

MINUTES OF BUDGET WORKSHOP MEETING OF KISSIMMEE UTILITY AUTHORITY, HELD
WEDNESDAY, JULY 20, 1988, AT 5:00 P.M., BOARD ROOM, ADMINISTRATION
BUILDING, KISSIMMEE, FLORIDA

Present at the meeting were Chairman Hord, Vice-Chairman Gant, Secretary Bobroff, Assistant Secretary Lowenstein, Director Jones, Director Van Meter, Attorney Brinson, General Manager Welsh, Recording Secretary Rundio.

A. MEETING CALLED TO ORDER at 5:00 P.M. by Chairman Hord. He noted that Director Van Meter would be arriving late.

1. RECAP OF BUDGET PROCESS

Mr. Welsh addressed the Board remarking that this budget is very important and particularly difficult because of the state of flux we found ourselves in regarding the Power Supply Study. He commended the staff in preparing the budget for Board consideration. Initially, some of the major power supply planning affecting the budget and the five-year plan process will be discussed.

Mr. Welsh also announced that Kathy Gaylor, Personnel Director, City of Kissimmee, will highlight personnel Benefits and Position Changes which function will be handled internally by Neville Turner, Supervisor of Personnel and Risk Management.

In addition, Mr. Welsh reminded the Board of the Facilities Planning meeting to be held July 27, and because we will not have a full Board due to personal commitments, the Budget Resolution must be concluded prior to the Board Meeting Thursday, July 28, 1988. He invited Board members to query the staff on any items on which they need clarification, but suggested the Agenda be followed closely.

Chairman Hord reaffirmed that tonight's discussion be confined to fiscal discussion rather than philosophies.

II. POWER SUPPLY PLANNING EFFECTS ON THE BUDGET

Max Alderman, Manager, Generation and Transmission, presented overheads on the Power Supply Study just completed by Black and Veatch and detailed major points on the load forecast. An implementation plan divided into two sections, labeled "NOW", and "MID-1990's", was addressed.

Material was handed out to the Board on projections of capacity needs describing in detail the effect on the various **substations**. He touched on the feasibility of using turbine capacity as compared to other sources. Extensive discussion followed, with questions being answered by staff.

Chairman Hord stated we have to make a decision or think about the future of "make or buy" above and beyond the capacity that we have today as staff is proposing in this budget \$2.3 million for a site.

Mr. Welsh said the "make option" is the option that we have, whereas the "buy option" is an option we are trying to develop. Staff indicated we looked at our capacity needs, operationally, financially, and this is what we came up with, depending on our financial evaluations.

Mr. Welsh emphasized that the 1988 budget is being revised, as well as the 1989 budget being approved in this process.

Director Lowenstein stated he is 100% for KUA securing the land and leave it dormant, and willing to scrap the \$2.3 million for a lesser amount to buy it now. He further suggested postponing making any decisions on the land.

Following lengthy discussion, Chairman Hord asked the Board's decision, and consensus was they all agreed to leave the dollar amount proposed with the understanding that staff not do anything, commit to anything or spend any amount until this is approved by the Board.

III. FINANCIAL SUMMARY & BUDGET CORRECTIONS

James Schuster, Manager, Finance & Administration, and Customer Service Manager, Carl Wall, handed out a Budget Recap and Summary Statement and presented an overview of the Authority's projected financial condition for Fiscal Year 1989, giving projected growth rate, summarizing budgeted expenditures in the areas of debt repayment, designations for future use, and capital improvements.

The one most important facet for the Authority is future growth in the next five years. Discussion followed with staff answering questions from the Board and elaborating on the status of what needs to be authorized. The \$98,000 needs to be approved now by the Board for Black and Veatch to get started.

Mr. Schuster stated that depending on how the staff balances the budget this year, we will be reducing budgetary line items such as \$2.0 million and staff recommendation would be to put that in our Reserve for Future Capital Outlay. Mr. Welsh interjected that the authorization to actually spend the money **will** occur during the July 28, 1988, Board meeting.

Chairman Hord recessed the meeting at 6:42 P.M. and reconvened at 7:20 P.M.

Director Van Meter arrived at 7:07 P.M.

IV. PERSONNEL SUMMARY

Kathy Gaylor, Director of Personnel and Labor Relations for the City, presented the Personnel Summary including Benefits and Position Changes.

A. Benefits

Benefits being recommended include 5% "across-the-board" for target employees performing satisfactorily; Increase Life Insurance to equal employee's annual salary; Prescription (80-20%) added to HMO portion of the health insurance plan; Dental Insurance; Bonus plan for those employees "topped out" in their pay range (one time check).

In response to Mr. Welsh's request for an explanation of the meaning of "across-the-board", Mrs. Gaylor offered the following: Across-the-board means that all employees who are target, or basically hourly employees, will receive the 5% increase across-the-board as long as their performance is satisfactory. If their performance is not satisfactory, each supervisor has the right to withhold that 5% either until that employee has corrected their performance or possibly the employee leaves and we never grant the 5%. The 5% is used as the basis for increases for people under the Merit Plan. People under the Merit Plan who have satisfactory performance would also receive the 5% increase. So with merit employees that could be lower or higher and with target employees it is for those performing in a satisfactory manner.

Mr. Welsh noted that in the Merit Plan the employees don't get a 5% on October 1. All that happens is that their range moves 5%. "Across-the-board" is not a straight across-the-board increase. It is 5% across-the-board on the base payroll for the target level employees and is what would result and what has resulted historically from the Merit Plan.

Discussion followed with staff answering questions from the Board.

The Board unanimously approved the 5% "across-the-board. increase, if the employee is doing satisfactory work; approved performance bonus of 3%; amended the proposal of two levels of merit raise above standard to only one level of 3%; approved life insurance; denied prescription and dental insurance.

B. Position Changes

Kathy Gaylor explained the discrepancy which exists in some positions, confirmed by the recent salary survey. Although some are extremely low, a minimum adjustment is requested at this time. The positions in question are Drafting Technician, Customer Service Reps, Accountant, Accounting Technician, and Apprentice Electrician.

Board approved increase in ranges for these positions. Final approval will be given at the July 28, 1988, Board meeting.

V. OPERATING BUDGET

Staff detailed the budgeted operating statement showing computation of projected net income and summarizing the financing activities of the KUA. Discussion followed concerning transfers (Pages 7 and 8) within departments and from one department to another. Director Bobroff questioned transfers between departments being done without Board approval. It was his feeling these matters should come before the Board. Director Lowenstein agreed.

Chairman Hord asked for a final vote which ended 3-2 in favor of leaving the matter as is presently handled, with the exception of striking "and respective Department Manager".

VI. CAPITAL BUDGET

Discussion ensued on CR-3 Decommissioning. Suggestions were made of investing and letting the interest draw to accumulate for decommissioning in event of emergency. Remaining items were covered individually with answers being supplied to questions from the Board.

ADJOURNMENT: Meeting adjourned at 10:55 P.M. by Chairman Hord.


CHAIRMAN

ATTEST:


SECRETARY