

[ANNOTATED VERSION*]

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MINUTES OF A REGULAR MEETING OF THE UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA, HELD THURSDAY, DECEMBER 16, 2021, 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. Commissioner Hawes led in the Pledge of Allegiance and Commissioner Conrad provided the invocation.

Safety Message by John McMurray – Holiday Gatherings – Drinking, Driving and Fatigue:

The Director, Strategic Programs provided a safety message which included safe driving tips during the holidays: cautioned about the influx of tourists, some will be drinking, drowsy, and distracted driving, not familiar with road system, etc. Also mentioned cautioning linemen about keeping a necessary buffer for the large bucket trucks. Then proceeded to provide tips for all persons when driving. Concluded his message with the five principles of the Smith System of Driving: Aim High in Steering; Get the Big Picture; Keep Your Eyes Moving; Leave Yourself an Out; and Make Sure They See You.

Roll Call:

Chairman Davenport then requested a roll call, and a majority of the U.C. Commissioners were in attendance as follows:

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

Others in attendance were as follows: J. Bunch, General Manager/CEO; E. Chavez, Director, Finance/ CFO; J. Couillard, Director, Engineering; T. Beyrle; Director, System Operations; B. Keehn, Director, Information Technology; S. Heil, Interim Water Resources Director; John McMurray, Director, Strategic Programs; Laquavius Green; Help Desk Technician; M. Spellers, Sr. Help Desk Technician; D. Simmons, Exec. Mgr./ Recording Secretary; General Counsel Thomas Cloud Esquire – Gray| Robinson Attorneys at Law; and Lorraine Sharp, a member of the public in attendance on site.

(1) Agenda Changes, Additions and Deletions:

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

Mr. Bunch also commented this was a relatively concise agenda, after the past couple of meetings of two and a half hours, we owed you to end the year on a pretty concise agenda.

(2) Public Participation:

Chairman Davenport confirmed there was no public participation at this time.

(3) Approval of Consent Items:

Chairman Davenport indicated he would like to pull consent item 3-g. for discussion.

Commission Action:

Commissioner Conrad then stated I'll make a motion to approve a. through f.; specifically a motion to approve the consent items – item 3-a. Minutes of Regular U.C. Meeting Held 11-22-21- To be approved at January U.C. Meeting. Due to the shorter time frame between meetings, these minutes will be provided on the January 24, 2021 Regular U.C. Meeting agenda for approval. (Results of 11-22-21 U.C. Meeting were distributed on 12-2-21); item 3-b. Project Approval – North Atlantic Avenue Water Main Improvements, approve this project with a total project budget of \$375,000.00, will be designed in-house and will include a City of NSB joint bid and MOU and Cost Share agreement forthcoming for approval, and authorization for the GM/CEO or his designee to execute all documents associated with this project; item 3-c. Project Approval – North Glencoe Road Reconductor Rebuild, approve this project with a total project budget of \$500,000.00, including the proposal from TRC Engineers, Inc. in the amount of \$26,401.00 and authorization for the GM/CEO or his designee to execute all documents associated with this project; item 3-d. Award of RFP No. 21-21 – Well Assessment and Rehabilitation, approve the award of this RFP and issuance of two annual service agreements, to Layne Christensen Company and A.C. Schultes of Florida, Inc. for these services and authorization for the GM/CEO or his designee to execute all documents associated with this matter; item 3-e. Granted and Accepted Third Party Utility Easements, granted to UCNSB for a water main on S.R. 44, to ratify acceptance of these utility easements from TT of Smyrna Beach LLC and Mitchell Equity Group LLLP, attached hereto and hereby submitted to the Commission; and item 3-f. Project Approval – Roof Replacement – WRF North MCC Building, approval of award of ITB No. 03-22 to R/J Group, Inc. for the North MCC Roof Replacement Project in the amount of \$115,000.00 and authorize the GM/CEO or his designee to execute all documents associated with this project.

Chairman Davenport asked if there was a second.

Commissioner Hawes stated I will second.

Chairman Davenport requested Mrs. Simmons to call the roll please.

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

(3-g) Project Phase Approval – Advanced Metering Infrastructure (AMI) Project – Phase 2:

Chairman Davenport stated all right on g., what I wanted to know, that's on the metering, that's the smart meters, is that what that's about?

