

*[ANNOTATED VERSION\*]*

*[\*Near verbatim/detailed version of minutes posted on NSBU website – nsbufl.com]*

MINUTES OF A REGULAR MEETING OF THE NEW SMYRNA BEACH UTILITIES, CITY OF NEW SMYRNA BEACH, FLORIDA, HELD MONDAY, APRIL 24, 2023, AT 3:00 P.M., AT 200 CANAL STREET, NEW SMYRNA BEACH, FLORIDA  
**(NOTE – THIS REGULAR NSBU MEETING WAS HELD ON-SITE)**

Chairman Davenport called the Regular NSBU Meeting on April 24, 2023 at 3:00 p.m. to order.

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

Safety Message by Vernon Steele – “5 Safe Driving Principles”:

Mr. Steele provided a presentation regarding the “Smith 5 Keys”, keys to safe driving. Explained and expanded on each of the five Smith System keys, which were developed to reduce collisions, prevent injuries, and save lives.

Roll Call:

Chairman Davenport then stated okay, next thing, roll call please Mrs. Simmons.

All of the NSBU Commissioners were in attendance as follows:

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

Others in attendance at this time were as follows: J. Bunch, General Manager/CEO; E. Chavez, Vice President/CFO; V. Steele, Director, Electric Operations; J. Couillard, Director, Engineering & I.T.; J. Grusauskas, Director, Water Resources; L. Green, Help Desk Technician; D. Wood, Sr. Mgr., C.S. & Communications; E. Fisher, Communications Mgr./PIO; D. Simmons, Exec. Mgr./ Recording Secretary; General Counsel Thomas Cloud, Esquire – Gray|Robinson Attorneys at Law; Lisa Martin, NSB City Commissioner, and Paula Rossiter, member of the public in attendance on site.

(1) Agenda Changes, Additions and Deletions:

Mr. Bunch requested a brief discussion regarding the April 27, 2023 Joint City / NSBU Meeting agenda, under Time for Commissioners.

Chairman Davenport indicated this could be item 8-a.

(2) Public Participation:

Chairman Davenport confirmed there was no one from the public requesting participation, on the phone or in person.

There was no public participation at this time.

(3) Approval of Consent Items:

Chairman Davenport asked if anybody would like to pull any consent items from the consent agenda for discussion.

Commissioner Smith indicated he would like to pull item 3-c.

There being no other items to be pulled, Chairman Davenport asked if he could get a motion on a., b., and d.

Commission Action:

Commissioner Hawes stated he would make the motion to approve consent items a., b., and d.; specifically a motion to approve item 3-a. Minutes of Regular NSBU Meeting Held 3-27-23 (annotated version), approve as submitted; item 3-b. Project Update – Lift Station No. 5 Reconstruction, no motion required – information only. Noted prior overall project authorizations and approvals referenced in the summary section of the agenda item were ongoing for the GM-CEO or his designee to execute all associated project documents; item 3-d. Ratification – Manhole 72-02 Replacement and Lift Station No. 73 Improvements Project – Award & Additional Funding Request, ratified the work for this project located in Sugar Mill to be awarded to Driveways, Inc. in the amount of \$298,035.12 and for additional project funding in the amount of \$113,000.00, for a new overall project budget of \$330,000.00. Also stated prior overall project authorization ongoing for GM-CEO or his designee to execute all associated project documents.

Commissioner Conrad stated second.

Commissioner Hawes' motion approving consent items a., b., and d., then passed unanimously on a roll call vote.

(3-c) Ratification – Granted and Accepted Third Party Utility Easements (14):

Commissioner Smith stated I just had a question of staff. These third-party utility easements include a survey and a legal description with each one. Who reviews those, is it a licensed surveyor?

Ms. Couillard stated yes.

Commissioner Smith stated you contract with a licensed surveyor?

Ms. Couillard stated yes, or we require them to do the same and send it to us.

(3-c) Ratification – Granted and Accepted Third Party Utility Easements (14) (cont.):

Commission Action:

Commissioner Smith then stated so moved; specifically a motion to ratify the acceptance of fourteen third party granted utility easements – granted to NSBU for 2712 Honeydew Lane, 6458 River Road, and remaining twelve easements for various addresses on South Atlantic Avenue, as listed, for a customer-initiated overhead to underground residential electric services conversion; attached hereto and hereby submitted to the Commission.

Commissioners Conrad and Kelly simultaneously seconded this motion.

Chairman Davenport stated okay, any discussion. There being none, then requested Mrs. Simmons to 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 up and cover the financial status report for March 2023 and year-to-date. And then I'll move on to the Balanced Scorecard and Metrics.

