

*[ANNOTATED VERSION\*]*

*[\*NEAR VERBATIM / DETAILED VERSION POSTED ON UCNSB WEBSITE – UCNSB.ORG]*

MINUTES OF A PRELIMINARY PUBLIC HEARING AND REGULAR MEETING OF THE UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA, HELD MONDAY, JUNE 27, 2022, AT 3:00 P.M., AT 200 CANAL STREET, NEW SMYRNA BEACH, FLORIDA **(NOTE – THIS REGULAR U.C. MEETING WAS HELD ON-SITE)**

Chairman Davenport opened the Regular U.C. Meeting, called the meeting to order.

Commissioner Hawes led in the Pledge of Allegiance and Commissioner Conrad provided the invocation.

Preliminary Public Hearing RE: Proposed Revisions to UCNSB’s Electric Service Rates for Public Street Lighting and Private Outdoor Lighting (Increases) and Proposed New Electric Service Rates for Electric Vehicle (E.V.) Charging:

Chairman Davenport opened and conducted the Preliminary Public Hearing regarding the above proposed electric service rates.

Chairman Davenport requested a roll call to be taken for this Public Hearing.

A roll call was taken, all of the U.C. Commissioners were in attendance as follows:

Chairman James Davenport  
Commissioner Richard Hawes  
Commissioner Lawrence Kelly, Jr.  
Commissioner James Smith  
Commissioner Lillian Conrad

Others in attendance at this time were as follows: J. Bunch, General Manager/CEO; E. Chavez, Director, Finance/ CFO; J. Couillard, Director, Engineering; T. Beyrle; Director, System Operations; M. Schings, Substation & Relay Supervisor; B. Keehn, Director, Information Technology; J. McMurray, Director, Strategic Programs; J. Grusauskas, Director, Water Resources; H. Carrizales, Manager, Human Resources; D. Wood, Customer Service Manager; M. Spellers, Sr. Help Desk Technician; L. Green, Help Desk Technician; D. Simmons, Exec. Mgr./ Recording Secretary; General Counsel Thomas Cloud, Esquire – Gray|Robinson Attorneys at Law; and John Moss and Lisa Martin, both members of the public in attendance on site.

General Counsel Cloud read the proposed resolution (no. 2022-01) by title - a Resolution of the Utilities Commission, City of New Smyrna Beach, Florida; Modifying Rates, Charges, and Fees Related to Electric Service; Providing Findings; Providing for Severability, Conflicts, and an Effective Date.

There were no public comments nor internal comments regarding the proposed electric rates.

This Preliminary Public Hearing closed at 3:04 p.m.

**Regular U.C. Meeting Held 6-27-22:**

Safety Message by John McMurray – “The Sun, UV Light and Your Eyes”:

Mr. McMurray, the Director of Strategic Programs provided a handout sheet and discussed the risks associated with UV exposure to your eyes. Indicated UV 400 rated sunglasses will block out UVA and UVB. Reminded all to focus just not on your skin, but also protecting your eyes from sun exposure, especially on water and snow, and during summer months.

Chairman Davenport commended Mr. McMurray, stating message was very informative.

Roll Call:

An additional roll call was taken to commence the Regular U.C. Meeting, and the same attendees remained in attendance, as shown in the Preliminary Public Hearing above.

(1) Agenda Changes, Additions and Deletions:

Chairman Davenport confirmed with Mr. Bunch there were no agenda changes, additions or deletions.

(2) Public Participation:

Chairman Davenport announced the opening of public participation and confirmed there were no members of the public desiring to speak.

There was no public participation at this time.

(3) Approval of Consent Items:

Chairman Davenport announced item number 3. Approval of Consent Items. Then asked if any Commissioner wanted to pull anything or discuss. After confirming there were none, the Chairman stated may I have a motion?