Mr. Bunch requested John McMurray to come back up to the podium and talk about the phases involved in preparing for this and where this phase fits in.

(3-g) Project Phase Approval – Advanced Metering Infrastructure (AMI) Project – Phase 2 (cont.):

Mr. McMurray explained currently the U.C. was towards the end of Phase 1 – the kick-off and interviewing of U.C. employees for the Advanced Metering Infrastructure (AMI) Project. Phase 2 will be completing the draft RFP and placing it on the street in March or April 2022. Quanta Technology and U.C. staff will be interviewing and holding negotiations with respondents and will be recommending a vendor to the Commission. Could be in October, November, but hoping that can be pulled into the middle of the year (2022). Phase 2 is the process of vetting who is going to be the vendor, going through negotiations of the features in the system and then beginning to implement. Phase 3 will be the implementation stage.

Mr. Bunch stated at the end of Phase 2, or sometimes towards the end, we would come to the Commission for the approval of the project. So after the vendor has chosen the technology, you'd have dollar amount, and we would discuss that with you for approval.

Commissioner Hawes inquired about top-tier companies for AMI.

Mr. McMurray explained yes, there were top tier companies, AMI providers that have done this for millions of meters around the world and are on the U.C.'s short list. Explained a pre-qualification letter was released to basically everybody and ten vendors responded, and going through the pre-qualification process right now. By the end of this month, Quanta is reviewing currently, then will provide the final tally. Then the vendors on the short list, say five, plus or minus a couple, will then respond to the final RFP to be released in the March time frame. In mid-April should be in the selection phase from the RFP. Phase 2 is a smaller cost part of the AMI Project, the larger cost is the implementation phase. Buying all the meters, installing the communication system and implementing all of the technology.

Chairman Davenport inquired about the cost of Phase 3.

Commissioner Conrad indicated the budget was \$8.4 million.

Mr. McMurray confirmed the ballpark estimate was \$8.5 million, adding won't really know until the bids are received.

In response to Commissioner Conrad's inquiry about when this project is expected to be completed, Mr. McMurray stated the implementation will be about a two-year project. Quanta is indicating somewhere in 2024, the U.C. is hoping to start the installation of meters in 2022 and be done by the end of 2023. The project will be complete after installing all the meters.

Mr. Bunch indicated staff is in the process of working with Quanta to schedule a Workshop with the Commission about modernization overall. Mr. McMurray and Quanta will present and talk about everything we want to do in the next five, seven, however many years. Where AMI fits in, the budget, the timeline, the current timeline of the projects, and recognizing that two, if not three of our Commissioners weren't here when we did the Modernization Presentation a year and a half or two years ago. For all to see a presentation on modernization from an industry expert outside of us, ask tons of questions, talk specifically about smart meters and AMI. The dollars, the time frame, ask questions, poke holes in it, the whole nine

(3-g) Project Phase Approval – Advanced Metering Infrastructure (AMI) Project – Phase 2 (cont.):

yards and just recommit to what we want to accomplish with the current set of Commissioners.

Commissioner Hawes stated I think that's a really important thing to do, thank you.

Chairman Davenport stated that answers it, thank you very much Mr. McMurray and Mr. Bunch; adding this is exciting right here for the future.

Mr. Bunch stated yes, truthfully advanced metering infrastructure is the core foundational technology in modernizing. It's not just meters, it enables a lot of things, and we'll be talking about that in the Workshop. There's going to be a gentleman named Julio Aguero who's worked with us before but is a really sharp fellow, a recognized industry expert and I think you'll enjoy his presentation, and you'll have the opportunity to ask him questions. And not that you don't trust us, but it gives somebody outside of here an opportunity to give you a perspective on what we're doing, does it make sense and why we're doing these things, as we're asking you to support the project expenditures.

Chairman Davenport interjected right.

Mr. Bunch continued, a vote of confidence that these are the right things to do for the customers and our community.

Commission Action:

Commissioner Hawes stated I would make a motion to pass 3-g. please; specifically a motion to approve the next phase of the AMI Project – Phase 2, in the amount of \$185,000, services to Quanta Technology, LLC, in the amount of \$183,351.00. and authorize the GM/CEO or his designee to execute all documents associated with Phase 2 of this project.

