

[ANNOTATED VERSION]*

*[*NEAR VERBATIM / DETAILED VERSION POSTED ON UCNSB WEBSITE – UCNSB.ORG]*

MINUTES OF A REGULAR MEETING OF THE UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA, HELD MONDAY, FEBRUARY 28, 2022, AT 3:00 P.M., AT 200 CANAL STREET, NEW SMYRNA BEACH, FLORIDA

(NOTE – THIS REGULAR U.C. MEETING WAS HELD ON-SITE)

Safety Message by Efren Chavez / Ellen Fisher – Modernization* Video:
(*Enabling Enhanced System Security and Safety in Utility Services)

Mr. Chavez, the Director of Finance/CFO provided a brief introduction to the Modernization Video and explained modernization activities will provide a safer environment for the Utilities Commission and its customers. Explained the video had been put together by Mrs. Ellen Fisher and Mr. Brent Elite. After completion of displaying this video to the Commissioners, he then added this video is posted under the Modernization section on the U.C.'s website (ucnsb.org).

Roll Call:

Chairman Davenport then stated requested Mrs. Simmons to move forward with roll call.

A roll call was taken, all of the U.C. Commissioners were in attendance as follows:

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

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; V. Steele, Director, Electric Operations; B. Keehn, Director, Information Technology; S. Heil, Interim Water Resources Director; John McMurray, Director, Strategic Programs; M. Spellers, Sr. Help Desk Technician; E. Fisher, Community Relations Coordinator; D. Simmons, Exec. Mgr./ Recording Secretary; General Counsel Thomas Cloud Esquire – Gray| Robinson Attorneys at Law; and John Moss, Lisa Martin, members of public in attendance on site.

(1) Agenda Changes, Additions and Deletions:

Chairman Davenport then stated number one on the agenda, any changes, additions or deletions, Mr. Bunch.

Mr. Bunch stated one minor change regarding item 4-b. When Ms. Couillard is up, she's not going to cover the second half of that item which is the Western Complex in detail because she presented that at the Joint Workshop last week. However, if you have any questions about what's going on out there with development of the Western Complex, I'm sure she would entertain your questions at that time.

(2) Public Participation:

There was no public participation at this time.

(3) Approval of Consent Items:

Chairman Davenport stated number 3. Approval of Consent Items. Anyone like to pull anything?

Commissioner Hawes stated yes, I'd like to pull 3-h., the Alpine Communication.

Chairman Davenport stated 3-h., okay, and I'd like to pull..., but then stopped and stated Commissioner Smith would you like to pull anything, I'm sorry sir.

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

Chairman Davenport commented good, I don't have to pull it. Then stated he would like to pull 3-c. Then added, so we can have approval on a., b., d., f. and g.

Commission Action:

Commissioner Smith stated so move; specifically a motion to approve the remaining consent items – item 3-a. Minutes of Regular U.C. Meeting Held 1-24-22, annotated version, approve as submitted; item 3-b. Tasks Approval – Reclaimed Water Pumping Station Assessment and WRF Pumping Systems Evaluation, approve the stated assessment and evaluation with Kimley-Horn (Tasks 1.0 and 2.0) in the total amount of \$76,000.00 and authorize the GM-CEO or his designee to execute all documents associated with this matter; item 3-d. Agreement Approval – Pole Attachment Licensing Agreement Between UCNSB and Wire 3 LLC, approve this agreement as submitted and authorize the GM-CEO or his designee to execute documents associated with this matter; item 3-f. Project Approval – Outage Management System (OMS) Project – Milsoft Utility Solutions (single source vendor), approve the overall project in the amount of \$375,000 for a four year period, inclusive of the approval of a single source award to Milsoft Utility Solutions (software subscriptions, configurations, support and training costs) in the amount of \$263,000, and authorize the GM-CEO or his designee to execute all documents associated with this project; and item 3-g. UCNSB Brand Refresh, approve the brand refresh comprising of a new logo, DBA registration and trademark, with authorization to move forward in a phased implementation process for completion of the associated next steps. (Updates on implementation progress or additional funding requests when necessary will be brought back before the Commission for approval.)