Commission Action:

Commissioner Smith stated move for approval; specifically a motion to approve item 3-a. Minutes of Regular U.C. Meeting held 5-23-22, approve as submitted; item 3-b. Developer’s Agreement – Village Center East (Collier Luna Bella Lane, LLC), approve the agreement as submitted and authorize the General Manager/CEO or his designee to execute this document when contingencies are met; item 3-c. Ratification Award – ITB #06-22 Lift Station No. 12 Replacement Project, ratify this award to Carr & Collier, Inc. in the amount of \$1,363,700.00. Previous project authorization (4-27-20, AI 3-g.) for the GM-CEO or his designee to execute all associated project documentation is ongoing; item 3-d. Ratification – Access Control Project Phase 2 – Update and Scope Expansion, ratify and approve the expanded project, as depicted in the agenda item summary, to Security 101 in the amount of \$98,873.13. Previous overall project authorization (Phase Two – 10-26-21, AI 3-k.) for the GM-CEO or his designee to execute all associated project documentation is ongoing; item 3-e. Contract Renewal – Interlocal Agreement for Fleet Fueling Services Between City of NSB and

(3) Approval of Consent Items (cont.):

Commission Action (cont.):

UCNSB, approve a one-year renewal of the Interlocal Agreement for Fleet Fueling Services Between the City of New Smyrna Beach, Florida and the Utilities Commission, New Smyrna Beach, Florida until March 1, 2023 and authorize the GM/CEO or his designee to execute this renewal, and if determined mutually acceptable, the remaining one-year renewal option in 2023 on behalf of UCNSB; and item 3-f. Ratification – Settlement and Mutual Release Agreement – Intercounty Engineering, Inc. (L.S. 5 Reconstruction and Rehabilitation in System 5 Project), to ratify/approve the Settlement and Mutual Release Agreement between UCNSB and Intercounty Engineering, Inc. contingent upon the receipt and clearance of the required settlement payment from Intercounty Engineering Inc. in the amount of \$125,000.00. When all contingencies have been met, UCNSB's approval date becomes the effective date of this agreement.

Chairman Davenport stated okay, second?

Commissioner Conrad stated second.

Chairman Davenport stated thank you, Mrs. Simmons call the roll please.

Commissioner Smith's motion then passed unanimously on a roll call vote.

(4) General Manager's Report:

Mr. Bunch requested Mr. Chavez to come to the podium and provide the May 2022 Financial Performance Report.

(4-a) Financial Status – May 2022:

Mr. Chavez presented and discussed the May 2022 financial performance presentation. The fiscal year to date financial statements reflect a change in net assets of approximately \$2.9 million, versus \$279,000 the year before. This was driven by increased revenue offset by lower electric consumption, approximately .8% less due to milder weather. Also increased purchased power and operating expenses. Also added, as seen in June, the electric revenues will start to ramp up significantly due to temperature change. The U.C. is currently at \$64.45 per megawatt for purchased power, 24.5% greater than the prior year. Pointed out natural gas, as of May 2022, was \$8.14 per MMBtu versus \$2.91/MMBtu last year. Prior to the last couple of years natural gas remained under \$3.00/MMBtu. Staff is constantly monitoring and trying to obtain best cost available.

Mr. Chavez continued, water consumption was higher in May 2022, 4.8% increase with 3.4% increase in wastewater and 7.9% in reclaimed water. The U.C. received \$200,000 for Hurricane Dorian reimbursement which is reflected in the non-operating expenses. Overall, comparatively speaking, compared to other utilities, the U.C.'s rates remain lower, if not the lowest. Capital expenditures year to date at \$12.8 million - \$7.5 million in major projects and \$5.3 million in annual projects.

(4-a) Financial Status – May 2022 (cont.):

Ms. Couillard then presented an update on the U.C.'s fiscal year 2022 Capital Year-End Forecast, which included both annuals and capital improvement projects. The forecast is currently projected to be around \$24 million and the fiscal year CIP Budget was \$29.97 million. Ms. Couillard proceeded to explain the key drivers of the lower fiscal year 2022 forecast compared to budget. One of the key drivers was the proposed Operations Building on the U.C.'s Western Complex site. This project was projected at \$8 million, including building construction, however site prep. only for this building just came in at \$14 million.

