" Subaqueous Water Main – N. Causeway
- f.) Approval – Developer's Agreement – Shell Pointe, Phases 1& 2 – Taylor Morrison of Florida, Inc.

General Manager's Report – J. Bunch

Approval _ Transmission Line Route Selection for Grid Reliability Project –

J. Couillard gave an **overview** of the project background, a new 115kV electrical transmission line connecting the Airport and Field St. Substations. Currently both substations operate as a radial connection. This means if one transmission line experiences an outage, all customers serviced by that substation are without power. This addition will provide the redundancy required to maintain power to customers. This is part of the overall Electric Reliability Improvement Program (ERIP). The project has been in Master Plans since 2006. The Transmission Outage Frequency compared to FPL (which is the standard) is high due to lack of redundancy.

S. Thornill, Burns & McDonnell Consultant spoke about the **route assessment and selection processes**. It was a multi step process involving 98 route alignments. After evaluating the 20 factors to compare alignments, they decided upon the two resulting alignments which were presented to the public in an Open House in January 2023.

- The Bay Dr route was recommended mainly due to the length being 7,000 ft. shorter than the Williams Rd. route. The negatives for Bay Dr. route are greater residential proximity, difficult areas to access (wetlands, floodplains) engineering and construction constraints and the project costs significantly higher due to environmental, waterway impacts/mitigation.
- Williams Rd is the recommended route mainly due to the negatives of the Bay Dr. route listed above. There are far fewer residences affected, a greater amount of line along existing roadways, easier construction, and access, minimized environmental impacts, and an approved appearance of electric along State Rt. 44. Underground lines along US Rt. 1 are not feasible due to the airport height restrictions, space limitations and the cost of underground installation of over \$43M for just that one section. Overhead lines cost \$2-2.5 M per mile vs. 5-10 times that for the underground construction.

J. Couillard discussed the **next steps** for the recommended route.

- Fall 2023 receipt of an Engineer-Procurement-Construct (EPC) Bid. Bid evaluations to follow.
- City Commission Approval of Financial and EPC Award targeted for January 2024.

Total project cost estimate is \$25-35M. CEO Bunch stated that the project will add a second substation at the airport which will provide redundancy not only to 75% of the customers serviced by these two substations but also provide redundancy to the beachside. Per CEO Bunch, it is not about growth but about providing service to the customers. Commissioner Kelly asked for cost saving alternatives. Mr. Thornhill explained that the project has not been designed yet and there is room to have further discussion; also, homeowner requests are small and possibly can be worked into the future designs.

The Williams Rd. route was approved with conditions to address homeowner concerns.

Financial Status July 2023 - E. Chavez

July FYTD 2023 Results

- July statements reflected a change in net assets of approximately \$3.8 million. They are \$1.7M lower than prior year due to increased purchase power reserve, increased operating expenses, lower electric and water usage driven by milder weather and impacts of Hurricanes (Ian & Nicole). Offsets by favorable revenue (rates, customer growth, and purchase power adj.) There was a slight increase in water/wastewater and reclaimed usage. Increased capital contributions, and higher interest earnings.
- FMPA interest earning up \$0.5M driven by NSBU fixed maturity (approx 1 yr) investments and a more favorable interest rate environment.
- Electric consumption year over year is 2.3% lower vs. PY
- FYTD water consumption reflects a 0.6% decrease in water. A 0.4% on wastewater and a 1.2% increase in Reclaimed.
- July 2023 FYTD capital expenditures total approximately \$17.1M. \$9.2 Million in Major and \$7.9M in annual projects.
 - \$9.2M -Major projects include: Electric Reliability Improvement Program (ERIP); Lift station #3 Upgrade Project; Lift Station (# 5 & #12). Replacements and Improvements (#10 and #79) Replacement, Line 17 Rebuild, Glencoe Wells (#2 & #3) upgrade, Airport Static, N. Glencoe Rebuild (EL), 5th Street Bridge, Barracuda Bridge, Glencoe Water Treatment Plant Improvements, Fiber Loop Installation, Saxon Force Main Replacement (WW), and I95 Pioneer Trail Interchange.
 - \$7.9 - Annual project spend included: Gravity sewer lining, tools & equipment, pumps, transformers, air conditioner replacements, and new business electric and water installation.
- July FYTD over-recovery of \$1.4M is trending substantially lower and reflects a \$0.9M improvement from June. Trending is expected to continue based on the current energy market and the reduced price of natural gas.
- Monthly and FYTD Purchased Power Costs are on a stable/downward trend due to lower natural gas costs.
- NSBU **Debt Service Requirement Coverage** ratio is a calculation of the net revenues after operating expenses payments available for debt service. It's defined in Master Bond Resolution No. 2020-02.
- A Key metric highlighted during the 2020 rate study was the **Days Cash on Hand**. The calculation takes the available unrestricted renewal and replacement (R&R) cash divided by the average monthly operating and maintenance (O&M) cash expenses (excluding depreciation.) The target for free cash on hand of O&M dollars is six months (or 180 days.)
 - At FYE 2022, NSBU was at 2.8 (almost 3 months)
 - Currently, NSBU is at 3.9(almost 4 months.)