Commissioner Conrad stated second.

Commissioner Hawes motion then passed unanimously on a roll call vote.

(4) General Manager's Report:

(4-a) Financial Status – November 2021:

Mr. Chavez then presented and discussed his presentation entitled "December 2021 Financial Performance". November 2021 change in net assets of approximately \$1.9 million – driven by increased revenue, slightly lower operating expenses, and increased capital contributions. The trends seen over the last couple of years are continuing. No surprises on the economic side and resources still tight from a commodity standpoint. Managing materials, on the purchasing side, by paying particular attention to lead times for critical materials and supplies. November 2021 capital expenditures are approximately \$3.6 million - \$1.3 million in major projects and \$2.3 million in annual projects. November 2021 operating income of \$1.4 million, which was \$1.6 million greater than November 2020 and driven by increased

(4-a) Financial Status – November 2021 (cont.):

revenues, rates (effective 10-1-21), customer growth, lower operating expenses and change in purchased power. Explained that the U.C. was currently giving back some of the over-recovery in fuel and purchased power as planned within the rate study. Change in capital contributions about \$0.3 million. Also, now in par with debt from last year, comparable year over year. Stated the key performance indicators (KPI's) were in the appendix of the presentation, pretty good so far, and will be reviewed in greater detail in January.

Mr. Bunch mentioned the fuel and purchased power over-recovery was currently serving the U.C. and our customers well. Municipalities without a reserve have had to increase their purchased power due to the changes in natural gas costs over the last four to five months. Added that U.C. staff are monitoring six to nine months into the future and will advise the Commission in advance of required FPPCAC changes.

Chairman Davenport then pointed out for the record that according to the October 2021 FMEA Rate Survey, the U.C.'s electric rates are the lowest in the state for residential customers, for municipal and investor-owned utilities.

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

General Counsel Cloud then commented on recent newspaper articles regarding Jacksonville Electric Authority (JEA). They will be staying in public ownership and there may be some consequences for the actions of those involved in the prior proposed sale of the utility.

Mr. Cloud also commented on two current bills in the Florida Legislature which could impact a number of the municipal utilities. The proposed bills are regarding the elimination of out of city surcharges, a requirement of business impact statements for regulations and potential subsection of lawsuits for any regulations affecting profitability of businesses. Mr. Cloud indicated he was working with the Florida League of Cities to hopefully prevent any lasting harm to local governments. Also recommended that the U.C. Commissioners stay tuned to the Florida Legislature in the coming months.

(6) Old Business:

There were no Old Business items for consideration.

(7) New Business:

There were no New Business items for consideration.

(8) Possible Other Business – Time for Commissioners:

Commissioner Smith commended Commissioner Conrad for the invocations she provides at the U.C. Meetings. Also commended U.C. staff for doing an excellent job and the General Manager-CEO for hiring the right people in the right positions. Added he feels very optimistic about the future of the U.C.

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

Commissioner Hawes commented that the modernization plan and other things the U.C. is doing and going through right now, all are really important. Stated with the bonds completed, having the money and a plan for where the U.C. will be going will make a lot of difference to the City over a period of time.

Chairman Davenport commended Mr. Bunch for building the current relationship between the City Commission and City staff, as well as the increased community involvement and volunteering by the U.C. staff. Adding these were both items expressed by him during the GM-CEO hiring process.

In response to Chairman Davenport’s inquiries, Mr. Bunch indicated mutual aid requests are being planned to assist in the areas affected by the recent tornados but many of those areas are not ready to receive additional utility assistance. Also gave further details regarding the U.C. employees’ recent volunteering event at the United Methodist Church – assisted in cooking and serving over 200 lunches.

Various Commissioners expressed wishes for a safe holiday season and 2022 to be a great year for all.

There being no further business to come before the Commission, Chairman Davenport adjourned this meeting. The Regular U.C. Meeting closed at 3:35 p.m.

APPROVED:

ATTEST:



CHAIRMAN



SECRETARY-TREASURER

These minutes were formally approved by the Utilities Commission at their January 24, 2022 meeting.