(4-a) Financial Status – March 2023:

Mr. Chavez came to the podium and presented March 2023 Financial Performance Results. Reflected a change in net assets of approximately \$1.3 million, which was \$0.2 million lower than the prior year. Driver for this was mild weather resulting in lower usage. March usage picked up significantly with purchased power costs also starting to trend lower. March fiscal year to date was \$67.50 per megawatt hour, which was 2.6% lower than the budget. NSBU has \$0.3 million in interest earnings through the FMPA investment partnership. March 2023 fiscal year to date capital expenditures were \$5.1 million in major and \$4.3 million in annual projects. Since at the halfway point in the fiscal year, Mr. Chavez stated the current annual capital forecast is now \$22.3 million versus the \$35.7 million budget. For a comparison purpose, spent \$20.5 million the prior fiscal year. These lower spends are due to ongoing supply chain constraints, receipt of some no responses to bids, and shifting of the AMI and WAMS selection process. Now adjusting projects and budget forecasts accordingly.

Mr. Chavez continued by stating there was a slightly bigger loss than last year on operating income which was driven by lower usages, various slow-downs, and increased purchased power. However, purchased power has been trending downward in recent months and now going into the summer months where volumes will pick up and produce increased revenues. Natural gas pricing is also down to \$2.31 per MMBtu in March and expected to stay within this level now. Had been approximately \$8.00 per MMBtu at its peak last year. FPPCAC is at a \$1.5 million under-recovered position, improved by \$0.9 million since October and is trending in the right direction. Now expected to be in an over-recovered position at the end of 2023 into 2024.

Discussion included a confirmation that NSBU customers benefitted significantly from the prior over-recovered position or reserve. The use of over \$9.5 million in reserve funds during the peak cost period enabled a "soft landing" for the purchased power increases.

(4-b) 1<sup>st</sup> Half FY2023 Balanced Scorecard and Enterprise Metrics:

Mr. Bunch then presented the 1<sup>st</sup> and 2<sup>nd</sup> quarter update on the NSBU's KPI's. Briefly covered the metrics results to date for Safety & Risk, Electric Reliability (*best ½ year performance on record*), Water Resources, Customer Service (*numerous notable improvements, many achieved after closing C.S. office to general walk-ins, but friendly, personalized services continuing to be provided/supported*). Also covered Materials Management (*mentioned higher inventory necessary due to supply chain constraints*). The cost goals on target for all utilities. Also covered Human Resources and Information Technology metrics.

After discussion and a few inquiries throughout the presentation, Mr. Bunch then summarized the metrics by stating there was a lot of green depicted for March 2023 and year to date – all things generally in a good place.

(4-c) Builder Developer Activity Summary:

Mr. Bunch then requested Ms. Couillard to provide an update, added calling it an economic update but was really our builder, developer and related activity update.

Ms. Couillard came to the podium and provided information regarding the declining trend of new single-family utility accounts at NSBU, and which supports the current housing market decline. For comparison, September 2018 to September 2022, averaged 555 new single-family accounts. October 2022 to April 2023, only received 139 accounts. If this trend continues, anticipating a 35% decline in fiscal year 2023 versus fiscal year 2022. CIAC funding is lowest since fiscal year 2018. Housing completions in fiscal year 2022 was 350 days and this year increased to about 375 average days. For comparison fiscal year 2018 was 150 days, this has more than doubled. NSBU volumes track closely with locally reported real estate sales data. Builders-Developers seem to be developing smaller phases at this time.

(4-d) Informational Response – Planning for E.V. Charging:

Mr. Bunch stated in between meetings we had a question posed to us by Commissioner Smith and it had to do with E.V. Charging Infrastructure. John McMurray is going to address some of the issues presented in an article that Commissioner Smith so nicely forwarded.

Mr. McMurray came to the podium and provided highlights of NSBU's E.V. Charging Pilot Program in response to Commissioner Smith's inquiry. Explained NSBU's scope, utilization, installation sites, plan for growth, key learnings and financial results. Also possibilities of future funding and dissemination regarding NSBU's E.V. charging sites' availability to the public.

Commissioner Smith thanked Mr. McMurray for the detailed analysis and clearing up a couple of issues, was just wondering if NSBU was in tune with what's being talked about. Also mentioned another related topic was electric bicycles and which can cut down on air pollution, energy consumption, are more economical for all individuals, and would assist with the City of NSB's parking issues. Adding you can put six electric bikes in one parking space.

