



UTILITIES COMMISSION
CITY OF NEW SMYRNA BEACH, FLORIDA

ADM. OFFICE
USE ONLY:

AGENDA ITEM 4-b

- CONSENT ITEM FOR MEETING OF: February 24, 2014
- NEW BUSINESS FROM: CEO/General Manager
- OLD BUSINESS SIGNATURE: *Ray Mitchell*
- General Mgr.'s Rpt. EXHIBITS: FY2014 Strategic Initiatives and 2013 Annual Accomplishments

**SUBJECT: FY2014 Strategic Initiatives and
2013 Strategic and Objective Accomplishments**

SUMMARY:

Each year the Strategic Initiatives are produced through the CEO/General Manager's office and provided to the Utilities Commission. The CEO/General Manager and U.C. Legal Counsel (contracted legal assistance in strategy and visioning) determined for 2014 to move the company in a positive, values-based direction operating with integrity and focus.

The Vision, Mission, Strategies, and Objectives are accomplished and supported by seven (7) tactics which are selected by the CEO/ General Manager; the tactics are depicted under each objective. A mid-term status update was distributed to the UC Commissioners for review and request for individual input.

The Strategic Initiatives are attached to this agenda item and upon ratification, will again be posted on the UC's website and distributed internally.

The 2013 Strategic and Objective Accomplishments are also attached for review.

RECOMMENDED ACTION:

Ratification of FY2014 Strategic Initiatives and acknowledgment of strategic and objective 2013 accomplishments.

Ray Mitchell

NOTE: ALL AGENDA ITEMS MUST BE IN THE GENERAL MANAGER'S OFFICE BY NOON MONDAY TWO WEEKS PRIOR TO THE REGULAR MONDAY COMMISSION MEETING.

SUMMARY (cont.):

Some of the strategic and objective accomplishments (not inclusive) for calendar year 2013 are listed below. Each annual accomplishment falls under two or more of the U.C.'s seven strategic objectives, and most support three or greater.

ACCOMPLISHMENTS –

Regulatory requirements were met or exceeded again this year in operations, as well as in reporting. Ensured and maintained consistent application and enforcement of “no free service”, non-preferential treatment, and the enforcement of strong ethics policies throughout utility operations which produced unbiased, solid business decisions. Continued adherence to conservative and cost effective financing policies and ongoing prioritizing of capital investment and planning.

Maintained the U.C.'s infrastructure fee provision of the Developer's Agreement and continued contractual and construction coordination with all external agencies in relation to capital projects ensuring mutually beneficial cost savings and avoidance of external cost obligations or risks into the U.C.'s rate base.

Support and follow through for improved service-based actions by employees throughout utility operations.

Initiated a “Transparency for Integrity” website to improve communications and provide further insight and understanding to our customers regarding the operations of their local utility.

Reorganized Engineering Department for increased operational support and additional reorganizations expected to support improved operational efficiencies and customer satisfaction.

Increased involvement of Directors in the development of strategic initiatives and with company performance measures and benchmarks.

Provided for an earlier release of monthly agenda packages to enable additional review and preparation time as well as increased time for any associated inquiries.

Expanded Executive Summary in monthly General Manager's Report for additional status details, operational events, and educational items.

Commenced an enhancement to the U.C.'s Asset Management Plan, with first phase completion regarding vacant properties planned for 1st quarter of calendar year 2014. Preservation of U.C. property ownership rights and evaluation for retainage of existing U.C. property for current and future utility purposes ongoing. Also ensured security and improved identification and maintenance of U.C. properties.

Supported the development of a GIS Project Strategic Plan for an enterprise mapping software platform and to realize operational cost-effective efficiencies and customer service enhancements (i.e., advanced asset planning, service order tracking, customer notifications and improved outage responses and restoration times). After months of evaluation, including site visits, Implementation Phase I was presented and approved in December 2013. This will be a multi-phase and multi-year capital project.

