

New Smyrna Beach Utilities Commission Regular Meeting
January 26, 2026

Participants: V. Chairman - L. Kelly led meeting, L. Conrad, J. Smith. J. Devine – excused.
General Manager/CEO – E. Chavez, Counsel -H. Ramos, Executive Manager/Clerk- D. Simmons

Final Public Hearing Notices No's 1 & 2

There were two Final Public Hearings for the proposed revisions to UCNSB's Electric (approved October 27, 2025), Water, Wastewater and Reclaimed Water Service rates. NSBU General Counsel read the proposed Resolutions and emphasized that the readings were for public comment only and did not require answers from the Commission verbally. The approval for these changes will be addressed under New Business, item # 7a.

A former GM of the UC was the only speaker. He felt there was no need for an increase in the electric rate at this time. He stated that future needs should only require incremental adjustment to accommodate development. He asked about the actual proposed percentage increase as well as actual dollars. CEO Chavez stated that he would reply to him via email.

Public Participation

The resident who spoke at the Public Hearing on the rate increase wanted to make known that he felt that the Commission and CEO were in violation of Florida Sunshine laws, (Florida Statute 286.011) by not answering his questions in public. He feels that the increases are being "covered up" because his questions were not answered. He advised the Commission to speak with counsel before they voted for the changes.

Approval of Consent Items – 2 items were presented, with all approved.

- a. Minutes of Preliminary Public Hearings 1 & 2 and Regular NSBU Commission Meeting Held 12-15-25
- b. Ratification – Employee Managed Uniform Program Expenditure – Professional Services Agreement Tyndale Enterprises, Inc.

General Manager's Report (December 2025) - CEO E. Chavez

a. Financial Status – December 2025 – C. Girvan

December FYTD Results (FY26) Preliminary/Unaudited Financial Performance.

December 31, 2025, Financials – Key Considerations;

- NSBUC's fiscal period is Oct.1 – Sept 30, 2026.
- The NSBU Charter requires NSBU to submit monthly financial highlights of Statistical highlights, Net Assets (Balance Sheet), Change in Net Assets, (Income Statement), status of Special Funds, Capital Improvement Project Activity,

Statement of Cash Flows, and Budget to Actual data. Statement of Net Assets as of December 31, 2025

Balance Sheet Highlights:

Cash available for operations, capital projects, and Purchased Power. \$21.4M (funded from Unrestricted funds.)

- Operating Cash - \$8.4M
- Purchase Power Reserve - \$9.4M
- Unrestricted R&R- \$3.6M (Used for capital projects)

Restricted cash sources:

- Capital Connection Fees - \$12.2M (fixed expenses of water & wastewater)
- Customer Deposits - \$3.8M
- Debt Service Fund - \$1.0M (placeholder account to make debt payments)

Liabilities

- Accounts Payable - \$3.0M
- Purchase Power Reserve - \$9.4M
- Total long-term debt outstanding - \$61.4M
- Customer Deposits - \$3.8M

FYTD Change in Net Assets is \$539k which is \$37k higher vs. prior year

Statement of Revenues, Expenses, & Changes in Net Assets.

- FYTD26 operating loss of \$1.1M compared to a 0.9M loss at the same time last year.
- FY26 Change in Net assets - \$37k more than FY25, due to the following
- FY26 Operating Income – approx. \$150k more than FY25;

Key drivers:

- Higher operating expenses of \$583k due to higher purchase power expense and chemicals, which were offset by lower O&M costs in other categories.
- Offset by \$433k higher operating revenues, greater than FYTD25: electric revenues \$98k higher, water \$205k higher, reclaimed water \$130k higher
- Operating revenue for electric revenues are positively impacted because of the lower amount funding purchased power reserve relative to FYTD25.
- Capital Contributions are \$123k more due to higher revenues of capital connection fees and meter set fees.
- Non-operating income \$65k higher than FYTD25

Statistical Highlights December 31,2025

Days Cash on Hand – (Covers operating costs)

- 4.5 months (approx. 137 days) (with cash from purchase power reserve) or 2.5 months (approx. 77 days) (excluding cash from purchase power reserve). NSBU has adequate cash available to support business operations and proceeding with the Feb. 1st rate increase and expected Bond Issuance in April 2026.