Commissioner Conrad stated second.

Chairman Davenport stated Mrs. Simmons call roll please.

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

(3-c) Ratification of Award – ITB No. 01-22 Glencoe WTP Chemical Systems Improvements (cont.):

AND

(3-e) Project Approval – Lift Station No. 2 Permanent Generator Project (cont.):

AND

(3-h) Contract Approval – Alpine Communication Corp. – Distribution Engineering and Pole Attachment Permit Processing (cont.):

Commission action was made after inquiries and discussion was completed on each of the consent items that had been pulled for discussion. Chairman Davenport confirmed there was no further discussion and then stated we need a motion for item 3-c., 3-e, and 3-h. please.

Commission Action:

Commissioner Hawes stated I would move approval for those items; specifically a motion to approve consent item 3-c. Ratification of Award – ITB No. 01-22 Glencoe WTP Chemical Systems Improvements and an Increase in Overall Project Budget, ratify the award of ITB No. 01-22 to Odyssey Manufacturing Company in the amount of \$3,034,200 and approve an increased total overall project budget of \$3,532,220. Previous overall project authorization, referenced above, is ongoing for the GM-CEO or his designee to execute all documents associated with this matter; item 3-e. Project Approval – Lift Station No. 2 Permanent Generator Project, approve this project inclusive of proposal from Tetra tech in the amount of \$74,931.00 for an overall total project budget of \$180,000.00 and authorize the GM/CEO or his designee to execute all documents associated with this matter. Award of construction contract forthcoming for Commission ratification after bid award completed; and item 3-h. Contract Approval – Alpine Communications Corp. for Distribution Engineering and Pole Attachment Permit Processing Services, approve the contract attached to the agenda item with Alpine for professional engineering services and pole attachment permit processing services for UCNSB (based on JEA’s agreement and solicitation ITN No. 100-16), and authorize the GM/CEO or his designee to execute the associated documentation upon approval.

Commissioner Kelly stated second.

Chairman Davenport stated Mrs. Simmons, call the roll please.

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

(4) General Manager’s Report:

Chairman Davenport stated all right, number four, General Manager’s Report, Mr. Bunch.

Mr. Bunch stated okay, if we could I’m going to ask Efren Chavez, Director of Finance/CFO to cover the financial statements and metrics as necessary.

(4-a) Financial Status – January 2022:

Mr. Chavez presented his presentation entitled January 2022 Financial Performance. The January 2022 change in net assets was about \$1.3 million. Stated the U.C. was starting to see a firmer financial footing due to the new rates. There were some different offsets this year

(4-a) Financial Status – January 2022 (cont.):

compared to last – lower electric consumption, a 6% decrease and increased purchased power. Then provided current and historical purchased power pricing for the U.C., a 29% increase at \$65.35 per MWhr., compared to \$50.46 MWhr. the prior year. January 2021 price of natural gas was \$2.71 and January 2021 spot price was at \$4.38 – a 61% increase over the prior year. And for a comparable perspective only, FMPA purchased power rate is at \$90.01 at the end of January 2022. Stated the fuel and purchased power cost adjustment factor (FPPCAC) over-recovery balance was at \$5.2 million, expected to come back to the Commission within the next two months regarding a new recommendation for the FPPCAC which is currently a \$3.98 credit.

Mr. Chavez continued with his presentation and stated the capital expenditures for fiscal year to date was at \$6.9 million, \$3.6 million in major projects and \$3.3 million in annual projects. There has been a slow and steady customer growth – 2% in electric and water, 1.4% in wastewater, and 8.9% in reclaimed water. There has been a substantial improvement in income before capital contributions, year over year comparison, \$200,000 income versus \$2.1 million loss last year, fiscal year to date. Also indicated from a seasonality standpoint, costs will go up in the upcoming summer months but so will revenue. In a mid-point period right now where the weather is fluctuating somewhat between heat, cold or none at all.

Mr. Chavez also briefly covered the January metrics, fairly constant to consistent, no substantial changes, things heading in the right direction. Stated staff has increased focus on reliability, have been and are continuing to make some changes. Concluded but offered to answer any questions.

