



J. HOLCOMB, CHAIRMAN  
J. DAVENPORT, VICE CHAIR  
L. CONRAD, SECY.-TREAS.  
R. HAWES, ASST. SECY.-TREAS.  
J. SMITH, COMMISSIONER  
T. CLOUD, GENERAL COUNSEL  
J. BUNCH, GENERAL MANAGER/CEO

AGENDA\*\*  
REGULAR MEETING OF THE  
UTILITIES COMMISSION  
CITY OF NEW SMYRNA BEACH, FLORIDA  
TO BE HELD MONDAY, JUNE 28, 2021,  
AT 3:00 P.M. 200 CANAL STREET, DEBERRY  
ROOM, 3<sup>RD</sup> FLOOR, NEW SMYRNA BEACH, FL

## RESULTS OF UC MEETING

### Pledge / Invocation / and Safety Message by Tom West: Water Reclamation Services – Community Safety and Protection

(DIRECTOR OF WATER RESOURCES PROVIDED INFO. RE: U.C.'S RECLAIMED WATER SERVICES AND OPERATIONAL SAFETY. DISPLAYED A NEW METER WITH A BACKFLOW PREVENTER AS INTEGRAL COMPONENT. EXPLAINED THE UTILITY AND CUSTOMER BENEFITS OF THIS SERVICE – CONSERVATION OF POTABLE WATER, SAVINGS ON PUMPING AND WATER TREATMENT, WITH NO DISCHARGE IN RIVER OR OCEAN BY U.C. (AS OF 6-11-21 NO DISCHARGE FOR 12 CONSECUTIVE YEARS). PROVIDED OTHER OPERATIONAL PROCESSES AND STATISTICS AND EXPLAINED IT TAKES APPROX. 5 TO 6 WASTEWATER CUSTOMERS TO SUPPLY ENOUGH RECLAIMED WATER FOR ONE TYPICAL RESIDENTIAL CUSTOMER. CONCLUDED BY STATING IT'S EVERYONE'S JOB TO CONSERVE WATER; ADDED A LOT OF GREAT CONSERVATION TIPS ARE ON U.C.'S WEBSITE.)

### ROLL CALL

1. **Agenda Changes, Additions and Deletions** (GM-CEO REQUESTED ORDER CHANGE OF AGENDA ITEMS 7-a. AND 7-b. ALSO PROVIDED A NOTE ON CONSENT ITEMS, 3-f, 3-g, AND 3-h, ALL ARE BEING ACCOMPLISHED IN THIS YEAR'S BUDGET (FY21), JUST PROVIDING EXTRA DOLLARS FOR CONTINUATION OF REPLACING POLES AND TWO WORK AWARDS TO CONTRACTORS FOR PLANNED WORK UNDER EXISTING BUDGET)
2. **Public Participation**
- \*3. **Approval of Consent Items** (APPROVED) (COMMS. DAVENPORT PULLED ITEM 3-g., AND COMMS. SMITH AND CHAIRMAN HOLCOMB PULLED ITEM 3-f. FOR DISCUSSION. AFTER DISCUSSION, ITEMS APPROVED AS SUBMITTED)
  - a. ✓ Minutes of Regular U.C. Meeting Held 5-24-21 (*Annotated Version*)  
(held on-site w/limited public via appts.) (*U.C. and State Requirements*)
  - b. ✓ Granted and Accepted Third Party Utility Easements – J. Couillard (*U.C. and State Requirements*)
  - c. ✓ Purchase – Sherman Reilly Underground Puller (State Contract – Sherman & Reilly, Inc.) – B. Beck (*U.C. and State Requirements*)
  - d. ✓ Advanced Metering Infrastructure Project – Phase 1 (FMPA/Quanta Technology LLC) – J. Couillard (*U.C. and State Requirements*)
  - e. ✓ Ratification of Award – ITB No. 12-21 – Three Phase Reclosures (Recommended Award to Southern States, LLC) – J. Couillard (*U.C. and State Requirements*)
  - f. ✓ Osmose Reject Pole Replacement Project – Increase in Annual Project Budget – J. Couillard (*U.C. and State Requirements*)
  - g. ✓ Coastal Woods D – Pike Electric, LLC – Additional Funding for Construction Support – J. Couillard (*U.C. and State Requirements*)
  - h. ✓ Assignment of Work – Pike Electric and Asplundh – Increases in Annual Projects Budget – J. Couillard (*U.C. and State Requirements*)
4. **General Manager's Report – J. Bunch**
  - a. Financial Status – May 2021 – E. Chavez (CFO PRESENTED MAY 2021 FINANCIAL PERFORMANCE AND FISCAL YEAR 2022 BUDGET PRESENTATION. FYTD CHANGE IN NET ASSETS APPROX. \$300,000 (\$0.3 MILLION). DRIVEN BY INCREASED REVENUE DUE TO WEATHER/HEAT AND CONTINUED PURCHASED POWER FAVORABILITY. OFFSET IS INCREASED OPERATING EXPENSES AND HIGHER DEBT EXPENSE COMPARED TO LAST YEAR. CAPITAL EXPENDITURES FYTD APPROX. \$10.8 MILLION - \$6.5 MILLION MAJOR PROJECTS AND \$4.3 MILLION ANNUAL PROJECTS. OPERATING INCOME LOSS PERSPECTIVE – \$2.2 MILLION COMPARED TO \$2.5 MILLION THIS TIME LAST YEAR.