Electric

- KWH sales are approx. 11% lower than December 2024 FYTD
- 2% more customer accounts billed than December '24 (32,295 vs. 31,709)
- Revenues are 1% lower than December 2024 FYTD, after adjusting for purchase power reserve

Water System

- Sales are approx. 1% lower than December 2024 FYTD
- Approx. 2% more customer accounts billed than December 2024 (30,047 vs. 29,489)
- Revenues are 7% higher than December 2024 FYTD

Wastewater & Reclaimed

- Wastewater sales are approx. 3% lower and reclaim sales are flat with December 2024 FYTD
- Approx. 1% more wastewater accounts billed and approx. 4% more reuse customer accounts billed than in December 2024.
- Wastewater and reclaim revenues are approx. 4% higher than December 2024 FYTD

December FYTD Capital Expenditures = \$4.8M

- \$2.9M – Major Project spends includes; Water main improvements, Lift Station 14, Lift Station 60, Airport and Substation Relay Replacement, Cable Storage Building, Transformer Vault Minorca, Silver Sands Septic-to-Sewer, WRF Screw Press, WRF Reuse Pump 2&3 Replacement – L7 Construction, N Atlantic WM Improvements, GWTP Pellet Softening, Smyrna Substation, Lift Station 14 Generator Replacement.
- \$1.9M – Annual project spends includes transformers, installation of PVC Conduit & Cable, Lift Station Pumps, condition-based pole replacements.

Purchase Power Reserve vs. Target Balance 3 yr snapshot: December 2022 to December 2025.

Key takeaways:

The fuel adjustment went from \$21.30 in 2022/2023 to \$7.00 in 2024 and the current rate of \$6.00

- Purchase Power Costs are a pass through to customers
- The fuel adjustment is in addition to the purchased power assumed in the base rate

FY26 Purchase Power Costs:

- Budgeted \$60.79 per MWh approx. 508k MWh purchases annually
- Actual avg. 53.48 per MWh
- Factors impacting PP: Weather, supply, demand, natural gas markets, world events, capacity limits and suppliers.
- currently at \$9.4M over recovery (target is \$5.0M). This enables NSBUC to cover customers' costs when market fluctuates. There will be a \$4.6 fuel adjustment credit to customers with the anticipated rate increase.

Rate Proposal & Bond Issuance Timeline

- October 27, 2025: Review scenarios and request Commission concurrence of approach
- November/December: Notify customers of public hearing and proposed rate increase
- December 15, 2025: Preliminary Public Hearing (no action or voting)
- December 31, 2025: Submit electric rate tariff to Public Service Commission
- January 8, 2026 Commission Workshop
 - Presentation by Southeast Investment Securities, LLC, (Toby Eagner) NSBU Financial Advisor
- *January 26, 2026: Final Public Hearing (Commission approves NSBU rates)

- February 1, 2026; Effective date of new rates
- March 23rd Commission Meeting: Commission approves resolution outlining key terms of the 2026 bond issuance including the forms of the bond prospectus, and bond purchase agreement.
- April 2026 – Target Bond Issuance depending upon market conditions

Upcoming Milestones:

March 12, 2026, Workshop: The draft audit has been received. The FY25 audited financial statements to be complete in Feb./March 2026. Purvis Gray will present financial statements. (Annual Comprehensive Financial report- ACFR and audit during workshop.

March 23, 2026, Commission Meeting: The commission is to approve a series of resolutions outlining the parameters of the bond issuance. FY25 ACFR to be approved at the regular March meeting.

FY27 budget Development process will be submitted to the City no later than **July 1, 2026**.

Overall FY24 budget timeline to be presented at **Feb. Commission meeting**.

