

**New Smyrna Beach Utilities Commission Regular Meeting  
March 25, 2024**

**Participants:** Chairman – B. Commissioners L. Conrad, R. Hawes, L. Kelly, J. Smith, CEO – J. Bunch, Counsel – T. Cloud, Executive Manager/Clerk D Simmons

**Safety Message by Efren Chavez: Common Sense:**

Mr. Chavez spoke about how we are not born with common sense but is actual experience. By utilizing common sense, workers can prevent themselves from getting hurt. Workers can learn from others that have taken risks and been injured. 80% of industrial accidents are caused by unsafe acts by the employee. Unsafe acts include the following:

Being in a hurry, taking chances, being preoccupied, having a negative attitude, and failing to look for hidden hazards. Employees need to stay alert for hazards to not become an accident statistic.

**Approval of Consent Items:** 11 items were presented and a-d, f-g, and k were approved. e, h-j were pulled for further discussion and clarification.

- a) Minutes of Regular NSBUC Meeting Held 2-26-2024.
- b) Ratification – Granted and Accepted Third Party Utility Easement – Greenlawn Manor
- c.) Approval – Renewal ITB No. 08-22 – WFR Bio-Solids Processing and Disposal (Revinu, Inc.)
- d.) Approval – to Developer for Coastal Woods Multi-Family (TEG The Cove at New Smyrna, LLC.)
- f.) Approval – Water Quality Improvements Project for South Beach and 3<sup>rd</sup> Ave. Pumping Stations (Stantec Consulting Services, Inc.)
- g.) Approval – Flagler Avenue Sanitary Sewer Rehabilitation Project
- k.) Approval –Supplemental Funding – FY24 Annual Gravity Sewer Rehabilitation Program

Discussion prior to approval of all items:

- e.) Approval – City of NSB and NSBU Cost Sharing Agreement – Septic to Sewer Aqua Court Area Design – City Consultant Mead & Hunt. Discussion regarding the cost of the consultant prior to having resident input. Without public buy in, nothing will happen. J. Couillard explained that the consultants needed to do some preliminary work to determine the cost to the homeowners. to present to the residents affected. This expense is for the consultants to make a “marketing” presentation for the residents of what they can expect. The consultants just finished this type of work in Oakhill.
- h.) Award Approval – ITB 05-24 – Maintenance of traffic Services (cadre Traffic Control, LLC). Commissioner Conrad asked if this outsourcing was budgeted. Mr. Steele wants to enter into an agreement with one source utilizing the current vendor. Smaller side street projects will be handled in-house. Costs for this vendor would be associated with each project.
- i.) Award Approval- ITB 06-24 – Annual Contract for Outsourced Utility Locates for Electric and Water Resources Departments (GeoPoint Surveying, Inc.) Tom West explained that this went out for bid and they went with the lowest bidder. This covers the purchase of two pieces of equipment that will enhance capacity 10 times.
- j.) Approval – COB Internet Broadband Upgrade – Firewall Purchase. Ms Couillard verified that 2 new pieces of equipment were being purchased.

**General Manager’s Report**

**Financial Status – February 2024**

**February 2024 Financials reflect a change in net assets of approx. \$1.6M**

- Change in net assets of \$1.3M higher verses prior year driven by higher revenues primarily water and reclaimed (rates and usage), lower purchased power, increased capital contributions, and MTM adjustments. (Investments)
- FEMA Reimbursement (Ian & Nicole)