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### 4. General Manager's Report – J. Bunch

Financial Status – May 2021 – E. Chavez (cont.) COMPARISON OF YEAR TO DATE CHANGE IN NET ASSETS, \$774,000 VERSUS JUST UNDER \$300,000 IN MAY 2021, SAME DRIVERS AS BEFORE. ALSO CAPITAL CONTRIBUTIONS ABOUT \$200,000 LESS THAN MAY LAST YEAR. EXPLAINED CAPITAL CONTRIBUTIONS IS A COMBINATION OF CASH, CONNECTION FEES, AND OTHERS, AS WELL AS NON-CASH WHICH ARE EASEMENTS, AND CONTRIBUTED CAPITAL FROM DEVELOPERS. ENGINEERING DOES HAVE A METRIC AROUND DEVELOPER CONTRIBUTIONS, HAS SOME INDICATORS ON PROPERTY PORTION THAT IS CONTRIBUTED.

CFO THEN SUMMARIZED PROPOSED FY2022 BUDGET ESTIMATE IN THE REMAINDER OF HIS PRESENTATION. INCLUDED DISCUSSION ON OVERALL APPROACH OF BUDGET DEVELOPMENT. DISCUSSED THE U.C.'S CAPITAL 10-YEAR PLAN AND MAJOR INITIATIVES, THIRD PARTY PROJECTS, AND OVERALL CAPITAL SUMMARY. THE FY22 BUDGET'S CAPITAL PLAN REFLECTS A TOTAL OF \$28.3 MILLION, COMPRISED OF MAJOR PROJECTS \$15 MILLION, ANNUAL PROJECTS \$8.9 MILLION, AND 3<sup>RD</sup> PARTY PROJECTS \$4.4 MILLION. THESE ARE THE PROJECTS ANTICIPATED TO OCCUR DURING FY2022. SOME OF THESE PLANNED CIP PROJECTS ARE MULTI-YEAR PROJECTS AND WILL BE FUNDED OVER MULTIPLE FISCAL YEARS. NOTED 5-YEAR CAPITAL IMPROVEMENT PLAN PROJECTED TO BE FULLY FUNDED, NO ADDITIONAL DEBT ISSUANCE.