1st Quarter FY2026 Balanced Scorecard and Enterprise Metrics

Scorecard - Safety and Risk:

0 OSHA Recordable Injury for Q1 - OSHA Incident YTD Rate 0.0 vs. Target of 1.80

One preventable Motor Vehicle Accident. A water Field Ops employee was involved. Safe driving practices were reiterated across NSBU. Last preventable Motor Vehicle accident was in Sept. 2024

Electric Logout Tag Out (LOTO) complete and Arc Flash study/policy is nearing completion. Arc Flash study/policy under final review pending installation of electromechanical re Safe driving practices were reiterated across NSBU lays in 2026.

Various monthly safety trainings have been completed including Safety Boot Camp for all, Respiratory Protection (Fit Testing), Arc Flash, Electric Lock Out Tag Out (LOTO).

Electric Reliability:

October feeder outage on line 25 which serves beachside impacted a large number of customers

December customer outage due to downed conductor impacting south beachside area.

In 2026, NSBU Filed crew are rebuilding aged infrastructure in areas of beachside which will mitigate outage impacts in the future. They will be replacing wires and equipment due to corrosion.

Live-front switchgear (radially fed -single source) outage in December. NSBU is in year 2 of a 4 year live-front switchgear changeout program.

Overall customer experience (the frequency of outages and duration of time lost). December numbers were higher than FY2026 forecast with the rest of the year expectd to be closer to the YE target.

FY 2026 ongoing Improvement Plans include the following:

- Replacing the remaining live-front switchgears in the system (targeting 4 replacements a year.)
- Optimize Outage Management System (OMS) setting and customer notifications with the completion of the Electric Advanced Metering Infrastructure (AMI) meter installation. Residential completed, next step commercial.
- Replace select feeder, utility poles and equipment in certain beachside area due to corrosion.
- Complete/Energize Feeder Line 32 construction underway in the western portion of service territory. New underground feeder from Smyrna Substation will further reduce number of customers per feeder, improving western service territory. Expected to be fully energized in Feb. 2026.
- Complete Filed Street Transmission Line Upgrade in FY 2026, conductor (wire replacement last portion of work to be completed.
- Upgrade Protective & Control (P%C) Relaying and related equipment at the Airport, Smyrna and Field St. substations to improve protective devices, thereby reducing large feeder and transfromer outages.
 - Replace legacy electro-mechanical relays with much more digital services.
 - Implement new settings from Protection & Control (P&C) study.
 - Subaqueous Cable Replacement Project issued RSQ

Cost Management & Water Reliability:

Annual costs for Electric, Water, Wastewater O&M were significantly less than the targets. Water reliability metrics, including major main breaks and repair time, major wastewater main breaks and repair time were significantly less than targets. Excellent performance on these metrics was noted. All below goal.

Customer Service.

Call Center Service levels exceed the targets. Abandoned call rates and the average speed to answer calls both beat their targets again. Billing & Collections were better than or equal to their target. Overall Customer Service metrics continue to be exceptional.

Materials Mgt., HR and Info Technology:

The average days to issue PO's both under and over \$75.0 were equal to or less than the max of 2 - 2.5 days.

Cyber Security training participation reached 100 % MTD and 100% FYTD vs the target of less than or equal to 95%. To reflect the criticality of Cyber Security to NSBU's date, the target was raised from 85% to 95%. Substantial Cyber security training improved over the prior year with support from Shared Services and additional focus by the management team with staff.

In summary, excellent operational and financial performance due to continued focus on NSBU's long-term goals. Focus on Safety has resulted in a solid performance. Electric Reliability is performing satisfactorily with beachside targeted area of aged infrastructure replacements which will mitigate outages. Water reliability, O&M expenditure, Customer Service, and Cyber Security Training have all met or exceeded targets. There were no reportable compliance violations YTD.

Commission Counsel's Report

Counsel Ramos listed several bills being considered in the current state legislative session. The following are the key bills she highlighted

HB1075: Municipal Utility Connections: Municipal Utility Connections; Requires municipalities that operate utility services to allow other municipalities & property owners outside its municipal boundaries to connect to its utility services under specified conditions; requires municipalities to make certain determinations within specified timeframe; provides for appeal of such determinations; provides for award of attorney fees & court costs; provides that municipalities are not liable for such fees & costs under certain conditions.

