

MINUTES OF THE REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY, HELD THURSDAY, FEBRUARY 27, 1986, AT 6:00 P.M., CITY COMMISSION CHAMBERS, MUNICIPAL ADMINISTRATION BUILDING, KISSIMMEE, FLORIDA.

Present at the meeting were Chairman VanMeter, Vice-Chairman Hord, Secretary Bobroff, Assistant Secretary Jones, Director Maher, Director Gant, Attorney Brinson, General Manager Welsh, Recording Secretary Porter.

A. MEETING CALLED TO ORDER by Chairman VanMeter at 6:00 p.m.

B. AWARDS AND PRESENTATIONS

1. FIVE YEAR SERVICE AWARDS TO NOEL CULLEN, TERRY LUKE AND THOMAS MINSHEW

Five year service pins were presented to Terry Luke and Thomas Minshaw, from the Distribution Department, by Chairman VanMeter. Noel Cullen, Generation, was unable to be present at the meeting.

C. HEAR THE AUDIENCE

Mr. Richard Herring, 2371 Town and Country Drive, Kissimmee, addressed the Board with regard to the importance of "Hear the Audience" and opening up the Agenda to public comment throughout. Mr. Herring cited several occasions where public comment helped in the decisions arrived at involving the utility. Mr. Herring also stressed the importance of encouraging public participation at the KUA meetings.

Mr. Jim Scott, Buenaventura Lakes, asked if there would be a reduced rate in electricity since the price of fuel has gone down to \$14-\$15 a barrel. Chairman VanMeter answered that possibly that price reduction had not filtered down to our level, but that if that is the case, it would be reflected at some point in time.

D. INFORMATIONAL REPORTS (REQUIRING NO ACTION)

1. COST OF POWER ADJUSTMENT

Max Alderman, Mgr. Generation & Transmission, was present to highlight the Cost of Power Adjustment for January 1986. Mr. Welsh explained that we are not a petroleum based utility since we use natural gas, nuclear, and coal type power on the power market, but we are continuing to monitor this and if there are any savings in fuel charges, they will always be passed on to the consumer. Following Mr. Alderman's presentation, Director Hord asked Mr. Welsh at what point enough reserve would be considered to give some back to the customer. Mr. Welsh answered that it was not a question of the level of reserve, but how comfortable we were with revised projections for the remaining year. We are seriously looking at it within the next month, and there is a good possibility that there will be a recommendation for changing COPA next month or the following month. By going to a negative COPA we would be reducing everyone's power bills.

Director Bobroff stated that he didn't want anyone to think that we would be bringing our rates up or down simply based on a short term increase or decrease in the price of fuel of any sort. He also felt that as far as the COPA was concerned, that there should be no reflection in a rate change for at least a year to decide how that would affect our budget, in light of the growth

being experienced and the possible demands on those funds. Director Hord pointed out that the COPA account is not related to growth, it is purely the cost for the materials to make the power. Mr. Welsh stated that Director Bobroff's philosophy is embraced by staff and that is why we are so cautious when we look into the future, not wanting to get into something that would go back and forth continually.

Chairman VanMeter asked if we have determined at what point it would be cost effective to burn diesel vs. natural gas. Mr. Alderman stated that we have done that. The price would have to come down quite a bit for us to burn diesel.

2. FOUR CITIES STUDY

Max Alderman gave a brief update on the Four Cities Study group. The conceptual pool savings were discussed at a meeting held January 27. These are basically that there would be fewer units on line, economic loading of the efficient units, and lower operating reserve requirement. The next meeting is scheduled for March 7, at St. Cloud.

3. PROGRESS REPORT ON ENGINEERING PROJECTS

Ken Davis, Mgr./Planning & Engineering, highlighted the engineering projects report to the Board. The condemnation hearing for the Transmission System Expansion was held January 27. We were granted use of the right-of-way upon posting the amount of \$7,762 with the Circuit Court, which we did. A later court date will be scheduled to determine the amount of compensation we will be required to pay. Construction is proceeding on the project. Following his presentation, Mr. Davis answered questions from the Board.

Chairman VanMeter asked for a written report giving an update on the Vine Street Widening Project for the next meeting. Mr. Welsh stated that we have recently discovered that the DOT plans for this project would leave Vine Street without street lights for 12-18 months. We are asking them to consider revising their plans to put in the new street lights first.

E. OLD BUSINESS

1. POWER PLANT INVENTORY AND MAINTENANCE FACILITY

Max Alderman, Manager, Generation & Transmission, discussed the estimated total cost for this project, not to exceed \$40,628. This figure covers the cost of materials for the renovation of the vacant area in the old diesel plant for use as an inventory and maintenance facility. The labor will be provided by power plant personnel. Discussion followed concerning the possible necessity of obtaining permits from the City to do this work, and if the plans had gone through City Planning. Mr. Welsh stated that it would be checked into. It was also determined that necessary roof repairs would have to be done by contractor. Further discussion followed.