As part of the ongoing operational and financial metrics, NSBU is continually reviewing to determine how we can maintain and maintain and improve the financial metrics for long-term reliability and resiliency of our operations.

Approved were travel expenses for Commissioners Davenport, Smith and Conrad to attend the FMEA 2023 Annual Conference,

J. Couillard gave an update on the Status of NSBU Grant Applications/Submittals.

Grants submitted - Dept. of Energy – Grid Resiliency and Innovation Partnership (GRIP) Program - Projects from Modernization Roadmap Qualified under Topic Area 1 – Grid Resilience - AMI, Selective Undergrounding, Overhead Distribution System hardening, Advanced Distribution Metering System (ADMS) and DER Evaluation

- Concept paper submitted January 2023

- Full application submitted April 2023
- Funding matching requirements – 75% NSBU, 25% DOE Grant
- Max DOE Funding for all projects - \$13.2 M
- DOE Review process underway

Indian River Lagoon (IRL) Water Quality Improvement Grant

- Bethune Septic-to Sewer submitted 8/25/23, \$7.5 M Project cost.
- Aqua golf Septic-to-Sewer Project, Submitted 8/25/23, \$3.0 M project.

Commissioner Smith asked if there was concrete science behind the assertion that septic systems have caused the pollution in the Indian River Lagoon. His background in storm water management leads him to believe that storm water runoff may play a bigger role. He is only asking to ensure that money was not being spent on a project where actual science didn't fully support the claim. Commissioner Davenport and Counsel Cloud both spoke on scientific studies underway, one from Florida Atlantic University, supports the claims of septic systems being the main cause of pollution in the Indian River Lagoon.

The Utilities Commission is working with the city and county to gather support for the two projects. Ongoing talks are scheduled for this coming fall.

Pathways to Career Opportunities Grant (PCOG)

- Establish, operate or expand apprenticeship or pre-apprenticeship programs, August 2023.

Grants/Funding Mechanisms Under Review

- Department of energy – Grid resiliency and Innovation Partnership (GRIP) Program. Second Round of Funding
- Grid resilience Formula grants – Awaiting State of Florida Award of DOE grant, no grant money as of August 2023 from the federal Government yet.
- Energy Efficient Transformer Rebates - \$25,000 per calendar
- National Electric Vehicle Infrastructure (NEVI) Deployment Program
- Resilient Florida Grants
- SJRWMD District-wide Cost-Share Funding

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

Mr. Cloud asked for approval of a Storm Services Agreement to authorize \$75,000 for the community in the event of a storm. It is a standard agreement to provide time & material and labor. Motion Approved.

Old Business – General Council Cloud asked about hydrant maintenance. CEO Bunch said it will be addressed at a future meeting. CEO Bunch and

Time for Commissioners

Commissioner Smith asked if NSBU is prepared, should there be a catastrophic fire event similar to the recent Maui fires. CEO Bunch stated that the pole inspection program put into place in 2017 as required by NESC(The National Electric Safety Code) has resulted in cleaning up a backlog of utility pole inspections. It is now a yearly process and along with the tree trimming program, enables the NSBU to keep on top of eliminating potential hazards. Alao, methods have been put into place to shut off circuits etc. In the 2022 hurricanes, poles sustained minimal damage. Defective poles are replaced.

Commissioner Kelly commended staff, particularly Julie Couillard and the consultant Steve Thornhill, for their informative presentation and their ability to react positively with the public.