



J. DAVENPORT, CHAIRMAN
R. HAWES, VICE CHAIR
L. CONRAD, SECY.-TREAS.
J. SMITH, ASST. SECY.-TREAS.
L. KELLY, JR., COMMISSIONER
T. CLOUD, GENERAL COUNSEL
J. BUNCH, GENERAL MANAGER/CEO
D. SIMMONS, EXEC. MGR./CLERK

AGENDA***
REGULAR MEETING OF THE
NEW SMYRNA BEACH UTILITIES
TO BE HELD MONDAY,
MARCH 27, 2023, AT 3:00 P.M.*
200 CANAL STREET, DEBERRY ROOM,
3RD FLOOR, NEW SMYRNA BEACH, FL

(COVID PROTOCOLS – MTG. APPTS., MASKS OPTIONAL)

RESULTS OF REGULAR NSBU MEETING

Quarterly Employee Recognitions –

Michael Cardell / Joshua Tew / Gage Fisher / Anthony Carulli / Frank Sharp
(CHAIRMAN DAVENPORT EXPLAINED NSBU'S NEW QUARTERLY EMPLOYEE RECOGNITION PROCESS. READ EACH OF THE ABOVE LISTED EMPLOYEE'S ACCOMPLISHMENTS)

Pledge / Invocation

Safety Message by Josef Grusauskas: Sunshine 811 – Call Before You Dig (DIRECTOR, WATER RESOURCES PROVIDED TWO HANDOUTS AND DISPLAYED SUNSHINE 811 EDUCATION VIDEO ENTITLED SUN 07 UNDERSTANDING THE MARKS. DISCUSSION INCLUDED REQUIRED DEPTH OF UTILITIES AND SOFT DIGS W/VACUUM EXTRACTOR)

ROLL CALL

1. Agenda Changes, Additions and Deletions

a. Agenda Change Request – Consideration of New Business Item 7-a. Prior to Consent Items (CONFIRMED – FY2022 AUDIT PRESENTED AND DISCUSSED AFTER PUBLIC PARTICIPATION AND PRIOR TO CONSENT ITEMS. RESULTS POSTED BELOW AFTER ITEM 7-a.)

2. Public Participation

***3. Approval of Consent Items (APPROVED) (CONSENT ITEM 3-d. PULLED BY CHAIRMAN DAVENPORT - RCVD. EMAIL FROM SHAUNA JUNCO IN OPPOSITION TO FDOT PIONEER TRAIL INTERCHANGE PROJECT AND REQUESTED NSBU TO NOT APPROVE FUNDING FOR THESE WATER MAIN IMPROVEMENTS. STAFF CLARIFIED – PLANNED WATER MAIN IMPROVEMENTS, INCLUDED IN 2016 NSBU MASTER PLAN, NUMEROUS SYSTEM BENEFITS TO BE REALIZED UPON COMPLETION. SOURCE OF FUNDING FROM CAPITAL CONNECTION RESTRICTED FUND – COLLECTED FROM DEVELOPERS. REALIZED COST EFFICIENCIES TO INSTALL WATER MAIN IN CONJUNCTION WITH ELECTRIC UNDERGROUNDING W/FDOT'S INTERCHANGE CONSTRUCTION. ITEM 3-d. WAS THEN APPROVED AS SUBMITTED)**

- a. ✓ Minutes of Workshop Held 2-8-23, and Special Meeting, Final Public Hearing and Regular NSBU Meeting Held 2-27-23 (*Annotated Versions*) (*NSBU and State Requirements*)
- b. ✓ Ratification – Granted and Accepted Third Party Utility Easements (6) – J. Couillard (*NSBU and State Requirements*)
- c. ✓ Renewal – ESRI Small Utility Enterprise License Agreement (SU-ELA) – J. Couillard (*NSBU and State Requirements*)
- d. ✓ Ratification – I-95 & Pioneer Trail Interchange (FDOT Project No. 436292-1-52-01) – NSBU Potable Water Main – J. Couillard (*NSBU and State Requirements*)
- e. ✓ Proclamation – Declaring April 2023 Water Conservation Month – E. Chavez (*NSBU and State Requirements*)