SB1420 - Local Utility Revenues: Prohibiting counties and municipalities, respectively, from transferring for specified purposes revenues collected from providing utility services; requiring revenue surpluses to be returned to the ratepayers; requiring county and municipal utilities, respectively, to develop budget forecasts and strategies that meet certain requirements; prohibiting counties and municipalities, respectively, from charging a higher rate or adding a surcharge to certain customers, etc.

HB479 - Land and Water Management: Land and Water Management; Prohibits counties & municipalities from adopting laws, regulations, rules, policies, or ordinances that prohibit adjacent upland activities that are outside certain wetland buffers; repeals provisions relating to land management review teams.

SB1576 - Residential Utility Disconnections: Prohibiting an electric utility, a public utility, or a water utility from disconnecting service to residential customers for nonpayment of bills or fees under specified circumstances; requiring such utilities to waive reconnection fees and late fees in certain circumstances; prohibiting such utilities from recovering from customers any fee or expense incurred in complying with the act; requiring that all notices of nonpayment of bills and fees provide an offer of bill payment assistance or provide certain information, etc.

If signed into law, these bills would be effective July 1, 2026. Counsel Ramos noted that she is following all legislation and will keep the Commission updated as to the progress of the above bills.

Old Business

GM/CEO Performance Evaluation Process – Updated Timeline and Performance Evaluation Form/ Template Ms. Carrizales completed the task of updating the CEO/GM evaluation based on feedback from the December meeting and proposed the following timeline. She also added 15 quantitative objectives, i.e. cost performance, rating scales for scores, major accomplishments as well as keeping the subjective section.

- December 15 – Discuss and agree on process and timeline – revisions requested, completed
- January 26 – Approve revised Evaluation form & updated timeline
- Feb. 9 – Final Approved Performance Evaluation Form sent to Commissioners
- Fe. 9 – GM/CEO Self-evaluation due to Commissioners.
- March 16 – Finalized Commissioner Evaluation forms due to Human Resources*
- March 23 – Special Meeting* to discuss Performance and possible merit increase

New Business: all approved

- a) Approval – NSBU Resolution No. 2026-01 – modifying Rates, Charges, and Fees related to Water, Wastewater and Reclaimed Water Services
- b) Approval - NSBU Resolution No. 2026-02 – modifying Rates, Charges, and Fees related to Electric Services
- c) Approval – Modifications (Decrease) to Fuel and Purchased Power Cost Adjustment Clause (FPPCAC) – FY26 Partial year and FY27 (full year)
- d) Approval – Determination Re: Selection/Evaluation Committee for Audit Firm Procurement

NSBU's current auditor is Purvis Gray, who has been auditing NSBU's financial statements since fiscal year ending Sept. 30, 2018. The contract was reprocured in 2022 for an additional 4 years with it ending Sept. 30, 2025. The upcoming procurement process was determined at the December 15, 2025 Regular Commission meeting. Next step is the selection of members to serve. The two members who served in the 2022 process, Conrad and Kelly, stated they would serve again and Commissioner Smith also volunteered. A minimum of three are required and up to 5. Since Commissioner Devine was absent from this meeting, he will have an opportunity at the February meeting to join the committee. A draft RFP will be presented at the Regular February 23rd meeting for approval.

Possible Other Business -Time for Commissioners:**Revision to NSBU Commission Meeting Times for Monthly Regular and Workshop Meetings**

A time change from 3:00PM to starting at 9:00 am had been discussed with all in agreement. Unanimously approved starting with the February 23rd Regular Meeting. The days for the meetings will stay the same, only the starting time will change.

Unanimously approved cancelling the Feb. 12th workshop.

CEO Chavez stressed the importance of safety. He also commented that even with a rate increase, NSBU is below the industry rates.

Meeting Adjourned,