AGENDA ITEM  4-b

☐ CONSENT ITEM    FOR MEETING OF:  April 17, 2017

☐ NEW BUSINESS     FROM:  CEO/General Manager

☐ OLD BUSINESS     SIGNATURE:  [Signature]

☐ General Mgr.’s Rpt. EXHIBITS:  2016 Annual Accomplishments

SUBJECT:  2016 - Challenges and Strategic and Objective Accomplishments

SUMMARY:

For review and information, the annual Strategic and Objective Accomplishments for calendar year 2016, inclusive of Challenges, as well as an updated Five-Year Recap of U.C. Operations, is hereby submitted.

It should be noted that within the review of the U.C.’s Strategic Initiatives and Objectives (comprehensively revised and approved by the Utilities Commission in 2014), determinations were made this year to include the U.C.’s entity communication challenges.

Updating of the U.C.’s Strategic Initiatives will not only include a comprehensive review of the initiatives and objectives depicting the U.C.’s responsibilities and service priorities, but this year will also involve a comprehensive branding initiative. The current expected goal is June, 2017, for presentation of the process to the Utilities Commission and public.

RECOMMENDED ACTION:

No action necessary, for information only.

[Signature]

NOTE:  ALL AGENDA ITEMS MUST BE IN THE GENERAL MANAGER’S OFFICE BY NOON MONDAY TWO WEEKS PRIOR TO THE REGULAR MONDAY COMMISSION MEETING.
UTILITIES COMMISSION,
CITY OF NEW SMYRNA BEACH, FLORIDA

2016

CHALLENGES

AND

ACCOMPLISHMENTS

MUNICIPAL UTILITY SERVICES COMPANY
NON-TAXING, CREATED BY SPECIAL LEGISLATIVE ACT,
PUBLIC LAW 67-1754 AND AS AMENDED BY PUBLIC LAW 85-503.

SERVING THE CITY OF NEW SMYRNA BEACH AND COUNTY OF VOLUSIA CUSTOMERS
WITH ELECTRIC, WATER, WASTEWATER, AND RECLAIMED WATER SERVICES

AS OF 9-30-16
27,317 ELECTRIC CUSTOMER ACCOUNTS
25,771 WATER CUSTOMER ACCOUNTS
20,762 WASTEWATER CUSTOMER ACCOUNTS
1,775 REUSE/RECLAIMED WATER CUSTOMER ACCOUNTS
2016
UTILITIES COMMISSION CHALLENGES

COMMON UTILITY INDUSTRY CHALLENGES

➤ RISING COSTS - O&M / CIP / MAINTENANCE
➤ AGING INFRASTRUCTURE
➤ INCREASING, STRINGENT REGULATORY REQUIREMENTS
➤ WEATHER IMPACTS
➤ RAPIDLY CHANGING WORKFORCE
➤ SECURITY CHALLENGES
➤ DEVELOPMENTAL / CUSTOMER GROWTH EXPANSIONS

OPERATIONAL CHALLENGES:
INCREASING REGULATORY AND SECURITY REQUIREMENTS
CATEGORY 3 HURRICANE (MATTHEW)
POTABLE WATER SAMPLING EXCEEDANCE
DEVELOPER AND EXTERNAL CHALLENGES TO EXISTING U.C. POLICIES
   AND LEGAL OPINIONS
DEFICIENCIES IN MANAGEMENT (I.T.) / HIGH STAFF TURNOVER
   (ASSOCIATED FORMER EMPLOYEES CLAIMS & CONTACTS W/EXISTING STAFF)
CENTRAL OFFICE BUILDING ENVELOPE AND REMODELING PROJECT

INFRASTRUCTURE PROJECT CHALLENGES:
INCREASING RIGHT-OF-WAY RELOCATIONS OF UC EXISTING INFRASTRUCTURE
   FOR CITY / COUNTY / FDOT
VARIANT NATURE OF CITY DEVELOPMENTAL CODES
EARLY ABANDONMENT OF EXISTING UTILITY USES AT SWOPE SITE
INTERJECTION OF CITY REQUESTED INFRASTRUCTURE PROJECTS (TWO)

COMMUNICATION CHALLENGES:
COMMUNITY IDENTITY / U.C. PUBLIC UTILITY SERVICES - ROLE AND PURPOSE
COMPREHENSIVE REPRESENTATION OF SYSTEM AND SERVICE PRIORITIES
EXEMPLIFICATION AND CLARIFICATION OF EXISTING UTILITY SERVICE POLICIES
2016
UTILITIES COMMISSION ACCOMPLISHMENTS

COMMON UTILITY INDUSTRY QUALITY SERVICE MEASURES

- PRODUCT QUALITY, SAFE LIFE ESSENTIAL SERVICES
- ADEQUACY / CAPACITY OF RESOURCES
- CUSTOMER SATISFACTION
- FINANCIAL VIABILITY
- SYSTEM INTEGRITY, SUFFICIENCY, AND STABILITY
- OPERATIONAL RESILIENCE AND SUSTAINABILITY
- EMPLOYEE AND LEADERSHIP DEVELOPMENT
- STAKEHOLDER UNDERSTANDING AND SUPPORT
- UTILITY OPERATIONAL SYSTEM SECURITY

STRATEGIC LONG-TERM SYSTEM PLANNING

ERU/CAPACITY FEES STUDIES INITIATED AND COMPLETED – UTILITIES COMMISSION APPROVED POLICY REVISION FROM CATEGORY-BASED TO METER-BASED AND REDUCTION IN ERU LEVEL OF SERVICE (LOS). POTABLE IRRIGATION CAPACITY FEE ESTABLISHED (INTERRELATED WITH CUP COMPLIANCE AND SUPPORT OF SUSTAINABLE ECONOMICAL DRINKING WATER SERVICES).