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RESULTS OF REGULAR NSBU MEETING

4. General Manager’s Report – J. Bunch

a. Financial Status – February 2023 – E. Chavez (VP/CFO PRESENTED FEB. 2023

FINANCIAL PERFORMANCE RESULTS. REFLECTED A CHANGE IN NET ASSETS OF APPROX. \$0.3M – DRIVEN BY LOWER USAGE AND INCREASED PURCHASED POWER IMPACTS. \$2.2M LOWER THAN PRIOR YR. ELECTRIC 13.8% LOWER USAGE VS. 2-2022. ALSO DUE TO HURRICANE IMPACTS AND LOWER CAPITAL CONTRIBUTIONS. YR. OVER YR. ELECTRIC CONSUMPTION 1.5% LOWER WITH COMMERCIAL SUBSET 3.4% LOWER. FEB. FYTD PURCHASED POWER AT \$70.46/MWh. \$1.13 OR 2% HIGHER THAN \$69.33/MWh BUDGET AND 9% GREATER THAN PRIOR YR. WATER CONSUMPTION 2.2% LOWER, WASTEWATER 1% LOWER, AND RECLAIMED 3.7% LOWER – MAINLY DUE TO HURRICANES. FEB. 2023 FYTD CAPITAL EXPENDITURES - \$3.7M MAJOR AND \$3.4M ANNUAL PROJECTS. OPERATING LOSS OF \$0.7M. \$1.2M LOWER THAN 2-2022. DRIVEN BY INCREASED EXPS., PRIMARILY INCREASED PURCHASED POWER AND OPERATING EXPENSES. LOWER USAGE PARTIALLY OFFSET BY INCREASED REVENUES DUE TO OCT. ’21 RATE MODIFICATIONS, UPDATED FUEL COST ADJ. AND CUSTOMER GROWTH. FEB. ’23 UNDER-RECOVERY BALANCE AT \$1.9M, WHICH IS \$4.9M UNDER FY END ’23 TARGET OF A \$3M INITIAL RESERVE. FEB. 2023 CAPITAL CONTRIBUTIONS AT \$0.8M; \$0.7M LOWER THAN PRIOR YR. STARTING TO SEE A SLOW TREND DOWNWARDS ON MONTHLY AND FYTD PURCHASED POWER COSTS. IF NATURAL GAS COSTS REMAIN STABLE, CAN EXPECT DECLINE TO ACCELERATE DURING REMAINDER OF FY WHICH WILL HELP SUPPORT RECOVERY OF FUEL AND PURCHASED POWER RESERVE)

b. Informational Presentation – Wastewater Process Methane Reuse – J. Grusauskas

(DIRECTOR, WATER RESOURCES PROVIDED INFO. RESPONSIVE TO COMMS. SMITH’S INQUIRY AT LAST NSBU MTG. DESCRIBED NSBU’S WRF CURRENT SLUDGE OPERATION, POTENTIAL WASTEWATER METHANE USES, AND FACTS RE: METHANE RECOVERY POTENTIAL FOR NSBU. CONSULTANT/ STANTEC ADDITIONALLY SUPPORTED DETERMINATION THAT CURRENT NSBU WRF PLANT NOT DESIGNED FOR ANAEROBIC DIGESTION PROCESS AND WOULD PROVIDE NO ADVANTAGES OVER EXISTING NSBU PROCESS. HIGH CAPITAL COSTS FOR ANAEROBIC IMPROVEMENTS, EXPENSIVE TO OPERATE AND MAINTAIN, AND ABLE TO PRODUCE ONLY A SMALL AMOUNT OF METHANE)

(GM-CEO ALSO EXPLAINED, BASED ON COMMS. SMITH’S SUGGESTION AT LAST MTG., IN ADDITION TO NSBU STAFF REVIEWING OUR WATER CONSERVATION PROGRAMS, HAVE ALSO STARTED DISCUSSIONS WITH CITY STAFF RE: LAND DEVELOPMENT REQUIREMENTS FOR WATER CONSERVATION AND/OR FLORIDA WATER STAR PROGRAM)

