

## **New Smyrna Beach Utilities Commission Regular Meeting June 23, 2025**

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

### **Final Public Hearing: Proposed Revisions (Increases) for NSBU's Water, Irrigation, Wastewater and Reclaimed Water Capital Connection Fees**

Chairman Davenport called the meeting to order and had General Counsel Ms. Ramos read the proposed resolution. He asked for any comments or opposition and upon hearing none, he closed the Public Meeting. "The Utilities Commission provided the prerequisite public notice and held the necessary public hearings, (preliminary on May 27, 2025, and final June 23, 2025), under its rules of procedure and applicable state law to adopt this resolution and implement the revised capital connection fees." The new one-time charges will take effect October 1, 2025.

**Approval of Consent Items** - 5 items were presented, and all were approved after discussion.

- a. Minutes the Workshop Held 5-12--25 and Regular NSBU Commission Meeting Held 5-27-25 – Simmons
- b. Approval – Additional Agreement – RSQ No. 0-25 – Continuing Professional Services Agreement – Jones, Edmunds & Assoc., Inc. – J. Couillard
- c. Award Approval – ITB No. 11-25 Award and Project Contract for a Warehouse Storage Building (FSV Construction) – H. Carrizales
- d. Approval – High Value Surplus Disposal / 2016 Vactor Jet Vac Truck – Advance Notification of Sale (online auction) – M. Lynch & J. Adamson
- e. Budget Ratification (Increase) - Smyrna Substation – Electromechanical Relay Replacement Project - J. Couillard

### **General Manager's Report - CEO E. Chavez**

#### **Financial Status – May 2025 – J. Adamson**

##### **MAY FYTD Results**

- May 2025 YTD financials reflect a change in net assets \$1.5M 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 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. 1% higher vs. the prior year
- May water consumption is as follows:
  - Water usage reflects an overall approx. 2% 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.
- May Purchase Power is \$54.81 per MWh. This is not a substantial change from April '25, \$54.88 ○ \$2.71 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. \$8.8M which is approx. \$3.8M 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.

## **May 2025 Operating Income/ (Loss)**

- May '25 FYTD operating loss of \$1.6M 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).
- May '25 OVER-RECOVERY balance approx. \$8.8M which is ABOVE the target of \$5.0M. This reflects approx. \$0.1M decrease from April '25.
- FPPCAC = Fuel and Purchased Power Cost Adjustment Clause. The targeted reserve is 20% of annual purchased power costs (est. \$5M+.)

**May 2025 Change in Net Assets:** Note: FY'25 Income before contributions is \$0.9M (May 25) vs. \$0.6M (May '24) for a \$0.3M increase from the prior year

- May '25 FYTD Change in Net Assets was (\$0.5M), which was \$1.5M lower than May '24. May '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.
- May '25 Capital Contributions were \$1.3M, which is \$0.6M lower than the prior year. The May FYTD capital contributions comprised primarily of cash.

## **May 2025 FYTD Results – Capital**

### **• May 2025 capital expenditures \$15.4M**

\$7.3M – 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.

o \$8.1M – Annual project spend includes: gravity sewer lining, transformers, and new business electric & water installations, vehicles, transformers. (routine projects).

Chairman Davenport asked about the number of vehicles purchased and how are the disposal process of the old ones. CEO Chavez will get back with what was purchased and what was received due to long lead times.

NSBU utilizes a public surplus online process to sell off the older vehicles. It is open to all members of the public.

### **Presentation – Compensation and Benefits Study Final Report 2025**

In August 2024, the Commissioners approved a comprehensive compensation, classification and benefits study conducted by Salary.com. Ms. Carrizales gave an overview of the process and highlighted key points. The purpose was to create a pay structure and ensure that the total compensation program at NSBU was competitive with the external labor market. The overall findings found no systematic compensation/pay issues at NSBU.

Non-union employee pay is at 106% of the average market index and union employees are at 115% for union jobs. The staff adjusted salary changes for 19 non-union employees and any changes to the union pay scale will be held during current union negotiations processes negotiated in the 2026 budget. The Benefits analysis showed NSBU at market levels in 5 areas, (Eligibility waiting period, Vision and Dental plans, Life Insurance and Short-Term Disability). 3 areas lead the market – Medical Plans- HMO. Paid Time Off, & Tuition Reimbursement. One area lagging in the market. - (Long Term Disability.) This usually kicks in after 3 months but NSBU's Short- term disability compensation carries for 6 months so, they cross over. The Equity Analysis Observation results revealed no definitive pay discrepancies.

### **Commission Counsel's Report – General Counsel – Ramos: None**

#### **Old Business:**

Commissioner Smith inquired about the Williamson Ext Blvd. extension outcome. During the 6-9-25 workshop. A Volusia County representative stated that the county had no funding for the engineering design. This topic will be discussed at the next workshop.

#### **New Business:**

**a.** Approval – Proposed Revisions (Increases) for NSBU's Water, Irrigation, Wastewater, and Reclaimed Water Capital Connection Fees (NSBU Resolution No. 2025-03) – J. Adamson.  
**This was approved by the Commission effective 10-1-2025.**

**b.** Approval – Consideration of NSBU's FY2026 Budget and Capital Improvement Plan FY20262035(NSBU Resolution No. 2025-05). The overall budget reflects NSBU's guiding principles. The FY26-FY35 10-year Capital Improvement Plan of \$255.2M reflects a decrease of \$31.9M from the prior \$287.2M. This is due to decreases in costs for Annual Projects and Major Projects (Approx \$39M). The saving is primarily offset by the Silver Sands Septic to Sewer

Conversion Project grant funding of \$19M and additional project changes. Capital Connection Fees (restricted will fund \$18.6M in growth-related water and wastewater projects over a 10year period. The Utility is always looking at planning 10 years out as each year approaches. There are currently \$4.6M in Interagency Projects over a 10-year period. The Budget continues to focus on providing "excellent, safe, and reliable electric and water utility services in the most cost-efficient manner for the long-term benefits of the system. The Finance Team asks each director to employ a challenge process each year when reviewing their needs, IE. headcounts, year-over-year cost trends, costs per unit and a "bottom-up" estimate. They start

at zero and build from there. The NSBU FY2026 Budget was unanimously approved and will be submitted to the City of New Smyrna Beach by June 30, 2025, for approval. Two readings of the Ordinance will then take place with the city expecting it to be approved in September 2025.

**Time for Commissioners:**

The commissioners agreed to establish a Governance Committee, as discussed during the June 9, 2025 workshop. Vice Chairman Hawes was appointed by Chairman Davenport as was Commissioner Kelly. This board is charged with developing objectives, responsibilities and policies and/or a handbook for the NSBU commissioners. Commissioners will be able to email their members but no back-and-forth discussion can be held due to Sunshine Laws.