(4-d) Informational Response – Planning for E.V. Charging:

City Commissioner Martin interjected that she had a few spaces on Flagler Avenue, spaces too small for parking a vehicle, and some just driveways.

After a brief discussion, Mr. Bunch confirmed NSBU staff could work with the City staff regarding electric bike parking in New Smyrna Beach.

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

Chairman Davenport introduced item number 5.

Mr. Cloud reported that House Bill 1331 and Senate Bill 1380 were not going to go through the Legislature. A lot of cities weighed in with local legislative delegation, which is the best way, have City Commissions communicate their thoughts as representatives of the entire City. And also, this is where the transfer payments go. Some Senators also assisted in this issue by not supporting this legislation. The City of Gainesville however does have a local bill which provides for gubernatorial appointments of their utility authority. Commented this was not good policy and was not creating good representation for outside city customers. Reminded all need to remain vigilant regarding proposed legislation.

Commissioner Smith commended Mr. Cloud’s legislative report from the last NSBU Regular Meeting, stated it explained the issues very well. Also concurred with Mr. Cloud’s statements, nobody’s safe as long as the Legislature is in session.

(6) Old Business:

Chairman Davenport confirmed there were no items of Old Business.

(7) New Business:

Chairman Davenport confirmed there were no items of New Business.

(8) Possible Other Business – Time for Commissioners:

Chairman Davenport opened up item 8. – Time for Commissioners.

Commissioner Kelly complimented NSBU staff on managing the materials and balancing the costs to the citizens via the FPPCAC and Reserve, great job and good forecasting. Also commended staff for all of the Customer Service improvements and metrics.

Commissioner Smith requested clarification to address his concern regarding allowance of time for Commissioners, City and NSBU, to talk with each other during the upcoming Joint Meeting.

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

Mr. Bunch explained Commissioners were allowed to speak at any time during the Joint Meeting and item 5. on the agenda, Additional Joint Topics was inclusive toward all Commissioners.

(The final Joint Meeting agenda package included a clarification note under item 1. on the agenda.)

Commissioner Hawes commented while on a recent vacation, was interesting to see St. Johns U.S. Virgin Islands utility infrastructure includes fiberglass utility poles, water being capture in cisterns, and desalinization plants.

Chairman Davenport expressed appreciation for NSBU's improvements, the transparency and also metrics measurement – being run like a well-oiled machine.

ADD-ON (8-a) GM-CEO –Review of Topics Listed on 4-27-23 Jt. City/NSBU Mtg. Agenda:

There being no further Commissioner comments, Mr. Bunch then briefly covered the agenda topics listed on the 4-27-23 Joint City/NSBU Meeting agenda. Indicated that he had meetings and phone calls with the City Manager to provide approximately six topics believed to be of interest to both Commissions. (Topics w/presenters' names: Septic to Sewer – Mead & Hunt; City Capital Improvement Projects, in collaboration with NSBU – Todd Alexander; Electric Reliability Improvement Program – Julie Couillard; Central Office Building Options and for Fleet & Field Operations Bldg. with Costs – Julie Couillard; NSBU Modernization Program/Roadmap Update – J. McMurray; and Water Sustainability Update – Josef Grusauskas). Some topics will be updates and revisiting of items discussed during the last Joint Meeting (held February 24, 2022). The upcoming Joint Meeting will include presentations on these topics and discussions during and throughout the meeting. Then will open up for any additional topics on item 5., will provide an opportunity to bring up any additional topics from either Commission.

Chairman Davenport then inquired about FEMA mitigation opportunities and a brief discussion ensued regarding FEMA requirements as well as other utility grant opportunities being pursued. Also indicated if NSBU's grant writer consultant determines there are some potential grant opportunities not available to NSBU as a utility but a City can participate, that information will be passed along to the City of NSB.

Mr. Bunch concluded by stating we'll try to keep the presentations brief, about ten minutes each but believe there will be a good bit of discussion; that's the purpose of getting everybody together.

Chairman Davenport confirmed with the NSBU Commissioners they had nothing further to discuss and then requested a motion to adjourn this meeting.

Commission Action:

Commissioner Smith made a motion to adjourn and Commissioner Hawes seconded.

ADD-ON (8-a) GM-CEO –Review of Topics Listed on 4-27-23 Jt. City/NSBU Mtg. Agenda (cont.):

There being no further business to come before the Commission, the Regular NSBU Meeting closed at 4:20 p.m.

APPROVED:

ATTEST:

  
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CHAIRMAN

  
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SECRETARY-TREASURER

These minutes were formally approved by the Utilities Commission at their May 22, 2023 meeting.