5. Commission Counsel’s Report – General Counsel

a. Summary/Status Update on Florida Legislation - HB 1331 and SB 1380 (G.C. CLOUD

PROVIDED UPDATE ON PROPOSED LEGISLATION. HB1331 INITIALLY ATTEMPTED TO GIVE JURISDICTION TO FL PSC OVER MUNICIPAL UTILITIES THAT PROVIDE SERVICES TO CUSTOMERS OUTSIDE CITY LIMITS. POINTED OUT OUTSIDE CITY CUSTOMERS WOULD NOT GAIN REPRESENTATION BY ELECTED OFFICIALS, SINCE FPSC HAS BEEN APPOINTED SINCE 1978. SUBSEQUENTLY REMOVED FPSC, REMAINING PARTS ALSO BAD. PROPOSALS HAVE TO BE CLOSELY MONITORED AND OPPOSED. INCLUDES LIMITATIONS ON TRANSFERS TO CITY GENERAL FUNDS.



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RESULTS OF REGULAR NSBU MEETING

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

- a. Summary/Status Update on Florida Legislation - HB 1331 and SB 1380 (CONT.)
REMAINING LANGUAGE HAS NUMEROUS FLAWS, WILL NEED SUBSTANTIAL MODIFICATIONS. ONCE MODIFIED G.C. BELIEVES MOST RISK TO OUR COMMUNITY WILL BE REMOVED. UNCLEAR RE: NEXT STEPS IN SENATE, SLIGHT DIFFERENCES BETWEEN TWO BILLS, MAY OR MAY NOT MOVE FORWARD THIS YEAR. NOT BEING PUSHED BY IOU'S NOR FL ASSOC. OF COUNTIES – CREATED MAINLY DUE TO CONFLICTS WITHIN THREE* AREAS OF THE STATE (*GAINESVILLE / VERO BEACH / MIAMI). G.C. MONITORING VIA FLORIDA LEAGUE OF CITIES.
- b. ✓ Update on APPA Member-Vendor Agreements Pass-Through Requirements Legal Services Template **(APPROVED – APPA PARTICIPATION AGREEMENT AND REVISED LEGAL SERVICES TEMPLATE AS A SUBSTITUTE FOR THE SECOND AMENDMENT TO G.C. ENGAGEMENT LETTER, AND AUTHORIZATION FOR GM-CEO OR DESIGNEE TO EXECUTE ALL DOCUMENTS ASSOCIATED WITH THIS MATTER)**

6. Old Business

7. New Business

- a. ✓ Fiscal Year 2022 Annual Comprehensive Financial Report (ACFR) – Audit – E. Chavez
(NSBU, State, and Federal Requirements) **(APPROVED) (PURVIS GRAY, AUDIT PARTNER, RON WHITESIDES BRIEFLY REVIEWED AND DISCUSSED FY22 AUDIT REPORT. COMMENDED NSBU STAFF FOR THEIR PREP WORK AND SUPPORT DURING THE AUDIT. REPORTED NO DISCREPANCIES FOUND IN FINANCIAL RULES AND REGS. WITHIN NSBU PROCESSES AND CONTROLS. RECEIVED AN UNMODIFIED OPINION – HIGHEST FORM OF ASSURANCE AN AUDITOR CAN PROVIDE, STATING IN THEIR OPINION ALL NSBU FINANCIAL INFORMATION WAS FAIRLY STATED IN ACCORDANCE WITH APPROPRIATE ACCOUNTING POLICIES AND PROCESSES. BRIEFLY REVIEWED INCOME STATEMENT - \$78M BILLED REVENUES, UP FROM \$63M IN PRIOR YR., ABOUT 25% INCREASE. OUT OF \$16M REVENUES INCREASE, ABOUT \$13M FROM ELECTRIC UTILITY. PRIMARILY BEING DRIVEN BY INCREASED POWER COSTS. IN EXPENSES, PURCHASED POWER IS ABOUT A \$10M INCREASE OVER PRIOR YR. FIRST YEAR IMPLEMENTATION OF NEW RATES, NOT A LOT OF IMPACT ON ELECTRIC BUT INCREASED WATER REVENUES OF ABOUT \$2M AND ABOUT \$0.8M IN WASTEWATER/RECLAIMED REVENUES – FROM VOLUME INCREASES AND RATES. EXPENSES INCREASED ABOUT \$13M - \$10M DUE TO COST OF POWER. REMAINING \$3M SPREAD AMONGST ALL FUNCTIONS, MOST AREAS UP 8% TO 10% IN TOTAL COSTS – EVERYTHING MORE EXPENSIVE NOW COMPARED TO A YEAR AGO. INCOME BEFORE CONTRIBUTIONS NEGATIVE \$1.5M, COMPARED TO SAME LAST YR. FY22 NON-OPERATING EVENTS OF UNREALIZED MARKET VALUE DECLINE IN INVESTMENTS AND HURRICANE COSTS - ABOUT ½ OF THEM, DROVE DOWN NET FINAL NUMBER FOR FY22. ALSO POINTED OUT THIS WAS ACCRUAL-BASED INFO., ABOUT \$9M IN DEPRECIATION EXPENSE, SO A BOOK LOSS NOT A CASH LOSS.**