FINANCIAL VIABILITY

FY2016 AUDIT FACTS
ASSETS APPROX. $227 MILLION, $5 MILLION INCREASE OVER 2015; EXCEPTIONAL $8.5 MILLION DECREASE IN DEBT; POSITIVE CHANGE IN NET POSITION OF ALL THREE UTILITY SYSTEMS; TOTAL REVENUES OVER $61 MILLION; TOTAL OPERATING EXPENSES $55 MILLION; APPROX. $6 MILLION IN OPERATING INCOME.

U.C. RECEIVED GFOA CERTIFICATE FOR EXCELLENCE FOR FINANCIAL REPORTING FOR 38TH CONSECUTIVE YEAR.
REGULATORY / OPERATIONAL HIGHLIGHTS

HIGHEST SUMMER PEAK
NEW ALL-TIME HIGHEST SUMMER PEAK OF 101 MW REACHED (PREVIOUS 94 MW) AND WAS MET WITH FIRM POWER SUPPLY CONTRACTS WITH AMPLE PLANNING RESERVE MARGINS.

WRF ANNUAL INSPECTION - FDEP
FDEP ANNUAL WATER RECLAMATION FACILITY (WRF) INSPECTION – TWO DAY, COMPREHENSIVE INSPECTION PERFORMED INDICATING NO DEFICIENCIES.

WATER RESOURCES PLANT CAPACITY

WTP –
50% UTILIZED OF 10.368 MGD RATING
62% OF CUP ALLOWANCE

WWTP –
46% UTILIZED OF 7.0 MGD RATING
100% REUSE UTILIZATION
(AS OF MARCH 2017 - 93 CONSECUTIVE MONTHS, 7 YEARS 9 MONTHS, WITH NO RIVER DISCHARGES)

WATER/WASTEWATER RELOCATIONS/IMPROVEMENTS IN CITY RIGHT-OF-WAY
COMPLETED OVER $3.2 MILLION INFRASTRUCTURE IMPROVEMENTS IN CONNECTION WITH THE CITY’S CENTRAL BEACH STORMWATER PROJECT. NUMEROUS WATER MAINS AND SEWER LATERALS/MANHOLES REQUIRED RELOCATION DUE TO THE CITY’S STORMWATER SYSTEM CONSTRUCTION. U.C. STAFF ASSESSED AND DETERMINED UPGRADES WITHIN THE AFFECTED EXITING UTILITY INFRASTRUCTURE. THIS CITY STORMWATER PROJECT DID MANDATE SHIFTING PREVIOUS PLANNED U.C. CIP PROJECTS OVER A TWO YEAR PERIOD AND REQUIRED SIGNIFICANT MAN-HOURS FROM UC STAFF IN WATER RESOURCES FIELD OPERATIONS AND ENGINEERING.
RATES

ELECTRIC RATES

WATER RESOURCES RATES

FUEL AND PURCHASED POWER DECREASE
APPROVED DECREASE TO FUEL AND PURCHASED POWER COST, FROM $24.96 PER 1,000 kWh TO $22.68 PER 1,000 kWh – EFFECTIVE 10-2016

REUSE/RECLAIMED SERVICES
COMMENCED BILLING OF REUSE/RECLAIMED METERS IN FEBRUARY 2016 - OVER 1,500 RECLAIMED WATER CUSTOMERS. (COMPLETED THREE-YEAR INSTALLATION PROJECT IN 11-2015 OF ERT/RADIO READ METERS FOR RESIDENTIAL AND SMALL COMMERCIAL RECLAIMED WATER CONNECTIONS)
WEATHER IMPACT MANAGEMENT ACCOMPLISHMENTS

CATEGORY 3 HURRICANE (MATTHEW)
U.C. CREWS' RESTORATION RESULTS – HERCULEAN EFFORTS RESPONDING TO WATER BREAKS, SEWER OVERFLOWS, AND ELECTRIC EMERGENCY SITUATIONS. NO SYSTEM-WIDE BOIL WATER NOTICES, EXTREMELY EFFECTIVE HANDLING AND PROCESSING OF SEWER FLOWS, AND EXTRAORDINARY ELECTRIC SERVICE RESTORATION. RECEIVED EXEMPLARY SUPPORT FROM CUSTOMER SERVICE, ADMINISTRATIVE, AND EXECUTIVE PERSONNEL. COMMUNICATION INFRASTRUCTURE CHALLENGES WERE ALSO OVERCOME THROUGH INGENUITY AND COORDINATION. ALL UTILITY RESTORATION SERVICES AND COMMUNICATIONS ACHIEVED WITH NO INJURIES!

U.C. RECEIVED FMEA 2016 BUILDING STRONG COMMUNITIES AWARD FOR COMMITMENT TO ENHANCING THE QUALITY OF LIFE IN OUR COMMUNITY.