After discussion regarding wetlands on this site, Mr. Cloud recommended, with Chairman Davenport concurring, that U.C. staff should engage a wetlands expert to ensure the most cost-effective alternatives and recommendations for U.C. property impacts in this area.

Ms. Couillard and Mr. Bunch explained a Workshop will be held with the Commission regarding this project, expected in September/October time frame. Additional information from the project consultant is forthcoming and all can then discuss and review available options for final determinations. Briefly provided additional information on a few other projects impacting the original budget, some project delays due to a contractor non-performance, material delays, and reprioritization of some of the modernization projects.

Mr. Chavez then continued the financial portion of the presentation with the May 2022 Operating Income / Loss. Currently \$600,000 year to date in income versus a \$2.2 million loss from the prior year. At an approximate \$400,000 profit versus a \$2.7 million loss – a \$3.1 million year over year improvement. Definitely heading in the right direction supported by the rates and doing what's needed for long-term sustainability.

After Commissioner Smith asked Mr. Chavez for his current concerns, Mr. Chavez indicated the ongoing challenges with the current supply chain and purchased power. Albeit, he also explained staff's continuous planning process to ensure utility services are available to supply new development and always looking at operational and financial risks and determining ways to mitigate those risks, monitoring those higher risk areas constantly.

After a brief discussion regarding a recent electrical outage caused by a blue heron, Mr. Chavez stated that was the end of his financial report, and he would be back up for the budget and other items in the next part.

(4-b) Presentation – FMPA Phase III Solar Project Recommendation and U.C. Site P.V. Evaluation (1898 & Co.):

Mr. Bunch asked Mr. Beyrle to come to the podium to provide an update on solar projects.

Mr. Beyrle provided and discussed his presentation entitled "Solar Power Update". Provided information regarding FMPA Phase II Solar Project, a 20-year purchased power agreement UCNSB entered into for 10 MW, approximately 10% of the U.C.'s current power supply. Due to ongoing tariff and supply chain issues the original in-service date for this project, by 12-31-23, may need to be extended. Also provided information regarding staff's recent

(4-b) Presentation – FMPA Phase III Solar Project Recommendation and U.C. Site P.V. Evaluation (1898 & Co.) (cont.):

recommendation to participate in FMPA's Phase III Solar Project. Recommending at this time a non-binding 10 to 20 MW additional commitment from the U.C. for this project's planning purposes. In the meantime, the U.C.'s consultant, Burns & McDonnell completed Phase 1 of an assessment for potential solar on the U.C.'s land, at the Western Utilities Complex. This assessment determined 16.2 MWAC could be possible, on land and water (solar pond), with transmission capacity at Smyrna Substation of 292.7 MW. Burns & McDonnell now commencing Phase 2, to determine economics of the U.C.'s renewable portfolio and proper mix of solar as a percentage of the U.C.'s power supply. Indicated Phase 2 by Burns & McDonnell just kicking off, will probably be completed in a couple of months.

Chairman Davenport confirmed the Commission was not being requested to make any decisions at this point in time.

Mr. Beyrle confirmed, FMPA just wants a potential level of interest in the Phase III Solar Project for planning purposes, not a commitment.

After discussion regarding the 75 MW threshold for solar plants, Chairman Davenport confirmed the U.C. is not making an investment, just participating in FMPA solar projects by purchasing the output.

Mr. Bunch also added, the solar is an operating lease, we pay for the megawatt hour purchase and the developer puts up the capital.

(5) Commission Counsel's Report – General Counsel:

Mr. Cloud pointed out Senate Bill 620, which would have created an opening for businesses to sue local governments was thankfully vetoed by Governor DeSantis. Also mentioned he was working on updating the U.C.'s 1992 Pre-Treatment Resolution, about 29 years out of date, but added the U.C. probably doesn't need a full-blown industrial pre-treatment program approved by the EPA and the state.