Rate Comparisons – Electric & Water Resources – Continued to maintain low rates for electric and water resources which additionally supports economic development and sustainability of our community. Remained in lowest third of state in all electric rate class comparisons and for water resources comparisons within Volusia County. FMEA Electric Rate Comparison December 2013 - 5th Lowest in State for 1,200 kWh Residential and 1st, Lowest in State for 30 kW-6,000 kWh Commercial - Small Business. SJRWMD 2013 Water Utility Rate Survey, Comparison of Four Local, Adjacent Cities and County - U.C. is 1st, Lowest for Residential Potable Water for 6 KG, 15 KG, and 30 KG and also 2nd Lowest for Water and Sewer Combined Bills for 6 KG, and 1st Lowest for 15 KG and 30 KG.

SUMMARY - Accomplishments (cont.):

Financial Activity – UC improved its stable financial condition in FY2013. There was an increase in revenues (approx. \$2.3 million) and in our customer count (a little over 1,100). The Commission's overall net position increased by \$3.8 million, net of \$3.5 million CR-3 nuclear plant impairment charges. Controlled operating expenses, as well as management of required CIP projects, enabled a strong operating margin to continue. Approximate \$5 million increase in Unrestricted R&R mainly due to minimal growth and the phasing and prioritization of CIP projects. The long-term debt increased by \$3 million due to borrowing in 2013 for ongoing wastewater and reuse capital improvement projects. However a large increase in debt service coverage was realized due to the significant reduction in the U.C.'s debt repayment schedule for FY2014 and the previous long term debt refinancings.

Realized no comments in FY2013 audit; no deficiencies in internal control nor material weaknesses nor non-compliance instances.

Annual Inventory Count in the U.C.'s Warehouse produced only a \$100 net book value adjustment, highly commendable for accuracy and inventory controls.

In 2013, the U.C. was the 7th largest employer in New Smyrna Beach at 152 employees, 1.01% of total city employment, provided over \$3.2 million* to the city's general fund (*6% of gross revenues defined), remitted over \$1.6 million for the 9% public service tax on electric services, and continued as the billing agent for the City's solid waste services.

Electric - Power Supply:

Status and educational updates provided periodically regarding Power Supply. During the last year met the challenge of transmission constraints for peaking with in-house generation and effectively notified and communicated with customers regarding this service need, mitigated the use of in-house generation whenever possible which controlled increased power supply costs. Successfully negotiated an amendment to last year's renegotiated firm power contract* with Duke Energy (*\$4.5 million savings) for an additional 5 MW of firm capacity and associated energy that are not subject to existing transmission constraints with Duke Energy for the replacement and mitigation of CR-3. (Settlement negotiations ongoing regarding power supply costs differential due to retirement of Crystal River No. 3 Nuclear Plant.)

Planned for backup contingencies to ensure continued, lowest available costs for power supply and additional firm capacity to meet load and reserve requirements. One option, 10 MW of mobile generation was developed, but ultimately staff completed a successful negotiation with Florida Power & Light for a 10-35 MW (average 25 MW/month) Native Load Firm Power and Energy Transaction, and due to the type of this contract, with less limiting transmission constraints.

Declared and commenced decommissioning of Swoope and Smith Street peaking generation sites.

Identification of diversified power supply resources, lowest possible cost, and development of modeling structure ongoing.

Electric Operations -

During 2013 all battery banks and battery chargers were replaced at all substations for increased operational reliability.

Established an infra-red scan program of all existing subaqueous electric crossings serving the beachside.

Multi-year project, the New Feeder North Beach (Subaqueous Electric Crossing), to relieve load on existing circuits and provide an alternate source and ability to carry electric service to the beachside, was designed during 2013; bid/construction to follow during 2014.

Completed 7th year of hurricane preparedness and 5th year of storm hardening of the transmission and distribution system with over 70% completed.

SUMMARY - Accomplishments (cont.):Water Resources -

Well maintained utility systems and available capacity for growth:

FY2013 Unused Water Plant Capacity – 54% and Wastewater Plant Capacity – 53%

(FY2012 – 53% unused water and 47% unused wastewater plants.)