WATER RESOURCES SERVICES
EXTREME SUMMER WEATHER PATTERN ALSO AFFECTED RECLAIMED WATER SERVICES – REUSE MANAGEMENT STRATEGIES, SUPPLY MANAGEMENT PROCESSES, AND COMMUNICATIONS WITH CUSTOMERS RE: LIMITATIONS ALSO RESULTED IN MINIMAL COMPLAINTS.

"FREE" CHLORINE – TEMPORARY DISINFECTANT SWITCH – SIX WEEK SYSTEM MAINTENANCE PROCESS – COMPREHENSIVE NOTIFICATIONS AGAIN RESULTED IN MINIMAL COMPLAINTS.

POTABLE WATER SAMPLING EXCEEDANCE
NOT AN EMERGENCY NOR IMMEDIATE RISK TO CONSUMERS. ONE SAMPLE AT ONE SAMPLING LOCATION. COMPLETED REPORTING AND NOTIFICATION REQUIREMENTS. (1ST EXCEEDANCE IN APPROX. 30 YEARS, AND AS STATED IN ACCOMPLISHMENTS, PROVEN TO BE ANOMALY – NO ADDITIONAL EXCEEDANCES).
U.C. STAFF DEVELOPMENT AND SUPPORT
SUCCESSFULLY NEGOTIATED A NEW, FULL COLLECTIVE BARGAINING AGREEMENT AND UPDATED/REVISED HUMAN RESOURCES MANUAL. IMPLEMENTED ADDITIONAL LEADERSHIP TRAINING AND RESOURCES. ALLEVIATED UNWARRANTED INFLUENCES FROM FORMER EMPLOYEES THROUGH PROFESSIONAL COMMUNICATIONS. WORKERS COMPENSATION MOD RATE (EXPERIENCE MODIFICATION RATE) DECREASED TWICE DURING THE YEAR – AT .88 (ANYTHING UNDER 1. CONSIDERED BELOW INDUSTRY’S AVERAGE RATE).

I.T. DEPARTMENT
I.T. DEPT. FORTIFIED PRIOR TO ANY CATASTROPHIC FAILURES, CUSTOMER DATA PROTECTED THROUGHOUT AND WITHIN COMPARABLE BUDGETARY AMOUNTS. EXPERTISE ACQUIRED FROM EXTERNAL CONSULTANTS AND INTERNAL STAFF, DEVELOPING I.T. SYSTEM TO BEST PRACTICES AND STANDARDS. COMPLETED CORE SWITCH REPLACEMENT AND GREAT PLAINS/COGDALO FINANCIAL SOFTWARE UPGRADES W/MINIMAL TO NO INTERRUPTIONS TO EMPLOYEES OR CUSTOMERS. COMPLETED PCI CERTIFICATION – ANNUAL RENEWAL OF COMPLIANCE REQUIRED – CURRENT COMPLIANCE VALID UNTIL 6-29-17. MONTHLY SYSTEM SCANS ONGOING WITH PLANNED PENETRATION TESTING UPON COMPLETION OF PROJECTS 1-3. IMPLEMENTED PROJECT BASED ACCOUNTABILITY WITH EXTENSIVE DOCUMENTATION ONGOING.

SUCCESSION PLANNING
FORMAL PRESENTATION/DISCUSSIONS OF ENTERPRISE SUCCESSION PLANNING AND COMMENCEMENT OF LEADERSHIP DEVELOPMENT PROGRAM. GENERAL MANAGER/CEO REPLACEMENT TIMELINE 2017-2019 DEVELOPED; PHASE 1 CONSULTATION COMMENCES JUNE-SEPT. 2017

ENHANCED COMMUNICATIONS AND STAKEHOLDER SUPPORT
IN ADDITION TO STAFF TRAINING, EXPLORATION OF ADDITIONAL METHODS FOR COMMUNICATING INTERNALLY AND EXTERNALLY COMMENCED AT THE END OF 2016.

STRATEGIC PLANNING
SUPPORT/ASSISTANCE TO CITY OF NEW SMYRNA BEACH

FINANCIAL TRANSACTIONS
REQUIRED 6% PAYMENT TO CITY FOR FY2016 TOTALED $3,721,883 AND THE 9% PUBLIC SERVICE TAX ON ELECTRICITY SERVICES TOTALED $1,948,518. AS BILLING AGENT FOR CITY’S SOLID WASTE SERVICES, REMITTED MONTHLY TO CITY A TOTAL OF $5,349,971.

CITY REQUESTED INFRASTRUCTURE PROJECTS PLUS FUNDING VIA LOANS
{1} SOUTH SIDE OF S.R. 44 – COMMERCIAL
SANITARY SEWER INFRASTRUCTURE (SEWER MAIN EXTENSION PLUS LIFT STATION) FOR APPROX. 17 COMMERCIAL PROPERTIES
CONTRACTED UC FOR $1.2 MILLION, 10 YR. REPAYMENT AT 6% INTEREST – CITY SPECIAL TAX ASSESSMENT DISTRICT
UC STAFF MANAGING CONSTRUCTION OF CITY PROJECT