ALSO DISCUSSED ANNUAL REVIEWS OF OPERATIONS, MAINTENANCE PROGRAM OBJECTIVES AND KEY PERFORMANCE INDICATOR TARGETS, ALONG WITH REVENUE PROJECTIONS, O&M EXPENSES, INCLUSIVE OF PURCHASED POWER, AND MAJOR O&M INITIATIVES. NOTE - REVENUE PROJECTIONS INCLUDE THE RATE STUDY RECOMMENDATIONS. OPERATING O&M EXPENSES OF ABOUT \$56.4 MILLION. CHANGE IN BUDGET ESTIMATES, FROM FY21 TO FY22, APPROXIMATE 5% INCREASE. PRIOR BUDGET, FROM FY20 TO FY21, HAD BEEN A 2.1% REDUCTION. OVERALL 2-YEAR O&M BUDGET CHANGE FROM FY20 TO FY22 IS A NET 3.6% INCREASE. REMINDED STAFF IS ACTIVELY REVIEWING FOR NEW PROJECTS TO REDUCE O&M AND OPTIMIZE THIS AREA. EXPLAINED NEXT STEPS WOULD BE SUBMISSION OF AN APPROVED FY2022 BUDGET TO THE CITY OF NSB BY JULY 1<sup>ST</sup> FOR FINAL, FORMAL ADOPTION. CITY WILL HOLD TWO READINGS, EXPECTED IN AUGUST/SEPTEMBER, TO APPROVE U.C.'S BUDGET VIA ORDINANCE. NEW BUSINESS ITEM 7-b. WAS THEN MOVED UP ON THE AGENDA FOR CONSIDERATION AND THE FY2022 BUDGET WAS APPROVED BY THE COMMISSION AS SUBMITTED) (COMPLIANCE NOTE -- U.C.'S FY2022 BUDGET ESTIMATE WAS PROVIDED TO THE CITY ON 6-29-21. REQUIRED NEWSPAPER NOTICE WILL BE PUBLISHED DURING JULY)

- b. Balanced Scorecard and Enterprise Metrics – May 2021 – E. Chavez (ASSOCIATED MONTHLY INFORMATION SUBMITTED IN AGENDA PACKAGE – NOT DISCUSSED)

### 5. Commission Counsel's Report – General Counsel (G.C. CLOUD REPORTED ON A FEW ITEMS: A RULING IN THE HYPOWER CASE EXPECTED WITHIN A COUPLE OF WEEKS. EARLIER DURING MEETING, DISCUSSED POLE ATTACHMENT ISSUE IN RESPONSE TO CHAIRMAN'S REQUEST (RE: FUTURE LOBBYING SUPPORT). REACHED AN AGREEMENT ON ALIGNMENT OF WILLIAMSON BLVD. AND TERMS WITH COUNTY OF VOLUSIA. REMAINING ITEM IS A LEGAL DESCRIPTION OF ALIGNMENT. CAUTIOUSLY OPTIMISTIC WILL HAVE AN AGREEMENT FOR U.C. COMMISSION EXECUTION AND APPROVAL AT NEXT REGULAR U.C. MEETING. REVAMPING U.C.'S DEVELOPER'S AGREEMENT (DA) AND WORKING ON HAVING THE CITY COMMISSION APPROVE THE FORM SO EACH DA WON'T NEED CITY COMMISSION APPROVAL. ALSO WORKING ON A PROPOSED CLAUSE WHERE IF AN AMENDMENT IS NEEDED TO A DA, IT CAN BE WORKED OUT BETWEEN U.C.'S GM-CEO AND CITY MANAGER, SO DA AMENDMENT ALSO WILL NOT NEED CITY COMMS. APPROVAL. ALSO MENTIONED UPCOMING AGREEMENT WITH COUNTY OF VOLUSIA FOR HYDRANT MAINTENANCE) (GM-CEO EXPLAINED UC STAFF HAS AN AGREEMENT IN PRINCIPLE FOR U.C. TO PERFORM HYDRANT INSPECTIONS ON COUNTY HYDRANTS LOCATED IN UC SERVICE TERRITORY AT COST USING OUR CONTRACTORS WITH UC OVERSIGHT. BASICALLY THE SAME PROCESS BEING UTILIZED FOR CITY HYDRANTS)