After discussion regarding the pre-treatment topic, Ms. Couillard indicated the biggest problem the U.C.'s has is with grease, grease from restaurants clogging the sanitary sewer system. Staff has been working with the local restaurants but need something clearer in the document, so they understand their requirements of when they put in a grease trap and how often they have to maintain it. For a Fats, Oil and Grease (F.O.G.) Program, having a resolution stating what the U.C. requires will provide more enforcement.

Mr. Cloud concurred, trying to support staff so they can more effectively deal with the regulation of getting grease out of the sewer system.

Chairman Davenport confirmed no motion necessary at this point.

Mr. Cloud indicated just an update, something he's working on, and Ms. Couillard added we'll bring it back upon completion.

(6) Old Business:

(6-a) Award – RFP No. 12-22 (Commissioner Selection/Evaluation Committee) –  
Auditing Services:

Mr. Chavez turned this item over to Commissioner Conrad to discuss since this involved a Commissioner Evaluation Committee.

Commissioner Conrad explained the evaluation process, stressed this had been a completely individual evaluation process, the three Commissioners assigned to this committee did not communicate at all. Indicated there were two respondents to the RFP, two very qualified firms that provided extremely complete proposals. Individually the Commissioners ranked the two firms and based on the rankings, the recommendation is to re-engage Purvis Gray.

Commission Action:

Commissioner Conrad confirmed there was no further discussion and made a motion to award RFP No. 12-22 – Auditing Services to Purvis Gray and Company, LLP for one year in the amount of \$52,000.00 with the option to renew for three additional one-year periods in the amounts stated in the agenda item summary (9-30-23 - \$54,000; 9-30-24 - \$56,000; and 9-30-25 - \$58,000), and authorization for the General Manager/CEO or his designee to execute all documentation for this matter.

Commissioners Hawes and Smith simultaneously stated second.

Commissioner Smith commended all the Commissioners that worked on this project.

Chairman Davenport also thanked Commissioner Conrad, adding it was nice to have a CPA on board and having the ability to trust her knowledge.

Commissioner Conrad's previous motion then passed unanimously on a roll call vote.

(6-b) Informational – ERIP Program Update:

Ms. Couillard indicated she just wanted to provide a quick update on the ERIP or Electric Reliability Improvement Plan. The status update indicated that the ERIP was part of the grid modernization program and included a total of fourteen feeder projects, over a three-year period, to install reclosers and Tripsavers to reduce the U.C.'s customer impact minutes and frequency. The Commission had previously approved this program for a total amount of \$4,392,000. As of June 20, 2022, 40% or \$1,750,258 has been spent. After the completion of the work outlined on the second page of the agenda item, for ERIP Phases 1 and 2, the total spend is expected to actually be under budget, at \$3,791,660 or 86.3% of the approved funding. Pointed out that in phase two, we'll be utilizing our internal crews with the updated standards which is more economical than the contractor.

Commissioner Conrad confirmed there were sufficient staffing levels to accomplish this.

Ms. Couillard reiterated this was an informational item, and didn't need a motion as the Commission had already approved the budget, just an update on where we are in the process.

(7) New Business:

(7-a) Consideration of U.C.'s FY2023 Budget and Capital Improvement Plan FY2023-2032  
(Proposed U.C. Resolution No. 2022-02):

Mr. Chavez came back to the podium to provide the FY2023 Budget presentation, details for the U.C.'s fiscal year 2023 to 2032 budget. Then turned the presentation over to Ms. Couillard for the capital standpoint and stated he would take the presentation back over to discuss the income, O&M, and profit and loss.

Ms. Couillard discussed the various bullet points within the presentation relating to the capital budget. The Capital Improvement Plan (CIP), FY23-FY32 was projected to be in the amount of \$174.5 million and reflects the 4<sup>th</sup> year of a detailed prioritized risk assessed capital plan reflecting projected growth, reliability upgrades, aging infrastructure replacements and approved Modernization Roadmap Plan projects. Last year the 10-year plan was \$187.6 million and has gone down some because of the Western Complex, as just discussed and pulled out of the budget for now until we can get a better idea of what we're going to spend. Also some other capital projects were re-evaluated, pushed some out, took some off the table, and put others on the table. Capital connection fees, our restricted fund, is at \$19.7 million, for water and wastewater growth related projects. The capital connection fees are pulled out separately from the CIP total and also the third-party, interagency projects, about \$2.2 million, are separate because the U.C. doesn't have control over the execution or schedule on those.