{2} ISLESBORO SUBDIVISION – RESIDENTIAL & COMMERCIAL
SANITARY SEWER LINE EXTENSIONS TO SERVE EXISTING PROPERTIES – APPROX. 28 AND ALSO VACANT PROPERTIES – APPROX. 20.
CONTRACTED UC FOR $850,000, 5 YR. REPAYMENT AT 2.18% INTEREST - CITY SPECIAL TAX ASSESSMENT DISTRICT – ALSO INCLUDING FLOOD/DRAINAGE/STORMWATER & PAVING IMPROVEMENTS

CITY FIRE HYDRANTS
COMMENCED ASSISTANCE IN RFP DEVELOPMENT FOR EXTERNAL CONTRACTOR TO PERFORM THE CITY FIRE DIVISION’S MAINTENANCE AND FLOW TESTING OF CITY HYDRANTS. – TO ENSURE PROTECTION OF UC’S POTABLE WATER DISTRIBUTION SYSTEM AND IMPROVED MAINTENANCE OF CITY FIRE HYDRANTS (CITY CONTRACTED RESPONSIBILITY)
FIVE YEAR RECAP
(2012 – 2016)

THE UTILITIES COMMISSION (U.C.) HAS CONTINUED TO MAINTAIN AND IMPROVE ITS FINANCIAL POSITION THROUGHOUT 2011 – 2016. THIS ACCOMPLISHMENT WAS MAJORLY THROUGH ENHANCED STRATEGIC PLANNING, AUSTERE MANAGEMENT, AND THE PRODUCED ABILITY TO CURTAIL NON-ESSENTIAL CAPITAL IMPROVEMENTS.

THIS FOCUS ON OUR UTILITY SYSTEM AND OUR RATEPAYERS, HAS ENABLED THE U.C.’S AFFORDABLE AND COMPETITIVE UTILITY RATES, SECURED A FISCALLY PRUDENT OPERATING MARGIN, MET THE CASH FLOW REQUIREMENTS, INCREASED UNRESTRICTED CAPITAL RESERVES FOR EMERGENCY OPERATIONS (WEATHER / REGULATORY DEPENDENT) AND FOR THE U.C.’S PLANNED IN-HOUSE CAPITAL FUNDING REQUIREMENTS (APPROX. 60%), WHILE CONTINUING TO REDUCE THE U.C.’S OUTSTANDING DEBT.

THE U.C.’S EXISTING EMPLOYEES, DUE TO THEIR SKILLS, EXPERIENCE, AND INSTITUTIONAL KNOWLEDGE, HAVE CONTINUED TO EXCEL IN OVERCOMING UNFUNDED MANDATES. STAFF HAS ALSO CONTINUED TO PRIORITIZE AN ETHICAL AND SAFETY CULTURE THROUGHOUT OUR COMPANY AND WITHIN ALL OF OUR UTILITY SERVICES. EDUCATION AND ADVOCATING OF OUR ENVIRONMENTAL RESPONSIBILITIES TO OUR CUSTOMERS FOR THEIR PUBLIC UTILITY SERVICES HAS REMAINED AN ADDITIONAL PRIORITY.

AS NOTED IN LAST YEAR’S RECAP SUMMARY, SHIFTS IN REGULATORY AND/OR POLICY DIRECTIVES, WILL INCREASE THE U.C.’S RATES AND PERSONNEL OUTSIDE OF THE EXISTING PLANNING PARAMETERS. COMPOUNDING THAT CHALLENGE IS THE ONGOING AND PENDING SUCCESSION REQUIREMENTS OF NUMEROUS CRITICAL AND TECHNICAL OPERATING POSITIONS WITHIN THE U.C. THE LACK OF SKILLED APPLICANTS ENTERING THE UTILITY INDUSTRY WORK FORCE HAS ALREADY CREATED A NOTICEABLE SHORTAGE AND A FORCED OPERATIONAL SHIFT INTO INCREASED USE OF SUPPLEMENTARY OUTSIDE SERVICES.

ALSO AS NOTED IN LAST YEAR’S FIVE YEAR RECAP, ADDITIONAL INFRASTRUCTURE AND RE-INVESTMENT IN THE U.C.’S EXISTING INFRASTRUCTURE IS REQUIRED. THE U.C.’S LONG TERM STRATEGIC SYSTEM PLANNING, BASED ON SCIENCE AND PURPOSE OF OUR SPECIFIC UTILITY SERVICES, HAS LED TO OUR DEDICATED, WELL-TIMED CAPITAL SYSTEM INVESTMENTS.

THE U.C.’S STRICT ADHERENCE TO RECOGNIZED BEST BUSINESS PRACTICES FOR PUBLIC UTILITIES (NON-PROFIT), HAS ENABLED THE U.C. TO MAINTAIN SYSTEM CAPACITIES AND HIGH QUALITY SERVICE LEVELS WITH REALIZED FINANCIAL AND ENVIRONMENTAL BENEFITS TO ALL OF OUR CUSTOMERS THROUGHOUT OUR SERVICE TERRITORY.
**UTILITIES COMMISSION, NEW SMYRNA BEACH, FL**