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## RESULTS OF UC MEETING

### 6. Old Business

### 7. New Business

- a. ✓ 2020-2021 Utility Rate Study – Presentation and Scheduling of Public Hearings with FPSC Electric Rates Submittal (Raftelis Financial Consultants, Inc. and Summit Utility Advisors, Inc.) – E. Chavez (*U.C. and State Requirements*) (UC'S CFO – E. CHAVEZ, H. THOMAS – RAFTELIS, AND R. HALLEY – SUMMIT UTILITY ADVISORS PROVIDED A PRESENTATION ENTITLED 2020-2021 UTILITY RATE STUDY. THIS PRESENTATION INCLUDED THE RATE STUDY'S OBJECTIVES/ TASKS, UC'S ELECTRIC AND WATER RATES HISTORY, OBSERVATIONS AND NEXT STEPS, AND DETAILED INFO. RE: EXISTING VERSUS PROPOSED RATES. ALSO PROVIDED BACKGROUND FOR THE RECOMMENDED RATE ADJUSTMENTS BASED ON PROJECTED CAPITAL SPENDING AND FUNDING AND ESCALATION FACTORS OF COST AND CUSTOMER GROWTH. EXPLAINED ADDITIONAL MAJOR STUDY ASSUMPTIONS AND PROVIDED GRAPHS DEPICTING REVENUE SUFFICIENCY OF PROPOSED RATES, AS WELL AS RECOMMENDED OPERATING RESERVE (90 DAYS CASH ON HAND) PROJECTIONS. ALSO PROVIDED CHARTS OF PEER COMPARISONS OF THE U.C.'S EXISTING AND PROPOSED RATES. THE U.C. IS REMAINING AS LOWEST OR IN TOP QUARTILE FOR LOWEST COST FOR ALL UTILITIES. EXPLAINED FPPCAC OVER-RECOVERY BALANCE WILL BE UTILIZED TO OFFSET ELECTRIC RATES UNTIL RECOMMENDED TARGET BALANCE OF \$5 MILLION IS ACHIEVED. CONCLUDED THIS PRESENTATION WITH REQUIRED NEXT STEPS TO MOVE TOWARD APPROVAL AND IMPLEMENTATION OF ALL RATE STUDY RECOMMENDATIONS. TWO PUBLIC HEARINGS WILL BE ADVERTISED AND HELD; A BILL INSERT AND PROPOSED RATE INFO. POSTED ON U.C.'S WEBSITE; ELECTRIC RATES / FEES WILL BE SUBMITTED TO FPSC; AND A FINAL RESOLUTION WILL BE SUBMITTED FOR APPROVAL DURING THE REGULAR U.C. MEETING IN AUGUST. PROPOSED RATE REVISIONS ARE PLANNED TO BECOME EFFECTIVE 10-1-21 WITH ADDITIONAL WATER RESOURCES RATE REVISIONS VIA PHASED IMPLEMENTATION ON 10-1-22, AND 10-1-23. PER GOVERNANCE RESOLUTION 2021-03, THE NEXT RATE REVIEW AND SUFFICIENCY ASSESSMENT WILL OCCUR IN THREE YEARS IN 2024.

(THE U.C. COMMISSION AUTHORIZED THE SCHEDULING OF TWO PUBLIC HEARINGS, FOR 7-26-21 AND 8-23-21, PRIOR TO THE REGULAR U.C. MEETINGS ON THOSE DATES AND FOR GENERAL COUNSEL TO SUBMIT THE ELECTRIC RATES/FEES TO THE FPSC FOR REQUIRED RATE STRUCTURE REVIEW)

- b. ✓ Consideration of U.C.'s FY2022 Budget and Capital Improvement Plan FY2022-2026 and FY2027-2031 (Resolution No. 2021-08) – E. Chavez (*U.C. and State Requirements*) (APPROVED) (U.C. RESOLUTION NO. 2021-08 AND FY2022 BUDGET, INCLUSIVE OF 10-YR. CAPITAL IMPROVEMENT PLAN, WAS APPROVED AS SUBMITTED AT THE END OF THE FINANCIAL/BUDGET PRESENTATION, UNDER AGENDA ITEM 4-a. ABOVE)

### 8. Possible Other Business - Time for Commissioners

(COMMS. DAVENPORT COMMENDED STAFF ON THEIR CONTINUED HARD WORK AND TRANSPARENCY. ALSO COMMENDED GM-CEO FOR U.C.'S EMPLOYEE COMMUNITY VOLUNTEER EFFORTS) (GM-CEO MENTIONED AN UPCOMING HABITAT FOR HUMANITY VOLUNTEER EVENT ON 7-23-21 AND THE PLANNING FOR AN ADDITIONAL BEACH CLEANUP EFFORT IN SEPTEMBER)

(COMMS. SMITH THANKED STAFF (I.T.) FOR SHOWING HIM FIBER OPTIC CABLE PRIOR TO THIS MEETING)

- ✓ A Check Mark Indicates Items Which Commission Approval Has Been Requested On This Agenda  
Please Note -- Most Discussion Items Will Not Have Documentation, Will Be Listed On Agenda Only