- Offset by lower revenue due to increased purchase power reserve, increased year-over-year depreciation and lower fuel and purchased power revenue adjustment due to the recent decrease from \$21.30 to \$7.00/kWh, effective with the first billing cycle in January 2024.
- Electric year-over-year consumption +3.5%, is up slightly vs. the prior year.
- February Water consumption is as follows:
  - 5.4% increase in water volume vs. prior year.
  - Wastewater is 5.0% higher and reclaimed is 18% higher vs. the prior year.
- February purchased power is \$48.44 per MWh.
  - \$4.84 or approx. 9.0% lower than the \$53.28 per MWh Budget and approx. 31.0% less than the prior year.
  - The current February 2024 Purchased Power price per MWh is \$48.44 which is almost \$5.00 below the FY24 Budget of \$53.28/MWh.
  - Effective Jan'24 FPL increased their transmission rates (PSC Approved) from \$2.56 to \$3.66 kw-Mo.
  - Jan also reflects the addition of FPL dedicated solar (23MW monthly) at approx.
  - The current Under/Over recovery position is downward trending. Again the Fuel and Purchased Power adjustment was successfully lowered too \$7.00 per 1,000kWh. The February 2024 the Over-recovery reserve of \$6.8M reflects a \$3.0M improvement from September. NSBU currently exceeds the %5.0M over-recovery Target.
- **February 2024 Operating Income/Loss**
  - Feb. FY '24 FYTD operating loss of \$2.4M is \$1.7M less than Feb '23. February FYTD is driven by over-recovery adjustment which **reduces revenue and increases PP reserve**, higher year-over-year depreciation, and lower fuel and purchased power rev. adj. (\$21.30 to \$7.00) partially offset by increased revenue primarily water and reclaimed (rates and usage) and lower purchase power.
  - February 2024 OVER-RECOVERY balance is \$6.7M which is ABOVE the target of \$5.0M. and reflects a \$0.4M decrease Jan. '24.
  - FPPCAC = Fuel and Purchased Power Cost Adjustment Clause. Targeted reserve is 15% to 20% of annual purchased power costs(estimate \$5M+)
- **February 2024 Change in Net Assets:**
  - Feb. '24 FYTD Change in Net Assets was \$1.6M which was \$01.3.M higher than Feb. '23. Feb. FYTD is driven by increased revenue, primarily water and reclaimed (rates and usage), FEMA - reimbursement, lowered purchase power, MTM adjustments, and increased capital contributions partially offset by over-recovery adj. which **reduces revenue and increases PP reserve**, lowered fuel and purchased power rev. adj. (\$21.30 to (\$7.00), and increased depreciation.
  - Feb. 24 Capital Contributions were \$1.0M, which is \$0.2 higher than the prior year. The February capital contributions comprised primarily of cash and contributed assets.
- **February FYTD 2024 Results - Capital**
  - **February 2024 Capital Expenditures \$7.6M**
  - **\$4.2M - Major Project** spend include: N. Glencoe Rebuild (EL), GWTP Chemical Improvements, Smyrna Substation Circuit 32, ERIP Phase III, I95 Pioneer Trail Interchange, LS #12 and #72 Reconstruction and Work and Asset Management (WAMS) implementation, COB Elevator Upgrade
  - **\$3.4M - Annual project** spend includes: Gravity sewer lining, transformers, and new business electric & water installations, vehicles, transformers.

## 2025 Bond Transaction Preparation

The 2020 Bond funds of \$65.0M have been utilized and the NSBUC is preparing in 2024, the need for a 2025 bond transaction. NSBU will present the consulting estimates for the Commission approval at the April 2024 Commission Meeting.

- NSBU has approximately \$14.5M remaining of the original 2020 bond issuance.
- Since 2020, great progress has been made in the modernization programs and utility asset investments resulting in improved reliability and resiliency of the electric and water systems.
- Additional funding is needed to continue execution of the 10-year CIP (Critical Infrastructure Protection) and strategic Modernization projects.
- Rates will remain very competitive even with additional debt.
  - Electric rates are the 2<sup>nd</sup> lowest of 37 Utilities in the state.
  - Water is the 2<sup>nd</sup> lowest in Volusia County.
  - NSBU is delivering customer value, while improving the business and Customer Experience

Preparation for the 2025 Bond Issuance will require NSBU to perform the following required studies in 2024.

- Asset Assessments require a 3<sup>rd</sup> party review and report on the state of assets to ensure NSBUC assets can support existing operations, repayment of outstanding bonds and subsequent bond issuances.
- Bond Feasibility Report – 3<sup>rd</sup> party review and report of revenue and existing customer rates to ensure the revenue can cover the existing operating expenses and prospective debt service requirements.

CFO Chavez talked about the debt covenant coverage and NSBUC is in a good position. They are in a good position to issue more bonds and Wall Street will look favorably upon the requests.

### **Commission Counsel’s Report – None**

### **Old Business – Verbal Update – Electric Vehicle Charging Stations – J. McMurray**

The NSBUC has maintained 10 Level 2 chargers since 8/17/2023. (5 stations with two cables each.)

- 4.3% utilization with Advent Health being the highest user. The city has yet to purchase EV’s.
- Mullinax Ford: Has 6 supercharges that have been energized as of March 2024
- Tesla will have 16 Supercharging stations arriving in early 2025. NEVI (National Electric Vehicle Initiative) grants for high speed charging stations have been applied for. Tesla was lowest price.

### **New Business – Fiscal year 2023 Annual Comprehensive Financial Report \_ACFR) – Purvis, Gray and Company**

- Project supervisor, Matt Ganeau from Purvis, Gray, and Company highlighted some key areas of focus, but in the overall “Clean Audit” the NSBU is in good financial shape. He noted that it is management’s responsibility to prepare the financials and for the consultant to perform the audit.
- Mr. Smith asked Garneau what grade he would assign the financial health of NSBU. Garneau responded “A”.
- Mr. Cloud suggested a motion to accept the independent opinion of financial health. All approved.

### **Time for Commissioners**

- 2024 FMEA Annual Conference – The Breakers, Palm Beach. Commissioners Conrad, Davenport, Smith and possibly Hawes would like to attend.
- Commissioner Kelly and Chairman Davenport complimented the workers, especially in Customer Service. Denise Dean was singled out as outstanding.