

# **New Smyrna Beach Utilities Commission Regular Meeting November 27, 2023**

**Participants:** Chairman – Davenport, Commissioners Conrad, Smith, Kelly, GM – Bunch, Executive Manager/Clerk D Simmons

## **Safety Message by Julie Couillard: Holiday Tips – Electric, Water and Online Safety**

Ms. Couillard highlighted key areas for electric and water safety during the holidays and offered 3 Tips for protecting electronic devices as well as purchases. The key areas are:

- Do not leave home or go to bed without turning off all indoor and outdoor electrical decorations
- Decorate with Led lights which use less energy and run cooler than traditional incandescent lights.
- Double check that your rain sensor and irrigation system are functioning properly.

Tip#1 - When making online purchases, utilize the two-factor authentication.

Tip#2 – Only Shop Online Using Trusted Sources:

Tip # 3 – Use Safe Methods for Purchases:

## **Public Participation – None**

**Approval of Consent Items:** 7 items were presented and all approved.

- a) Minutes of Regular NSBUC Meeting Held 10-23-2023
- b) Award Approval – Portable Generators Replacements (Two-Trailer Mounted @ WRF) – Via Sheriff's Assoc. Coop.-Contract FSA23.0-EQU21.0
- c.) Approval – WRF Flow Meter Installation Project (Hazen Construction)
- d.) Approval - Smyrna Substation – Electromechanical Relay Replacement Project (Duke Energy One/Duke Energy Sustainable Solutions)
- e.) Approval – Supplemental Funding for WAMS Project Management Support – 1898 & Co.
- f.) Ratification – Modified Agreement with the City of New Smyrna Beach – North Atlantic Avenue Storm & Water Main Improvement Project and Asphalt Cost Sharing Agreement
- g.) Award Approval – ITB No. 17-23 Lift Station 7 Rehabilitation and Project Budget Ratification (Increase) – (Hazen Construction)

## **General Manager's Report – J. Bunch**

**Financial Status** - October 2023 - E. Chavez

### **October 2023 Results (new fiscal year)**

- Change in net assets of \$05M higher verses prior year driven by higher revenues (rates, customer growth, and purchase power adjustment), lower purchased power, and MTM adjustments.
- FEMA Reimbursement (net)
- Offsets by lower revenue due to increased purchase power reserve and increased year-over-year depreciation.
- Electric consumption year over year is 8.6% lower vs. PY
  - October purchased power was \$44.66 per MWh - approx. 44.6% less than prior year.
- October Water consumption:
  - 64% increase in water.
  - Wastewater was 4% higher than the prior year and Reclaimed was higher than the PY.
- Hurricane FEMA Payments Oct. Update
  - In the fastest time in the history of NSBU, Hurricane Ian FEMA projects were obligated. An initial payment was received in Sept. 2023 for \$2.8M; and \$1.4M in October.
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- **October 2023 Operating Income/Loss)**

- Oct. '23 \$1.1M less than Oct. '22 driven by over-recovery adjustment which **reduces revenue and increases PP reserve**, higher year-over-year depreciation partially offset by increased revenue (rates, updated fuel and PP cost adjustment and continued customer growth), and lower purchased power. October Electric kWh sales were 8.6% higher than prior year.
- October 2023 OVER-RECOVERY balance is \$5.2M which is ABOVE the target of \$5.0M. October over-recovery reflects a \$1.4M improvement from Sept. 2023. Trending as expected based on current energy market and the lower cost of natural gas which favorably impacts NSBU Purchase Power.
- FPPCAC = Fuel and Purchased Power Cost Adjustment Clause. Targeted reserve is 15% to 20% of annual purchased power costs (estimate \$5M+)

#### **October FYE 2023 Change in Net Assets**

- October '23 Change in Net Assets was \$1.8M which was \$0.5 higher than Oct. '22. and is driven by: increased revenue (rates, updated fuel and PP cost adjustment, FEMA reimbursements, lowered purchase power and MTM adjustments partially offset by over-recovery adj. which **reduces revenue and increases PP reserve**, and increased depreciation. Oct. Electric kWh sales are 8.6% higher than the prior year.
- The Capital Contributions were \$0.3M which is \$0.1M higher than the prior year. The October capital contributions comprised of \$0.3M cash.

#### **October 2023 Results - Capital – October 2023 Capital Expenditure \$0.3M**

- \$0.1M -**Major project** spent includes: Lift station (#3) Replacement, N. Glencoe Rebuild (EL), and Work and Asset Management (WAMS) implementation.
- **\$0.2 - Annual project** spend includes: Gravity sewer lining, and new business electric & water installations.

