

New Smyrna Beach Utilities Commission Regular Meeting May 27, 2025

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

Preliminary Public Hearing:

A preliminary hearing was held to discuss proposed increases for NSBU's Water Irrigation, Wastewater and Reclaimed Water Capital Connection Fees. Joe Williams from Raftelis (NSBU'S Financial Feasibility & Rate Study Consultant) gave an overview. It has been 3 years since the last review and update. The Capital Connection fees are charged by the Utility to fund the expansion of the three water systems to meet future capacity demands and to reflect current infrastructure costs.

Existing assets, approved Capital Improvements and the connection fee calculations were outlined. A comparison of 19 neighboring city and county utilities were compared to the current fees of NSBU. NSBU's were the least expensive prior to the proposed increase. Following the proposed increase, they will be the 4th least expensive. This study is being done in conjunction with the ongoing rate and feasibility studies. The ongoing goal is to manage costs.

A resolution was read by the general counsel, Ms. Ramos, and input from the commissioners was requested. It was noted that these costs would be applied to new businesses and developments coming into the community as opposed to existing residents. If rates are not raised, then the cost will be borne by the existing rate payers. Commissioner Conrad commented, after some discussion, that if the Capital plans change within the next three years, the Commission can review and change the fees. CEO Chavez noted that a 10-year budget is reviewed every year. Following more discussion, Vice Chair Hawes closed the preliminary hearing.

Approval of Consent Items - 10 items were presented, commissioner Smith pulled item a. for clarification. All were approved after discussion.

- a. Minutes the Workshop Held 4-14-25 and Regular NSBU Commission Meeting Held 4-28-25 – Simmons
- b. Ratification – Granted and Accepted Third Party Utility Easements (Total of 7 Easements) – J. Couillard
- c. Approval – Condition Based on Pole Replacements Project (Electrical Contractor- Imperium Utility Services – R. Mercado
- d. Approval – Renewal of Prot Orange /NSBU Interlocal Agreement for Potable Water and Reclaimed Water Interconnects – D Hale
- e. Approval – Developer's Agreement – Reserve at Lake Waterford (by KWD 43 Investments, LLC.) – J. Couillard
- f. Approval of Award - ITB No. 04-25 Lift Station No. 14 Electrical Improvements (Accurate Power & Technology. Inc.) and Budget Ratification (Increase) – J. Couillard
- g. Approval – Open Systems International (OSI) Annual Maintenance and Support for OSI Monarch Systems (Sole Source Vendor) – J Couillard
- h. Approval of Award – ITB. No. 13-25 for 750KCMIL URD Primary Conductor) Anixter)
- i. Approval of Award – RSQ No. 09-25 – Continuing Professional Service Agreements (13 total Agreements by Categories) – J. Couillard

- j. Approval – Nutanix Implementation Project (Cloud Infrastructure and Management Solutions) - J. Couillard

General Manager's Report - CEO E. Chavez

Financial Status – April 2025 – J. Adamson

April FYTD Results

- April 2025 YTD financials reflect a change in net assets \$2.5M lower vs. LY. This change in net assets is driven by the following factors:
- Lower revenues due to no FEMA reimbursement in the current fiscal year (approx. \$2.2M 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.
Electric year-over year consumption is approx. 2% higher vs. the prior year
- April water consumption is as follows:
 - Water usage reflects an overall approx. 3% decrease vs. prior year
 - Wastewater is approx. 2% lower than the prior year and Reclaimed is approx. 7% lower vs. prior year.
Water lines of business decreased driven by the impacts of Hurricane Milton.
- April Purchased Power is \$54.88 per MWh
\$2.64 or approx. 5% lower than the \$57.52 per MWh Budget.

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.

April 2025 Operating Income/ (Loss)

- April '25 FYTD operating loss of \$2.5M is \$0.9M greater than April '24. April 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).
- April '25 OVER-RECOVERY balance approx. \$8.9M which is ABOVE the target of \$5.0M, and no change from the prior month.
- FPPCAC = Fuel and Purchased Power Cost Adjustment Clause. The targeted reserve is 20% of annual purchased power costs (est. \$5M+.)

2025 April Change in Net Assets: Note: FY'25 Income before contributions is \$1.9M (April 25) vs. \$0.7M April '24) for a \$1.2M decrease from the prior year

- April '25 FYTD Change in Net Assets was (\$0.7M), which was \$2.5M lower than April '24. April '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 market to market adj. and lower capital contributions partially offset by increased revenue (primarily electric), lower depreciation, and **lower** over-recovery adj. which reduces revenue and increases PP reserve.

- April '25 Capital Contributions were \$1.1M, which is \$0.8M lower than the prior year. The April FYTD capital contributions comprised primarily of cash.

April 2025 FYTD Results – Capital expenditures \$13.6M

- \$6.6M – 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). Smyrna Sub Electromechanical Relays and Field Street Transmission Line Rebuild, WRF Screw Press, WRF Treatment Equipment Upgrades.
- \$7.0M – Annual project spend includes: gravity sewer lining, transformers, and new business electric & water installations, vehicles, transformers. (routine projects).

Introduction to Commission – Director, Finance - Julie Adamson

CEO Chavez introduced Ms. Adamson as the new Director of Finance who started May 3, 2025. Ms. Adamson recapped her background in governmental finance, accounting and non-profit accounting. Her experience aligns with those of CEO Chavez in managing project type of financing including large transportation projects creating innovative solutions utilizing operational accounting and treasury management.

Commission Counsel's Report – General Counsel – Ramos

Ms. Ramos reported that the second reading for the request for the new Bond purchase was going before the City Commission later tonight. SB700 which she discussed last month that deals with the prohibition of additives to water supplies in Florida (Fluoride) was signed into law by the Governor. Also, she recapped the discussion regarding agricultural property acquired after January 1st, 2009 which will now need the approval of the state Dept of Agriculture to rezone. This should not impact the proposed building of the Western Utility Complex (WUC) as all records indicate the property was purchased in 1996 & 1998.

New Business:

Approval – Amending and Revising NSBU's Purchasing Policies and Procedures Manual – (NSBU Resolution No. 2025-04) - M. Lynch – Procurement Manager.

The main reasons for the proposed changes are to align with the Best Practices in the industry; operate more efficiently and comply with Florida Statutes. Requests for expenditures will still go before the Commission and requests for approval through the ratification process.

Key changes to the NSBU Purchasing manual were outlined as follows:

- Increased bidding threshold from \$75.0K to \$100.0K. (Last revised in 2019). This is a result in changes to the economy increasing the prices of goods and services. Over thirty agencies were surveyed with the bidding threshold ranging from \$25.0K to 100.0K. (i.e.OUC, Mt. Dora, Clewiston)

- Updates to Section IV Emergency Purchases. This would allow for reasonable time for ratification of expenditures after a hurricane or other natural disaster. This will be submitted at the next Commission meeting.
- Section V Methods of Purchasing. Increased dollar value associated with the requirement to bid out projects rather than award to existing Construction Continuing Service Contracts. It provides the CEO/GM discretion to approve the use of the CCSC for projects over \$300.0K rather than bidding work. The Commission's arrival is still needed when the amount exceeds \$100.0K. A bidding exemption for inventory purchases was added if they do not exceed \$300.0K. Language for piggybacking of certain services was added.
- Section VI. Updated Public Invitation to Bid in order to comply with current Florida Statutes
- Section VIII CCNA (Consultation Compliance Negotiation Act). Adjustments of limits to comply with Florida Statutes.

All changes were approved.

Time for Commissioners:

Commission Conrad addressed changes to the workshop meeting schedule and topics