Ms. Couillard proceeded to highlight the larger CIP projects, including Modernization and multiple system upgrades. Pointed out the FY23 capital budget was \$33.9 million, reflecting both annual and major projects. Major projects at \$21.6 million, \$8.4 million electric, \$7 million wastewater, \$4.8 million water, and then the remainder for common projects, work and asset management systems primarily and a small amount to work on the Fleet Facilities Western Complex planning. Mentioned slide seven was the total budget summary by line of business. At the bottom was the capital connection fees restricted fund and pointed out a new regional list station near Venetian Bay would be funded from this, as well as some cost share upsizing for U.C. purposes within planned developments. Next couple of slides were budget capital summaries FY23-FY32, one for major projects and one for annual projects.

Mr. Chavez then came back to the podium to focus on the O&M or Profit and Loss statement. Explained as capital upgrades are being completed staff is also looking at how can our metrics get better related to these capital improvements. At a revenue standpoint, U.C. at \$75.3 million for FY23, about 13% higher than FY22 budget of \$66.5 million. FY23 will be the second year of the water rates previously approved. Due to the macro-economic environment we're in right now, expecting all of our costs to be a year over year increase of about 9%. When stripping out purchased power, purchased power by itself we assumed a 10% increase year over year. If you exclude purchased power, all of the other costs are up about 8.5%. There are some increased costs in the I.T. cost structure, strictly related to bringing in new applications systems, for AMI and work management. Will be reviewing I.T. costs and build up to ensure best-cost approach before really ramping up the new applications. Will adjust in subsequent budgets if inflation and supply chain constraints improve.

(7-a) Consideration of U.C.'s FY2023 Budget and Capital Improvement Plan FY2023-2032  
(Proposed U.C. Resolution No. 2022-02) (cont.):

Mr. Chavez went to the next slide and stated FY23 O&M is in the amount of \$61.2 million. There are increased employee costs, as standard, for health care and employee benefits. Pointed out the U.C.'s loss claims were improving. Mentioned it was the second-year implementation of the transmission right of way and vegetation management program. And for staffing levels, increased two additional FTE's, to 185, a Lead Mechanic and a Customer Accounts Receivable Specialist. Fuel and purchased power budget (including St. Lucie) at \$27 million, \$2.4 million higher than FY22 budget, a 10% increase, which will be continually monitored and is driven by the cost of natural gas.

Mr. Chavez indicated next steps for the U.C.'s FY23 Budget, after approval by the U.C. Commission, is the required submission to the City of New Smyrna Beach, by June 30, 2022, for their ordinance approval. There will be two readings of the City's Ordinance, more than likely in August and September 2022. And then requested the Utilities Commission's approval of the FY2023 Budget and Capital Improvement Plan FY2023-2032 – proposed U.C. Resolution No. 2022-02.

Commission Action:

Commissioner Hawes stated I would like to make a motion to approve the 2023 Budget; specifically a motion approving the FY2023 Budget and Capital Improvement Plan (FY2023-2032) and U.C. Resolution 2022-02. (Upon approval, FY2023 Budget Estimate will be forwarded to the City of New Smyrna Beach. Final, formal adoption of the FY2023 Budget is pending City Commission approval by Ordinance.)

Commissioner Kelly stated second.

There being no further comments, Commissioner Hawes prior motion passed unanimously on a roll call vote.