(4-b) Presentations – UCNSB’s Transmission Loop Project and Western Utility Complex Update:

Ms. Couillard then provided a presentation on the Transmission Loop Project. Within the presentation background system details were provided, existing system redundancy need and numerous benefits of having this proposed redundancy or loop: a best practice improvement to achieve a high level of reliability and resiliency, to have less major outages, less risk and customer interruptions during substation and system maintenance, and lower associated costs. Additionally will enhance and support UCNSB’s system capabilities for the foreseeable future. This project was included in prior 2006 and 2016 electric master plans and is currently included in existing ten year budget for fiscal year 2022 through 2024 at \$2.5 million, however that may need re-forecasting. Currently expecting planning and design of this project during fiscal years 2022 and 2023, and then estimated construction during fiscal years 2024 and 2025. Burns & McDonnell will be assisting UCNSB staff to finalize routing options and updated cost estimates. Engineering staff will be notifying external stakeholders regarding this proposed project. The next Commission update for this project is expected in May 2022.

After inquiries, discussion and information was provided on the Transmission Loop Project, Chairman Davenport confirmed there were no questions regarding the Western Utilities Complex.

(4-c) Discussion – Organizational Staffing and Structure:

Mr. Bunch then provided an informational presentation regarding prior and planned repurposing of UCNSB employee roles. Explained UCNSB had a legacy organization in place for many years. Since 2019, the General Manager-CEO has been repurposing roles to better meet the U.C.'s business needs, realizing very significant business and operational improvements without adding budgeted employees. Mr. Bunch indicated that he will now be repurposing the former Director, Central Services role to create a Director, Customer Operations and Programs. Also indicated the General Manager-CEO currently has nine direct reports and will be working with the U.C.'s compensation study consultants to assess the current organizational alignment and direct report structure to ensure optimal structure and alignment to meet the current and anticipated business conditions. Indicated this is a normal, periodic activity for utility leadership. Mr. Bunch also stated he will provide updates on the additional changes in organizational staffing and structure.

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

Chairman Davenport stated okay, item number five on the agenda, Commission Counsel's Report.

Mr. Cloud stated I have nothing to report.

Chairman Davenport stated okay, thank you.

(6) Old Business:

There were no old business items to consider.

(7) New Business:

There were no new business items to consider.

(8) Possible Other Business – Time for Commissioners:

Chairman Davenport then commenced Time for Commissioners.

Various Commissioners commented regarding the Joint City/U.C. Workshop held on February 24, 2022 at City Hall. They indicated the meeting was very educational for all attendees. Commissioner Smith suggested and Chairman Davenport concurred, consideration should be given for holding two Joint City/U.C. Workshops annually.

Also in connection with the Joint Workshop, Commissioner Smith suggested U.C. Commissioner have a future discussion regarding the U.C.'s Central Office Building, and as City Commissioner Hartman mentioned during the Workshop, determine what programs the U.C. may assist in for the City's Affordable Housing Initiative.

Chairman Davenport concurred.

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

Commissioner Conrad indicated that the General Manager-CEO presentation at today's meeting was very helpful, outlined all the actions taken in the last two and a half years. She commented Mr. Bunch and Director-level staff for the foresight and precise manner in which all of this was accomplished - excellent team. She also complimented Ms. Couillard for her numerous and ongoing excellent presentations and hard work, and ultimately commended as all Director-level staff.

Commissioner Hawes commended U.C. staff for their participation with the City and during the Joint City/U.C. Workshop. Commented the U.C. was also in the "confidence" business and needs continued excellent communications to support.

Mr. Bunch additionally commended Mayor Owen and the City Commissioners for their ongoing support of the Utilities Commission and advocating on behalf of the U.C. in the community.

There being no further business to come before the Commission, the Regular U.C. Meeting closed at 4:17 p.m.

APPROVED:

ATTEST:



CHAIRMAN



SECRETARY-TREASURER

These minutes were formally approved by the Utilities Commission at their March 28, 2022 meeting.