**FIVE YEAR RECAP**

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<tbody>
<tr>
<td><strong>Customer Accounts - Total</strong></td>
<td>70,104</td>
<td>71,274</td>
<td>72,369</td>
<td>73,846</td>
<td>75,625</td>
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<td><strong>Electric Sales (1000/kWh)</strong></td>
<td>362,603.4</td>
<td>356,496.1</td>
<td>386,751.8</td>
<td>396,602.0</td>
<td>416,457.3</td>
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<tr>
<td><strong>Water Sales (1000/Gal)</strong></td>
<td>1,561.5</td>
<td>1,454.5</td>
<td>1,508.1</td>
<td>1,543.8</td>
<td>1,643.8</td>
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<tr>
<td><strong>Monthly Bill (Residential)</strong></td>
<td></td>
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<tr>
<td><strong>Electric (1,000 kWh)</strong></td>
<td>$121.24</td>
<td>$116.75</td>
<td>$116.75</td>
<td>$116.75</td>
<td>$116.75</td>
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<tr>
<td><strong>Water / Sewer (5,000 gal)</strong></td>
<td>$52.00</td>
<td>$56.19</td>
<td>$56.19</td>
<td>$56.19</td>
<td>$56.19</td>
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<tr>
<td><strong>Employees</strong></td>
<td>154</td>
<td>152</td>
<td>154</td>
<td>154</td>
<td>153</td>
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<tr>
<td><strong>Compensation</strong></td>
<td></td>
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<tr>
<td><strong>Wages ($1000)</strong></td>
<td>$7,860.8</td>
<td>$8,052.6</td>
<td>$8,215.1</td>
<td>$8,159.4</td>
<td>$8,419.5</td>
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<tr>
<td><strong>Benefits ($1000)</strong></td>
<td>$2,952.0</td>
<td>$3,079.5</td>
<td>$3,067.3</td>
<td>$3,115.5</td>
<td>$3,278.2</td>
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<tr>
<td><strong>Total Compensation</strong></td>
<td>$10,812.8</td>
<td>$11,132.1</td>
<td>$11,282.4</td>
<td>$11,274.9</td>
<td>$11,697.7</td>
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<tr>
<td><strong>Operating Revenues ($1000)</strong></td>
<td>$54,943.1</td>
<td>$57,193.9</td>
<td>$58,729.5</td>
<td>$60,751.4</td>
<td>$61,036.2</td>
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<tr>
<td><strong>Operating Expenses ($1000)</strong></td>
<td>$41,782.8</td>
<td>$41,649.3</td>
<td>$44,338.8</td>
<td>$44,476.8</td>
<td>$44,860.3</td>
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<td><strong>Payment to City of NSB ($1000)</strong></td>
<td>$3,388.4</td>
<td>$3,258.7</td>
<td>$3,463.9</td>
<td>$3,550.0</td>
<td>$3,721.9</td>
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### U.C. 5-YR. RECAP
(cont.)

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<tr>
<td>Borrowings</td>
<td>$18,595.0</td>
<td>$20,000.0</td>
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<tr>
<td>Payments</td>
<td>($27,793.0)</td>
<td>($12,055.0)</td>
<td>($6,670.0)</td>
<td>($3,700.0)</td>
<td>($5,110.0)</td>
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<td>Debt Outstanding ($1000)</td>
<td>$46,995.0</td>
<td>$54,940.0</td>
<td>$48,270.0</td>
<td>$44,570.0</td>
<td>$39,460.0</td>
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<td>Interest Expense ($1000)</td>
<td>$1,938.0</td>
<td>$1,458.9</td>
<td>$1,093.7</td>
<td>$1,000.7</td>
<td>$870.4</td>
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<tr>
<td>Effective Interest Rate</td>
<td>2.06%</td>
<td>1.33%</td>
<td>1.13%</td>
<td>1.12%</td>
<td>1.12%</td>
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| Capital Additions ($1000)* | $5,547.0| $3,379.0| $6,174.8| $4,208.8| $7,506.1|

*Excluding easements
U.C. Department/Division submittals for 2016 Annual Accomplishments attached for additional information and review.
ELECTRIC OPERATIONS DEPARTMENT – 2016 ACCOMPLISHMENTS

Completed another work year accident free.

Completed replacement of electromechanical relays at Smyrna Substation Ring Buss Breakers.

Continued ArcFM Implementation and successfully integrated customer data to the new GIS mapping system.

Completed Installation of 8,000 circuit feet of new feeder conductor for the Venetian Bay Alternate Feeder Project comprised of approximately 5,600 circuit feet of 652 AAC and 2,400 circuit feet of 750 MCM Al. underground primary conductor.

Completed the installation of the new Electric Operations Storage Building to house equipment previously being stored outside.

Completed a project to re-grade and correct drainage deficiencies in the Electric Operations yard and outside storage area.

Upgraded Electric Operations Fleet replacing one bucket unit and one line truck unit with new units.

Completed relocation of approximately 1,300 circuit feet of 652 AAC electric facilities for Pioneer Trail Curve Re-alignment Project as required by Volusia County.

During FY2016 added 532 new electric customers for an average of 44 customers per month. The new monthly customers added almost doubled when compared to FY2015 when we added an average of 23 customers per month.
WATER RESOURCES DEPARTMENT – 2016 ACCOMPLISHMENTS

Water Resources –
Well maintained utility systems and available capacity for growth:
FY2016 Unused Water Plant Capacity – 50% and Unused Wastewater Plant Capacity - 46%
(FY2015 Unused Water Plant Capacity – 53% and Unused Wastewater Plant Capacity – 48%)
While an increase in Plant capacity is not currently needed, property and buffers for existing infrastructure and potential future expansion of the Glencoe Water Plant must be included in any planning involving the surrounding property. The U.C. has sufficient expansion property for the WRF plant at the Western Utility Complex.