(7-b) Approval - 2022-2025 Collective Bargaining Agreement Between UCNSB and IBEW  
Local #2088:

Mr. Chavez then presented highlights for the 2022-2025 Collective Bargaining Agreement Between UCNSB and IBEW Local #2088. Explained existing contract ending July 1, 2022 and have now renewed for another three-year contract – July 1, 2022 to June 30, 2025. Stated the first two years of the wage escalation was negotiated and will have a third-year opener only for rates, wage rates. Otherwise the contract will be in force and effect for everything else. Two additional steps added for pay grades 5 to 21, for meter reading, clerical, water organization, organizations other than electric T&D and linemen. Explained additional steps were adjusted to alleviate topping out too soon for those pay grades. There will be a 2.5% increase for all CBA pay grades in 2023 and another 2.5% in 2024. This was based on a review of the U.C.'s rates in relation to our Central Florida market and based on conditions all businesses are encountering.

After some discussion regarding the U.C. being comparable for FPL and other large utilities based on the comp. study, no adjustment was required particularly for the linemen. The



(7-b) Approval - 2022-2025 Collective Bargaining Agreement Between UCNSB and IBEW Local #2088 (cont.):

biggest difference is within benefits, the U.C. has an 8% retirement contribution plus a 50% match up (401) to the IRS limit. Indicated that Ms. Carrizales, the new H.R. Manager and himself will be providing a presentation to the linemen regarding wages and this comparison. Also indicated shift differentials were increased, from \$1.00 to \$1.50 for the swing shift and from \$1.25 to \$2.00 for the midnight shift, a promotional increase codified to either next higher step or 5%, whichever is greater, and removed language providing for total seniority on shift bidding after being in a division for 24 months. A paternity leave benefit for two weeks or 10 days for birth or adoption of a child was added, and three additional days of bereavement for death of a spouse capped to two events per year. And added an option for employees to donate time to another employee in an emergency situation, subject to approval by H.R.

Commission Action:

Commissioner Smith then stated so moved; specifically a motion to accept and approve the 2022-2025 Collective Bargaining Agreement, wage rates specified and becoming effective as set forth in Exhibit A, and which said agreement was accepted by authorized representatives of both parties and ratified by the bargaining unit on June 9, 2022; and with authorization for the GM/CEO or his designee to execute the associated documentation for this matter.

Commissioner Conrad seconded this motion.

After some discussion which included a requested investigation by Chairman Davenport for General Counsel Cloud into whether U.C. Commissioners could receive health insurance benefits and a potential referendum with the City Commission for a revision to the U.C. Commissioners' existing salary as specified in the City Charter as \$100 per month, Commissioner Smith's motion to approve the 2022-2025 CBA agreement then passed unanimously on a roll call vote.

Chairman Davenport indicated his prior request for Commissioner benefits was related to the future of the U.C. Commission. There's a lot of responsibility, millions of dollars and this may assist with people wanting to step up and do the position of a U.C. Commissioner down the road.

Mr. Cloud indicated the prior requested matter could certainly be reviewed and discussed.

(8) Possible Other Business – Time for Commissioners:

Commissioners Smith and Kelly commended the Director of Engineering, Ms. Couillard, for her prompt support actions and requested information provided.

Chairman Davenport then commended the Director of Finance/CFO for his numerous financial contributions, leadership and support actions to date. Then made a recommendation to change his title to Executive Assistant General Manager.

(8) Possible Other Business – Time for Commissioners (cont.):

All U.C. Commissioners were in consensus toward this action to recognize Efen Chavez’s contributions to the U.C.

Mr. Bunch also expressed full support of the Commission’s consensus and added since December or January, Mr. Chavez had also been carrying the responsibilities of one of the prior Directors, and for which said reporting relationship would probably be kept in place as well. Recognizing existing contracted management structure, Mr. Bunch agreed to review and determine the suggested new role for Mr. Chavez. along with a benchmarked salary. Adding the salary benchmark to be performed by the consultant that performed the U.C.’s salary survey. Then associated recommendations and determinations to be brought back at the next Regular U.C. Meeting.

Chairman Davenport confirmed there were no further comments and adjourned the meeting.

There being no further business to come before the Commission, the Regular U.C. Meeting closed at 4:57 p.m.

APPROVED:

ATTEST:

  
\_\_\_\_\_  
CHAIRMAN

  
\_\_\_\_\_  
SECRETARY-TREASURER

These minutes were formally approved by the Utilities Commission at their July 25, 2022 meeting.