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7. New Business (CONT.)

a. ✓ F.Y. 2022 Annual Comprehensive Financial Report (ACFR)–Audit – E. Chavez (CONT.)
 THEN REVIEWED THE BALANCE SHEETS. DUE TO OVER-RECOVERED POSITION OF THE PURCHASED POWER RESERVE, \$7.3M AT END OF 2021, AND POWER COST INCREASES IN 2022, CASH DECLINED FROM \$6M TO \$1M – EXAMPLE OF WHY RESERVE IS NEEDED. ACCOUNTS RECEIVABLE UP, ALMOST \$2M – COST OF POWER RELATED. UNBILLED ENERGY COSTS AND FUEL ADJUSTMENT, CREATED NET UNDER-RECOVERY AT YEAR END. SIMILAR TO A SHORT-TERM LOAN TO CUSTOMERS THROUGH PROVIDED RATE RELIEF. NSBU INVENTORY UP, ALMOST \$1M. TYPICAL FOR EVERY UTILITY DUE TO SUPPLY CHAIN PROBLEMS, ALONG WITH INCREASED COSTS. INTERNALLY DESIGNATED CASH INVESTMENTS EARMARKED FOR FUTURE CAPITAL PROJECTS, BALANCE INCREASED ABOUT \$2M OVER PRIOR YR. BECAUSE NOW USING BOND FUNDS, CAPITAL FUNDS NOW BEING REPLENISHED. RESTRICTED ASSETS DECREASED FROM \$68M TO \$50M - \$18M DECREASE IS SPEND DOWN OF BOND FUNDS ON CAPITAL PROJECTS. \$200M CAPITAL ASSETS UP \$13M – CASH CONVERTING TO CAPITAL ASSETS AND THEN DEPRECIATED. AS PROJECTS GO ON, TRANSITION WILL CONTINUE OF DEPLETING BOND FUNDS AND INCREASING CAPITAL ASSETS. LIABILITIES/PAYABLES INCREASED FROM \$4M TO \$9M – DUE TO COST OF POWER AND HURRICANE COSTS. LONG-TERM DEBT, DECREASED FROM \$77M TO \$74M – ROUTINE PAY DOWN OF BONDS. AND UNRESTRICTED EQUITY FROM \$12M TO \$18M, WAS \$6M IN 2020, WHICH WAS DUE TO NSBU USING BOND FUNDS FOR CAPITAL PROJECTS IN LIEU OF INTERNALLY DESIGNATED MONIES. UTILITY IN GOOD FINANCIAL CONDITION. RATE ADJUSTMENTS WERE NECESSARY TO TURN FROM OPERATING LOSS TO OPERATING INCOME POSITION. THEN FINALIZED PRESENTATION BY DISCUSSING A FEW ITEMS CONTAINED WITHIN REQUIRED COMMUNICATION WITH THOSE CHARGED IN GOVERNANCE, RECEIVED BY THE COMMISSIONERS)