Other major statistics for this department:

Water connections - increased by + 9.3% (additional 2180 accounts) in past 10 years.
Domestic Wastewater connections - increased by + 10.6% (additional 1987 accounts during same period.
Reuse connections - increased by + 142% (additional 1043 connections) during same period.

Water Production/Potable Water Supply:

Consumptive Use Permit -
The St. Johns River Water Management District (SJRWMD) accepted the 10-Year Compliance Submittal for the U.C.’s Consumptive Use Permit (CUP). This 20 year permit was issued in 2000 and established the allowable withdrawal limits for the U.C.’s potable water wells and includes many associated conditions which are in place to assure that our use has no detrimental impact on this vital water source. There were no changes in the U.C.’s existing allocations or permit duration; the U.C.’s permit expires on February 9, 2020.

New Central Wellfield Project -
A fourth wellfield went into operation during this period for enhancement of local sustainability of water for our community. The Central Wellfield currently has four (4) production wells and associated equipment located at the Western Utility Complex. Project also included a new standby generator designed and sized to operate these four wells and the Head End building during power outages. Associated 12" raw water main was completed which connects this new wellfield to the raw water main on S.R. 44.

NOTE: The fourth new wellfield is in addition to the U.C.’s seven (7) wells at the Glencoe Wellfield, six (6) at the S.R. 44 Wellfield, and six (6) wells at the Western Wellfield. Due to the Engineering in-house design of the main location enables optimum spacing for the future approved wells in this Central Wellfield. Ongoing strategic planning to provide superlative management of our raw water supply and avoidance of salt water intrusion.
Other -
Preliminary designs have commenced for Instrumentation and Control Upgrades, Gas Chlorination Conversion to Sodium Hypochlorite and Carbon Dioxide Feed, new Lime Building and Silo, and rebuild of North Softener.

Design work for new roofs on several wellhouses and the South Beach Pumping Station were completed, and bid.

Water Reclamation Facility/Reuse Water Supply -
100% of Reuse Water with Zero River Discharge for 80 consecutive months, 7.5 years, as of 12/2016. This ongoing accomplishment, along with the improved nutrient removal process resulting in reduction of Total Nitrogen and Total Phosphorous in effluent without the use of additional chemicals, has resulted in the UC achieving an unprecedented long term environmental achievement for a utility in Volusia County. For comparison informational purposes, the first utility in Northeast Florida to achieve zero discharge into the St. Johns River was the Naval Air Station (NAS) Jacksonville in October 2015.

Water Reclamation Facility (WRF) permit renewed in 2015 and based on current performance, within the WRF permit renewal, the U.C. requested a permit revision from major discharger to minor discharger which was approved based on our superlative performance. The U.C. is now regulated for our facility by FDEP only (state level), formerly regulated additionally by EPA.

Improved Nutrient Removal at the WRF will continue to assist the UC to consistently meet the stricter regulatory standards and if emergency wet weather discharge does become necessary. Hypochlorite conversion was designed, bid and awarded with work to commence in 2017. Work began on design of Biosolids Thickening upgrades.

Designed and bid a new JetVac Unloading Dock at WRF for more efficient handling of materials and fluid produced by maintenance of gravity sewers. Installed new floating cover for chlorine contact basin to decrease chlorine cost by reducing loss due to outgassing, temperature and UV light. (An article was published on our study of this improvement.)

Water Resources Laboratory -
The laboratory continued with providing integral technical support service for all operational divisions requiring analytical and consulting assistance. Fully involved in determinations of optimal treatment and process control strategies for the plant; i.e. improved nutrient removal. Developed a method of pre-treating centrate treatment, from on-site biosolids processing operations which minimized impact upon existing plant performance. The Lab passed its annual certification inspection.
WATER RESOURCES DEPARTMENT – 2016 ACCOMPLISHMENTS (CONT.):

Reuse Water -
Meters - Completed three-year installation project of ERT/radio read meters for residential and small commercial reclaimed water connections - over 1,500 customers. These customers can now accurately monitor their monthly usage and the U.C. can more adequately recover the cost of this service. (Status Note RE: Radio Read Meter Installations - All of the U.C.’s electric customers have radio read meters, a majority of the reuse customers, and approx. 25% of the water customers.)

Lift Stations -
Work commenced for the conversion of two (2) “can” style stations on Saxon Drive and repair of associated gravity sewer mains to allow elimination of one station (UC Engineering goal). Work also began of conversion of the Lift Station in Inlet Shores, with an accelerated timing due to another City storm water project.

Field Operations -
The Central Beach Stormwater Project was completed after two (2) years of extensive work. As one would when retrofitting a large stormwater system into a fully developed residential area, many water mains and sewer laterals/manholes needed to be moved out of the way. Additionally, the UC took the opportunity to upgrade undersized mains and rehab gravity sewers. This process shifted the CIP for the department by two (2) years and necessitated significant man-hours from this operation department as well as the Engineering team. Total cost was approximately $3.2 million.

