

**New Smyrna Beach Utilities Commission Regular Meeting
March 24, 2025**

Participants: Chairman – J. Davenport, Commissioners: L Conrad, R. Hawes, L. Kelly, J. Smith,
General Manager/CEO – E. Chavez, Counsel -H. Ramos, Executive Manager/Clerk- D. Simmons

Public Participation: None

Approval of Consent Items - 6 items were presented, commissioner Smith pulled b., and Commissioner Hawes pulled f., both for clarification. All were approved after discussion.

- a. Minutes the Regular NSBU Commission Meeting Held 2-24-25 – Simmons
- b. Proclamation – Declaring April 2025 Water Conservation Month (2025 Theme - Irrigation System Evaluations) D. Hale
Commissioner Smith asked if any further attempts were being made to urge customers to conserve more. Director Hale noted that communication improvements were being made with the use of social media.
- c. Approval – Utility Easement Vacation for 1825 Beacon Street – J. Couillard
- d. Approval – Award of ITB No. 03-25 – Lift Station No. 60 Bypass System Upgrades Project (All State Civil Construction, Inc.) - J. Couillard
- e. Ratification – Granted and Accepted Third Party Utility Easement – Seabirds Properties, LLC/ 315 Live Oak St. NSB, FL 321687 – J. Couillard
- f. Approval – Award No. 19-24ENG (interagency-City NSB Issued ITB) – North Atlantic Water Main improvement Project, with NSBU Budget Ratification (Increase) (Masci General Contractors, Inc.) – J. Couillard.
Commissioner Hawes wanted to clarify if the project was worked on with the city and each entity bid out their area of responsibility.

General Manager's Report -CEO E. Chavez

Financial Status – February – E. Chavez

February FYTD Results

- Feb. 2025 FYTD financials reflect a change in net assets of approx. (\$0.6) Loss vs. LY. This change in net assets, \$2.1M lower versus the prior year, is driven by the following factors:
Lower revenues due to no FEMA reimbursement in the current fiscal year (approx. \$2.0M in prior year) increased operating expenses and purchased power costs, lower capital contributions and lower fuel and purchased power revenue adjustments due to the decrease from \$7.00 to \$6.00 per 1000kWh, (effective first billing cycle January 2025.)
- Partially offset by increased electric revenue and lower over-recovery adj., which reduces revenue and increases PP reserves. There is a more stable Purchase Power reserve.
Electric year-over year consumption approx. 2% higher vs. the prior year
- February water consumption is as follows:
 - Water usage reflects an overall approx. 6% decrease vs. prior year
 - Wastewater is approx. 4% lower than the prior year and Reclaimed is approx. 13% lower vs. prior year.
Water lines of business decreased due by the impacts of Hurricane Milton.
- February Purchased Power is \$56.74 per MWh
 - \$0.78 or approx. 1% lower than the \$57.52 per MWh Budget. The PP is 14% higher than last year and the price of Natural gas continued to be monitored where it can go from \$2.00 to \$4.00

Cumulative Over/Under Recovery vs. Fuel & Purchased Power Cost Adjustment Factor

- The trend represents the current **recovery** position of approx. \$8.9M which is approx. \$3.9M greater than target. The fuel and Purchased Power adjustment was successfully lowered to \$6.00 per 10000kWh in Jan. 2025.
- The Reserve amount is currently exceeding 20% of the Annual Purchase Power Budget, which can fluctuate abruptly with changes in Nat. Gas prices – monitoring of balance vs. target \$5M. NSBU currently exceeds the \$5.0 over-recovery Target
- As part of the current rate study, NSBU is evaluating the targeted reserve. \$300.0 of the Reserve has been used TY vs. LY.

February 2025 Operating Income/ (Loss)

- February '25 FYTD operating loss of \$1.7M is \$0.7M greater than February '24. February FYTD operating loss is driven by lower fuel and purchased power rev. adj. (\$7.00 to \$6.00), increased operating expenses and purchased power costs, partially offset by **lower** over-recovery adj. which reduces revenue and increases PP reserve, lower year-over-year depreciation, and increased revenue (primarily electric).
- February 2025 OVER-RECOVERY balance approx. \$8.9M which is ABOVE the target of \$5.0M, reflect approx. \$0.3M increase from January '25.
- FPPCAC = Fuel and Purchased Power Cost Adjustment Clause. The targeted reserve is 20% of annual purchased power costs (est. \$5M+.)

February 2025 Change in Net Assets: Note: FY'25 Income before contributions is \$1.4M (Feb. 25) vs. \$0.0M (Feb. '24) for a \$1.4M decrease from the prior year

- February '25 FYTD Change in Net Assets was (\$0.6M), which was \$2.1M lower than February '24. February'25 FYTD is driven by lower fuel and purchased power rev. adj. (\$7.00 to \$6.00), no FEMA reimbursement, increased operating expenses and purchased power costs, and lower capital contributions, and lower market to market partially offset by increased revenue (electric), lower depreciation, and **lower** over-recovery adj. which reduces revenue and increases PP reserve.
- February '25 Capital Contributions were \$0.7M, which is \$0.3M lower than the prior year. January FYTD capital contributions comprised primarily of cash.

February 2025 FYTD Results – Capital

February 2025 capital expenditures \$8.4M

- \$4.2M – Major Project spend includes: GWTP Chemical Improvements, Smyrna Substation Circuit 32, ERIP Phase III, I95 Pioneer Trail Interchanges, LS #2, #3, #7 and #10 Improvements, Work & Asset Management System (WAMS) implementation, GWTP Pellet Softening, Potable Water Well Rehab project, Subaqueous improvements/upgrades. N. Atlantic Ave. – Electric Relocation (in conjunction with the City Stormwater Project)
- \$4.2M – Annual project spend includes: gravity sewer lining, transformers, and new business electric & water installations, vehicles, transformers. (routine projects)

Old Business – General approval of the new workshop process and everyone please with the progress on the first meeting.

CRA Director, Samatha Bergeron, spoke about the length of time needed for land use changes that would come with the development with eh WUC (Western Utilities Complex). She worked in Edgewater designing their Public Works changes. It would take years of planning and zoning changes to be processed and updated. It is time now to start the planning and get comprehensive plan changes in the works. It will ultimately increase the land value if changed from agriculture. Counsel Ramos will process a timeline and associate costs for changes to the comprehensive plan and see what zoning could be used. She will also reach out to Planning and Zoning for what processes need to be fulfilled. Shane Corbin, Development Services Director, will make a presentation to the commission.

The April workshop will remain and RFI requests will not be received in time for review at this meeting. (As discussed in February meeting, Ms. Carrizales noted that the schedule for an RFI could be established by 2/28 and the actual RFI issued by March 10th with a due date back April 15th.)

To approach this project in phased approaches would enable capital to be used as the commission sees fit.

New Business – Audited Fiscal Year Annual Comprehensive Financial Report

Matthew Ganeau from Purvis Gray gave a brief overview regarding the audit results. All aspects of the audit pointed to good standing on assets and all other components. There are no specific areas for improvement Commissioner Hawes asked of there was anything that NSBUC needs to be aware of. Keeping an eye on fuel costs was the only item.

Time for Commissioners:

Commissioner Smith remarked on a video that outlines the success of Babcock Ranch during Hurricane Ian, This west coast development has been suggested as a model for the Deering Innovation Park on SR.44. He will forward the link to the other commissioners.

CEO Chavez noted that a new Finance Manger had been hired and the NSBUC was now fully staffed.

Meeting Adjourned