**Monthly FYTD Purchased Power Costs:** Current October Purchase Power price per MWH is \$44.66 which is below the FY24 Budget of \$53.28/MWH

#### **The Cumulative Over/Under-Recovery vs. Fuel & Purchase Power Cost Adjustment Factor.**

The over-recovery continues a downward trend. Current fuel and purchased power cost adjustment clause (FPPCAC) at \$21.30. October 2023 **over-recovery** of \$5.2M reflects a \$1.4M improvement from September and is slightly above the target of \$5.0M target.

#### **Informational Verbal Update – Septic to Sewer Project Planning – J. Couillard**

Ms. Couillard gave an update of the conversations that haven taken place with the city and county regarding the conversion to sewer in the Aqua Golf and Silver Sands areas, HB (House Bill) 1379 was passed in July 2023 and effective January 2024. It requires all new builds, regardless of lot size, commercial or residential, to have enhanced septic systems if the property cannot be connected to public sewer systems. The cost difference is substantial. The conventional septic system costs \$10K. The new enhanced septic systems cost \$25L+/- . Further, if an old system breaks down, the replacement will need to be the new enhanced costly system. Another requirement of the Bill is that by January 2030, all residential and commercial property utilizing septic will be required to either connect to sewer or upgrade to the new system. PUD's in current development can install the conventional septic but anything being built after January 2024, even though the PUD was already in existence, will have to follow the new law. They will not be grandfathered in. The PUD's will have to be updated. Ms. Couillard has researched funding available and in talks with the county on the Silver Sands project, they are very supportive of the Utilities' efforts, but there are not sufficient funds available.

She has found grants that are part of the Indian River Lagoon funding and has applied for these for both projects. Preference is given to “shovel ready” projects. To have “shovel ready” projects designs must be established. The Silver Sands design would cost the county \$500K and Aqua Golf \$281K. Financial support is not readily available for project designs. Mr. Bunch and Mr. Chavez have already reached out too Senator Wright, Representative Tramont and Representative Leek regarding possible grants. Both the city and county have indicated they support the efforts. Grants need to be initiated by the county and city with the Utilities as the secondary requestor.

Chairperson Davenport is very encouraged by the findings. Counsel Cloud pointed to the success that Seminole county has had in receiving a \$30M grant for 4,000 septic systems in the Wekiva basin but they do not have the treatment process that NSB Utilities has in place to handle this conversion. Messaging is of the ultimate importance to promote it to the citizens in conjunction with the county, city, depts of health and environment, and NSBU. A discussion is planned for the upcoming joint meeting with the city/commission in January.

Counsel Cloud made a point on the necessity of messaging and presenting solutions to existing septic customers. The homeowners will possibly be confronted with two costs, the capital for removal and installation and the monthly costs that they currently do not pay. He stated that the counties in this state that were tackling this problem now, are working on acquiring the grants needed to offset the capital costs, the removal of the old system and connection to be added to the sewer system. If these costs can be avoided being passed onto the customer, the monthly sewer charges will be tolerable to the homeowners.

**Old Business** – Approval –for AMI Smart Grid System Project and Award of RFP No. 19-22 to Sensus USA Inc. – Quanta Technology LLC and J. McMurray.

Mr. McMurray gave a recap of history up to this point of the final contract. At the June 26, 2023 meeting, the team had narrowed the possible vendors to 2, Sensus and Aclara. Sensus was the chosen provider due to their proven ability in leadership and to provide the services required by NSBU. Even though Aclara’s pricing was lower, they lacked the skill in Smart Grid technology which is a necessity. Quanta Technology, the consultant, was tasked with negotiating with Sensus for price reductions. Sensus was able to reduce the cost from the initial \$12.m to \$8.9M while still providing the necessary and required services. The bulk of the pricing reduction was experienced in the Managed Services area. There were areas that NSBU had already implemented over the past year. Current meters will be retrofitted at a lower cost instead of complete replacement. Sensus will provide both the Software(SaaS) and Network as a Service (NaaS) support function. This would eliminate the need for NSBU to staff new IT positions and back up. “The bulk of the pricing reductions centered on the bundling of the Software as a Service(SaaS) and Network as a Service (NaaS)” The next steps and Timeline were reviewed. The estimated start up is January 2024. A motion was made to approve the award and unanimous approval was given.

### **Time for Commissioners**

Commissioner Smith expressed his excitement over the information Ms. Couillard provided regarding the Silver Sands septic to sewer project. He offered his services to help out in any way. Commissioner Conrad thanked the staff and NSBU for the Canal Street celebration and all the hard work that went into making it successful. Commissioner Kelly thanked the team for all the work put into the AMI project and the information that was readily passed onto the commission. Chairman Davenport thanked the NSBU for their Veterans Day representation and celebration. He is also excited that the AMI project is complete on this end and ready for the next steps.