Bid and received a new Jet Vac Unit - (CIP item).
Master Studies

1. Water Resources Master Study and Infrastructure Assessment.
   a. Contracted with consultant to update (2006 studies) and conduct a master study covering
      potable water, wastewater, and reclaimed water. The study included:
      i. a GIS model of both the Potable water system and the waste water system.
      ii. An assessment of each of our major plants and pump stations
      iii. A forecast for growth
      iv. The determination of new Capital Projects
      v. The determination of growth related projects (infrastructure program and projects)
      vi. The determination of required construction projects which are partially CIP and
          Growth.
   b. Distribution of the draft report to WR and Executive departments for review, comment,
      input, and guidance.

2. Electric System Master Study and Infrastructure Assessment.
   a. Contracted with consultant to update (2006 studies) and conduct a master study
      including:
      i. A GIS model of the distribution system.
      ii. An assessment of the feeders
      iii. The determination of new Capital Projects
      iv. The determination of growth related projects (infrastructure program and projects)
      v. The determination of required construction projects which are partially CIP and
         Growth.
   b. Distribution of the draft report to System Operations, Electric Operations, and Executive
      departments for review, comment, input, and guidance.

Added an Inspector to assist with the demand of developer projects on the department.

Budgeted for a construction manager position to assist with the increase in UCNSB project, Developer
Projects and other interagency projects (County, City, FDOT, etc.)

Continued to update the GIS system maps from input from Operational departments.
ENGINEERING DEPARTMENT – 2016 ACCOMPLISHMENTS (CONT.):

Coordinated the bidding of approximately 15 major projects for the UCNSB, including but not limited.
1. WRF HVAC and Roof replacement
2. COB to Smith St. Fiber replacement and repair
3. GWTP Lime Lagoon Restoration Phase 1
4. GWTP Lime Lagoon Restoration Phase 2
5. Alignment and Balancing of Field St., Unit 2
6. Swoope Generation Decommissioning
7. Lift Station 4 reconstruction
8. GWTP North Clarifier Replacement
9. Lift Station 2 Upgrades and force main bypass.
10. WRF Hypochlorite Conversion
11. COB Envelope Restoration
HUMAN RESOURCES DEPARTMENT – 2016 ACCOMPLISHMENTS

Negotiations for the 2016-2019 Collective Bargaining Agreement were concluded after six months of successful negotiations and subsequent approval by the UC on 12/19/2016 and ratification by the Bargaining Unit on 12/20/2016.

The Human Resources Division continued the Management Skills Enhancement Program in 2016 with quarterly newsletters and management trainings and added a new program – Transitioning from Peer to Leader – designed specifically for internal staff who have been promoted to leadership positions. This program is intended to help develop such staff over the course of their first 12 months in the new position and provides them with the assurance that they have the support of Human Resources to help with such needs.

Succession Planning continues to be a priority. In 2016 we held multiple Succession Planning “workshops” for Department Heads; and we held a Career Expo for internal staff to gauge talent and interest in future positions at the UC (we experienced a 10% attendance rate).

Renewed healthcare insurance for employees recognized a 1.10% decrease due to claims management, increased focus on wellness, and plan alterations to better suit the needs of staff (as determined through claims and usage data).

Through increased trainings and safety awareness the UC reduced its Workers’ Compensation MOD rate from 1.24 to 0.88 in 2016 resulting in a premium decrease of -31.37%, despite the 20% across-the-board increase resulting from legislative changes realized by many other employers. Additionally, the UC realized an overall savings of 12.5% on remaining risk coverages, such as General Liability, Property and Casualty, and Crime.

In addition to such savings, the UC also received Honorable Mention in Group D for the American Public Power Association’s 2016 Safety Awards of Excellence. We were also pleased to receive the Restoring Communities Award in 2016 from FMEA for excellent realized restoration efforts after Hurricane Matthew.

The Human Resources Division continued participation with NSB High School and met with various staff members to plan future employment related events and we were able to have our Engineering Director appointed to the NSB High School Engineering Academy Board.

Education and required notifications regarding the UC’s utility services has been continually supported through our bill inserts, radio ads, website, monthly reports and meetings, and UC staff.

During 2016, the UC held two successful, well attended community events:

The UC’s 5th annual Water Wise Garden Fair was held on Saturday, March 1, 2016. Staff welcomed hundreds of visitors to this event held at 200 Canal Street. Approximately 20 different exhibitors attended with their own booth. Customers learned about meter reading and how to avoid wasting water through leaks from our knowledgeable and friendly meter-reading staff. Participants in the Les Watery Scavenger Hunt received the chance to win a garden dump cart filled with water-wise flowers. UC
HUMAN RESOURCES DEPARTMENT – 2016 ACCOMPLISHMENTS (CONT.):

ratepayers also entered to win one of 16 hand-painted rain barrels, which were stationed at various locations along Canal Street.

In October of 2016, the UC held its annual Public Power Day. This event is held to increase education, awareness, and appreciation of the UC as our community’s not-for-profit electric provider for over 50 years. The event was held in conjunction with other Canal Street activities, and we invited the public to meet one of our Lineman, tour a Line Truck, take pictures with our replica power pole, create Spin Art and snow cones using human energy on a stationary bicycle, participate in a children’s coloring station and conservation raffle, and we hosted a ratepayer raffle for a new, energy-star refrigerator.