Potable/Drinking Water: The Glencoe Water Treatment Plant Filter Upgrades project, including new filters and controls completed during 2013, for restored capacity on media and underdrains. Also installed a new rake and turbine drive for the South Softener at the plant. Upgraded three existing wells with new VFD's and standard check valves and three new wells were drilled for the Central Wellfield. Design work commenced for Phase II of the Central Wellfield project - pumping and control equipment.

The large water meter replacement program ongoing for increased billing accuracy, avoidance of revenue losses, and potable water conservation.

Improvement for disinfectant performance and reduced flushing is being realized through elimination of redundant mains and continual evaluation and testing of system performance.

Wastewater/Sewer: Lift station upgrades continuing with Lift Station 19 reconstruction completed during 2013. Approximately 1 canned lift station upgrade is planned per year. The effluent flow meter and WAS Meter were replaced, new VFD installed on transfer pump, and further refinement of power management strategies of WRF plant equipment and operations assisted in cost reductions. New contract for biosolids hauling contract realized a 20% cost reduction. Coordinated and implemented formal procedure for notification and testing of F.O.G. related impacts to system. Renewal of Water Reclamation Facility (WRF) 5-Year Operating Permit ongoing.

Reclaimed Water: Ongoing operational management and reclaimed water disposal options enabled continual avoidance of any river discharges for 54 months (4.5 years), as of the end of 2013.

Internal Support Areas -

I.T. Department continuing diligence in monitoring critical services and infrastructure to ensure adequate protection from constantly evolving cybercrime and threats. Disaster Recovery Program continued by moving backup server from interim site of System Ops. to Headend Bldg. and efforts in internet redundancy.

Received approval for the implementation of an Enterprise Document Management System and Forms Management Solution for cost savings and operational efficiencies in electronic workflow processes and forms, including customer web based forms, and enterprise electronic accessibility of company documentation.

H.R. Department secured improvements at reduced costs for employees' annual healthcare benefits (FY2014) and implemented a work force wellness program which should additionally realize mutually beneficial cost benefits. Realized improvements in safety statistics and workers compensation.

Customer and Community Support –

Another bill payment option was added for our customers during 2013, an interactive voice response system (IVR), via phone and available 24/7. Also provided for outstanding balance calls as additional contact to customers prior to disconnection of services. Future implementation phase will include emergency notifications to our customers.

A new service application process was implemented this year to ensure identity and legal responsibilities associated with our utility accounts. Previous or existing customer account documentation also being updated through this process upon intermittent or seasonal use.

After thorough investigations, supported development of two customer-initiated policy changes, in net metering (reduced insurance requirement for Tier One/10 KW or less, inverter-based solar PV systems) and customer deposits (blanket deposit - Residential, 10 or more accounts).

SUMMARY - Accomplishments (cont.):

Customer and Community Support (cont.) --

Continued management and promotion of energy audit program, as of 12-31-13, approximately 1,704 customers requested and/or received an energy audit since program inception. Residential and non-demand commercial rebates offered for 16 SEER or higher AC, duct leak repair, solar attic fan, cool roof, added insulation and window solar screens. Non-demand commercial rebate program includes added insulation, solar screens and LED Exit signs.

The U.C.'s "We Care Fund" received \$2,568 in donations during FY2013 from U.C. customers and internal staff recycling of ink cartridges and cell phones.

The U.C. held two community events, the 2nd Annual Water-Wise Garden Fair on March 2nd, a significant educational conservation event which additionally meets a C.U.P. permitting condition, and Public Power Day on October 12th, which educates regarding the benefits of public power and electric safety, also showcased the U.C.'s electric fleet vehicles and was held in conjunction with the monthly car show which increased participation. Two community groups also requested presentations by the U.C., the Rotary Club regarding water resources and the Southeast Chamber of Commerce regarding electric operations.

The U.C. participated in the City's 2013 holiday events by again erecting the Christmas star on top of the Central Office Building and entering a float in the annual Christmas parade (vehicle and materials provided by U.C. and labor by employee volunteers). The "Employee Volunteer Corp." selected and sponsored Santas for Seniors at the Oceanview Nursing Home in 2013, culminating in fulfillment of 155 seniors receiving their requested items.