

**New Smyrna Beach Utilities Commission Regular Meeting
August 25, 2025**

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

**Preliminary (First Reading) Public Hearing Nos. 1 & 2:
Proposed Revisions to UCNSB's Water, Wastewater, and Reclaimed Water Service Rates, Charges and Fees AND Electric Service Rates, Charges and Fees.**

CEO Chavez presented a request for rate increases. Consultants from Raftelis (conducted a financial feasibility & rate study) and Summit (conducted an electric rate study) participated in the presentation. Chavez requested rate increase for each fiscal year 2026-2029 starting with a 9.9% increase in 2026 and ending with a 2.5% increase in 2029.

The projections through 2029 include projects for the growth in electric and water consumption based on the anticipated growth of new consumers.. The rate study supports rate increases to fund the latest 5-year capital Improvement Plan (CIP) and Interagency Projects. The most expensive project planned is the Pellet Softening Project, which pushes the need for a reverse osmosis system out 25 years. "The rate adjustment supports the long-term system capacity, reliability and resiliency of the NSBU's infrastructure while providing the most cost-effective municipal utility services."

A resident rate study compared rates from municipal utilities currently operating in Florida. The rate study was also necessary for the finalized bond reports by F25/early 26 in preparation for the upcoming bond issuance. NSBU rates will remain in the lowest quartile even with the proposed rate increase. The second reading and final request for approval will be given at the regular NSBU Commission on September 22. Changes will be effective with the first billing cycle in October 2025.

An updated travel expense report was issued to the board prior to the meeting start.

Appreciation for Honorable Service – James (buddy) Davenport Vice Chair Hawes read a proclamation detailing the achievements of Chairman Davenport's nine years of service. Chairman Davenport thanked everyone for allowing him to lead the commission and see his passion for the start of the Septic to Sewer project for the Silver Sands community come to fruition. Chairman Davenport was presented with two service awards.

Public Participation:

Jeff Devine, newly appointed NSBU Commissioner, was introduced. He will replace Chairman Davenport, who is termed out after 9 years of service, effective September 16th, 2025.

Bob Milen, a representative from Silver Sands, spoke about the Septic to Sewer Project that he has worked jointly on with NSBU and the Silver Sands residents. He commended Julie Couillard on her continuous communication skills. The grant funding has been secured and the cost to homeowners to convert to sewer will be zero.

The placement of a lift station is problematic as it butts up to association restrictions on clubhouse property. A few land options were discussed and will be pursued. One property was land near the Volusia County Fire station on A1A, but the cost may be prohibitive.

Approval of Consent Items - 5 items were presented, with 4 approved. Item 3b was pulled for clarification

- a. Minutes the Regular NSBU Commission Meeting Held 7-28-25
- b. Approval – 2025-2028 Collective bargaining Agreement Between NSBU and IBEW Local #2088
- c. Approval – Fiscal Year 2026 Employee Insurance Renewals
- d. Approval – Electric System URD Extension on Saxon Drive – Utilizing Electrical Contractor Services (Imperium)
- e. Approval – FY26 Vegetation Management Services – Budget Approval

General Manager's Report - CEO E. Chavez

Financial Status – July 2025

JULY FYTD Results

July 2025 YTD financials reflect a change in net assets of \$6.1M, is \$2.0M higher versus prior year driven by the following factors:

- Higher due to increased capital contributions, increased revenue (primarily electric), and lower over-recovery adjustment which reduces revenue and increased over-recovery position. (Received easements from the Palms Phase 6 in Venetian Bay.)
- Partially offset by no FEMA reimbursement in the current fiscal year (approx. \$2.2M in prior year) increased operating expenses and purchased power costs, 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.)

July year-over-year consumption is as follows

- Electric year-over year consumption is flat vs. the prior year
- Water usage reflects an overall approx. 3% decrease vs. prior year
- Wastewater is approx. 2% lower than the prior year and Reclaimed is approx. 5% lower vs. prior year.

FYTD July Purchase Power is \$54.17 per MWh. approx. 6% lower than the \$57.52 per MWh Budget

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

- The trend represents the current **over-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 1000kWh 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.
- As part of the current rate study, NSBU is evaluating the targeted reserve.
- NSBU currently exceeds the \$5.0M **over recovery** Target

July 2025 Operating Income/ (Loss)

- July '25 FYTD operating loss of \$0.1M \$1.7M is greater than July '24. July FYTD operating loss 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)
- July '25 OVER-RECOVERY balance approx. \$8.9M which is ABOVE the target of \$5.0M reflects an approx.. \$0.1M increase from June '25.
- FPPCAC = Fuel and Purchased Power Cost Adjustment Clause. The targeted reserve is 20% of annual purchased power costs (est. \$5M+.)

July 2025 Change in Net Assets: Note: FY'25 Income before contributions is \$0.6M (July 25) vs. \$1.2M (July '24) for a \$0.5M decrease from the prior year

- July '25 FYTD Change in Net Assets was \$6.1M, which was \$2.0M higher than July '24. July '25 FYTD is driven by increased revenue (primarily electric), increased contributions, lowered depreciation, and **lower** over-recovery adj. which reduces revenue and increases PP reserve, lower fuel and purchased power rev. adj. (\$7.00 to \$6.00), partially offset by no FEMA reimbursement, increased operating expenses and purchased power costs, and lower market to market adj.
- July '25 Capital Contributions were \$5.4M, which is \$3.2M higher than the prior year. The July FYTD capital contributions comprised primarily of cash, easements, and contributed assets.

July 2025 FYTD Results – Capital

July 2025 FYTD capital expenditures \$20.9M

- \$11.0M – 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.
- \$9.9M – Annual project spend includes: gravity sewer lining, transformers, and new business electric & water installations, vehicles, transformers. (routine projects).

Commission Counsel's Report – General Counsel – Ramos:

General Counsel Ramos thanked the Director of Finance and the Electric Rate consultants for their assistance in completing NSBU's tariff filing.

Time for Commissioners:

- Vice Chairman Hawes has worked on an outline with CEO Chavez, Executive Manager D Simmons, and Legal Counsel H. Ramos for the Governance Committee.
- The commissioners agreed to cancel the scheduled the September 8th workshop due to conflicts with scheduling.
- All commissioners had an opportunity to thank Chairman Davenport for his years of service and his dedication to NSBU.