8. Possible Other Business - Time for Commissioners

a. ✓ 2023 FMEA Annual Conference – The Vinoy, St. Petersburg (GM-CEO INDICATED AN EMAIL WILL BE FORWARDED TO ALL COMMS. W/INFO. AND TO CONFIRM DESIRED ATTENDANCE AT THIS CONFERENCE)

(COMMS. CONRAD COMMENTED GLAD TO SEE FY22 AUDIT REPORT WAS AS EXPECTED - WITHOUT COMMENT)

(COMMS. HAWES ENCOURAGED ALL, INCLUDING THE PUBLIC, TO READ MANAGEMENT'S DISCUSSION AND ANALYSIS IN THIS AUDIT. GOES INTO DETAIL ABOUT HOW NSBU RUNS, WHAT WE'RE DOING AND WHY WE'RE DOING IT, AND PROCESS THAT'S USED. BELIEVE THAT WOULD BE VERY HELPFUL TO UNDERSTAND. ALSO COMPLIMENTED ALL INVOLVED IN THE AUDIT PROCESS, VERY EYE-OPENING)



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RESULTS OF REGULAR NSBU MEETING

8. Possible Other Business - Time for Commissioners (CONT.)

(COMMS. SMITH THANKED STAFF FOR RESPONSES TO HIS INQUIRIES AND EFFORTS PUT FORTH TO RESEARCH THE ISSUES. COMMENTED ABOUT NOMENCLATURE FOR WASTEWATER, BEING CALLED RECLAIMED WATER WHICH IS ACTUALLY A BYPRODUCT FROM THE WASTEWATER PROCESS. SUGGESTED USING WASTEWATER TREATMENT AS OPPOSED TO RECLAIMED WATER) (GM-CEO EXPLAINED DELINEATION OCCURS WHEN DISCUSSING REVENUE. CONFIRMED RECLAIMED WATER IS A BY-PRODUCT BUT ALSO HAS ASSOCIATED REVENUE AND EXPENSES. IN AUDIT OR MONTHLY REPORTS, DEPICTS SEPARATION OF EXPENSES AND REVENUE. DO NOT HAVE TWO DIFFERENT PLANTS AND AT SOME LEVELS THESE OVERLAP, BUT FOR SALES, REVENUES, AND EXPENSES SOMETIMES ARE SHOWN SEPARATE)

(CHAIRMAN DAVENPORT ALSO COMMENDED STAFF RE: FY22 AUDIT. VERY INFORMATIVE AND SUPPORTIVE OF TRUST, FINANCIAL COMFORT LEVEL. APPRECIATES AGENDA W/PG. NOS. INSERTED AND HIGHLIGHTED – ASSISTS IN REVIEW OF AGENDA PACKAGES. THANKED COMMS. SMITH FOR HIS OTHER SUGGESTION, RECEIVING COPIES OF CITY'S MONTHLY ECONOMIC DEVELOPMENT REPORT, DEPICTS ONGOING GROWTH LEVELS IN OUR COMMUNITY. AND EXPRESSED PLEASURE IN SERVING W/NSBU COMMS. AND THEIR INPUT. ALSO COMMENDED G. C. CLOUD'S LEGAL SERVICES FOR NSBU.

✓ A Check Mark Indicates Items Which Commission Approval Has Been Requested On This Agenda
Please Note -- Most Discussion Items Will Not Have Documentation, Will Be Listed On Agenda Only

- * Consent items to be approved as recommended or accepted as appropriate without further comments unless discussion is requested by Commissioner.
- ** Pursuant to Section 286.0105 of the Florida Statutes, if an individual decides to appeal any decision made by the New Smyrna Beach Utilities, with respect to any matter considered at a meeting or a hearing, that individual will need a record of the proceedings, and will need to ensure that a verbatim record of the proceedings is made. The transcription of such a verbatim will be provided an individual at a cost to be determined by the New Smyrna Beach Utilities in accordance with the full cost to reproduce such transcriptions and copies.
- ** In accordance with the American with Disabilities Act, persons needing special accommodations to participate in this proceeding should contact the individual or agency sending this notice as soon as possible but no later than two days prior to the proceeding at the address given on the notice.