2. COMBINED CYCLE POWER PLANT BETTERMENT STUDY

Mr. Welsh stated staff's recommendation to authorize Black & Veatch to perform the cycling capability improvements evaluation for the not to exceed cost of \$9,500. This portion of the plant betterment study was thought feasible, it would determine the possibility of and effects of decreasing the startup time for the unit.

Director Bobroff moved to accept the recommendation of staff for the Combined Cycle Power Plant Betterment Study for the not to exceed figure of \$9,500. Motion was seconded by Director Maher.

Director Gant stated that he understood that the start-up procedure is developed by the manufacturing company and is possibly done in the most conservative manner. That by having this study, we may be able to improve that without doing anything very costly.

Motion Carried 5 - 0

3. ARCHITECTURAL FIRM SHORT LIST

The short list of architectural firms submitting proposals for the renovations needed for the former 1st National Bank building was presented to the Board. The four recommended firms are:

1. Catalyst Architecture Inc., Orlando
2. Gresham Smith & Partners, Orlando
3. The Schemmer Associates, Inc., Orlando
4. Burke & Bales Associates, Orlando

Mr. Welsh highlighted the review process used in selecting the short list of architectural firms. It was noted that no local firm submitted proposals. The selection committee was comprised of the following members: Carl Wall, Max Alderman, Ken Davis and City of Kissimmee, Central Services Manager, Jim Emory.

Director Bobroff moved to accept the staff's recommendations for the short list of architectural firms. Motion was seconded by Director Hord.

Motion Carried 5 - 0

Mr. Welsh suggested a format of 15 minutes for the presentations, 10 minutes for question and answer, leaving 5 minutes for setting up of the next presentation. Following further discussion, the workshop for the architects' presentations was rescheduled for Monday, March 10, 1986, at 6:00 p.m.

F. NEW BUSINESS

1. HIRING OF ENGINEER

In order to continue developing our in house expertise in the areas of generation, transmission and distribution, it is recommended that another engineer be hired at this time. Mr. Welsh stated that it is planned to fill this position with an engineer from the 1986 graduating class. It is felt that at this point in time, the most cost effective way is to proceed with a new graduate who could be trained and "grow up" on our system, rather than an experienced engineer. Further discussion followed.

Director Hord moved to direct staff to begin the hiring process for a graduate engineer. Director Bobroff seconded the motion.

Motion Carried 5 - 0

G. CONSENT AGENDA

Director Bobroff moved to approve the consent agenda. Motion was seconded by Director Maher.

Motion Carried 5 - 0

1. APPROVAL OF MINUTES OF JANUARY 23, 1986 MEETING

2. FMPA CONTRACT FOR INTERCHANGE SERVICE

H. HEAR GENERAL MANAGER, ATTORNEY, DIRECTORS

GENERAL MANAGER

With regard to the Utility Billing System, Mr. Welsh stated that we are planning to defer the change-out of the current billing system until a time when we can thoroughly examine the General Ledger System. We will also be looking at the APPA programs available to see if they will interface with the General Ledger, at the request of Director Bobroff.

Mr. Welsh noted that the Board had received copies of the Certificates of Insurance for Saddle Rack and Parks Furniture. The parking lot area is also covered under the joint insurance we have with the City.

Director Bobroff asked if there was any timetable for moving the gas tank. Mr. Welsh stated that we are required to give notification 6 months prior to beginning construction.

Mr. Welsh mentioned that the dollar discrepancies questioned by Directors Bobroff and Hord were explained in a memo distributed to the Board in their packets; that the dollar figures were based on a positive COPA as opposed to a zero COPA.

Also included in their packets were the Condensed Financial Reports. Mr. Welsh stated that the Financial Statements for 84/85 will be combined statements and will be delivered to the City Commission by our auditors, May Zima, at next Tuesday's Commission meeting. Copies will be ready for the Board members to pick up tomorrow afternoon. All the Board members are invited to attend the Commission meeting to hear the presentation.

ATTORNEY

Mr. Brinson stated that the closing on the bank building took place yesterday afternoon. Director Bobroff was also present and everything went smoothly.

DIRECTORS

Director Gant noted that we need to keep addressing the idea of being competitive with regard to our rates, we don't want industry moving to adjacent areas because of our cost.

Chairman VanMeter noted that the Board had received information concerning the FMPA Conference at the Wyndham Hotel in June, **and the** APPA Conference also in June. He recommended that anyone who could, should attend. He and Director Bobroff are planning to attend the APPA Conference in Toronto.

Chairman VanMeter also informed everyone that our nomination of Jim Welsh to the APPA Board of Directors, was considered but

February 27, 1986

Page 86

was not appointed this year. His name will still be on the list for next year.

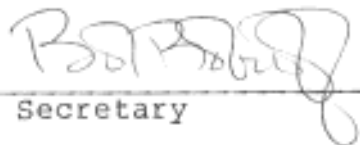
Director Bobroff noted that at the Policy Advisory Committee meeting a proposal was agreed upon to approach the Board to appoint more policy makers than management to sit on the APPA Board of Directors.

I. ADJOURNMENT

The meeting was adjourned by Chairman VanMeter at 7:35 p.m.


Chairman

ATTEST:


Secretary