As of 12/31/2016, 2,207 customers have received an energy audit since inception and we continued providing water audits, which began in 2015. The UC has received numerous letters, calls, and emails from customers who have expressed their appreciation for the program. The UC also donated various water and energy conservation items to community programs upon request, which served educational purposes, supported our community, and further promoted the UC.

2016 marked 10 consecutive years of offering residential and non-demand commercial electric rebates for our customers. In 2016 we disbursed over $23,000 in rebates. The residential rebate program includes rebates for: 16 SEER or higher AC, duct leak repair, solar attic fan, cool roof, added insulation, window solar screens, 16 SEER or higher electric straight cooling system with natural gas heating, and high performance windows. Our non-demand commercial rebate program includes rebates for: solar attic fan, duct leak repair, cool/reflective roof and high performance windows, added insulation, solar screens, and LED exit signs.

In 2016, staff, with support of the UC, planned, organized, and executed a Christmas gift campaign for over 150 Ocean View Nursing Home residents. This campaign resulted in our staff contributing their own financial resources to purchase gifts for these residents. The nursing home sent us photographs of the residents with their gifts and we received a nice card from the spouse of a resident thanking our staff for their heartfelt generosity.
INTERNET TECHNOLOGY DEPARTMENT – 2016 ACCOMPLISHMENTS

Challenges
In 2016 a nationally recognized information technology consulting firm partnered with the Utilities Commission to perform a general network assessment and to provide some general recommendations based on the current network environment. Recommendations included replacing a substantial portion of the Utilities Commission's IT structure, a series of significant improvements, and the development of a comprehensive Disaster Recovery Plan. The Information Technology Department also experienced a high level of personnel turnover which further compounded disruption in daily operations, service provision and organizational efficiency. (The findings are currently being addressed and are expected to be complete at the end of 2017).

Accomplishments
Roadmap Development
Employee transition plan
- Strategy and a timeline developed for transition of department into a hybrid model consisting of internal staff, with external resources (i.e., ICS/Consultants) as support
- Specialized independent recruiting service initiated to expand search and vet in-house System Architect position

Infrastructure
- Partnered with nationally recognized information technology consulting firm to assist in building a solid network foundation which includes relocating the current data center from Central Office Building to Head End Building, upgrading network equipment and standardizing network topology, installation, and implementation and customization of network monitoring software. Business Continuity (BC) and Disaster Recovery (DR) plan will begin once efficiencies are increased.
  - Phase One - Identify key timelines and objectives
  - Project timeline developed
  - Statement of Work developed and approved

Infrastructure Enhancements
Completed several projects to improve network performance, access and reliability
- Core Switch migration and switch over
- Implementation of firewall redundancy
- Offsite datacenter migration initiation
- Installation of security camera’s with recording capabilities installed at datacenter
- System Storage/Expansion of SAN

Compliance Enhancements
- PCI certification and compliance
- Implementation of monthly PCI Network Vulnerability Scans
INTERNET TECHNOLOGY DEPARTMENT – 2016 ACCOMPLISHMENTS

Software Enhancements

- GP and Cogsdale core successfully upgraded
- Implementation of new Customer Web Portal (Invoice Cloud) - a web portal for online customer payments
- Rolled out eRequisition - a web-based solution designed to simplify the purchase process
- Implemented Panatracker - a solution for Fixed Asset Management, and to aid with physical asset inventory within the Dynamics GP database
FINANCE DEPARTMENT – 2016 ACCOMPLISHMENTS

Financial Activity
The U.C. maintained its stable financial condition in FY2016. Operating revenues increased by $0.3 million over 2015, customer growth increased by 2.4% or 1,800 customers and operating expenses increased minimally by $0.7 million.

The U.C.'s net position in 2016 increased by $13.2 million due to additional revenues, the control of operating expenses, and significant contribution in aid of construction receipts. Unrestricted renewal and replacement funds* decreased by $1.4 million due to increased construction activity.

*It should be noted that approximately $2 million of unrestricted R&R funds have been contractually approved as loans for two City requested infrastructure projects.

The 2016 audit realized no deficiencies in internal control, material weaknesses or non-compliance issues.

The last required issuance of a Triennial Report* was in March, 2014, for the period ending 9/30/13, in compliance with Section 16N of U.C. Resolution No. 28-78 (*analysis of systems with respect to operations and management sufficiency of rates and charges, appropriateness of anticipated capital expenditures, and other salient items). An update for the three years ended 9/30/16 is in process and will be issued by May 2017.

Continued the high level of accuracy and inventory controls at the U.C.’s warehouse. The annual warehouse inventory counts produced only five discrepancies. (Last year’s annual count produced an approximate $300 adjustment.)

In 2016, the U.C. remained the 7th largest employer in New Smyrna Beach at 153 employees with technical, licensed and certified high wage jobs. Provided over $3.7 million to the City’s general fund (6% of gross revenues as defined) – amounts paid to the City for the years ended September 30, 2016 and 2015 totaled $3,721,883 and $3,550,061 respectively. Collected and remitted over $1.9 million to the City for the 9% public service tax on electric services - amounts collected and remitted to the City for the years ended September 30, 2016 and 2015 totaled $1,948,518 and $1,850,161 respectively. Remained as the billing agent for the City’s solid waste services, customer collections remitted monthly – amounts remitted to the City for years ended September 30, 2016 and 2015 totaled $5,349,971 and $5,209,674 respectively.