

MINUTES OF REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY,
WEDNESDAY, JULY 7, 1999, 6:00 P.M., BRINSON BOARDROOM,
ADMINISTRATION BUILDING, 1701 WEST CARROLL STREET, KISSIMMEE,
FLORIDA.

Present were Chairman Walter, Vice-Chairman Guthrie, Director Hord, Director Gant, Director Toro, Mayor Attkisson, Attorney Brinson, General Manager Welsh and Recording Secretary Fizer.

A. **MEETING CALLED TO ORDER** at 6:00 P.M. by Chairman Walter.

B. **PLEDGE OF ALLEGIANCE TO THE FLAG**

The Board and audience recited the Pledge of Allegiance.

C. **HEAR THE AUDIENCE**

Richard Herring, 2617 W. Oak St., Kissimmee, noted that at the Community Redevelopment Agency board meeting it was stated that KUA had agreed to fund the street lighting for the downtown Streetscaping project. He said he did not see it in the KUA 2000 budget and wanted to know if the KUA Board had discussed this request. General Manager Welsh noted that the Board had not been approached with the item and that Karen Slevin, the Community Redevelopment Agency Manager, had visited with him on July 6 to make the request. He said this item would be placed on the board agenda in August for discussion.

D. **PUBLIC HEARING ON BUDGET**

1. **INTRODUCTION - JAMES C. WELSH, PRESIDENT & GENERAL MANAGER**

Mr. Welsh briefly outlined the order in which the budget would be presented by staff.

2. **FINANCIAL OVERVIEW - JOSEPH HOSTETLER, DIRECTOR OF FINANCE**

Mr. Hostetler reviewed the highlights of the budget that included the 1999 Series Bond Issue, Cane Island 3, Other Capital Improvements, World Expo Center and the Internet Service Provider.

Director Gant questioned the amount of the rate stabilization fund and if this fund would enable KUA to forego the rate increases scheduled. Mr. Hostetler noted that this money would be used in 2001 and 2002 keeping the rate increases lower than was originally projected.

A corrected sheet on Revenues and Other Sources of Funds was given to the Board.

a. **POLICY DIRECTIVE 99-01 - MANAGEMENT INCENTIVES**

Mr. Hostetler explained the proposed policy directive that would enhance and directly affect the Internet Service Provider operation. The resolution would authorize 10% of the annual net operating profits (before fixed overhead payments to KUA, transfers to the City, and disbursement of Profit Incentives) for certain employees. Two percent would go directly to the President and General Manager and the remaining 8% would be applied in a way the President and General Manager judges to be the most effective incentive to stimulate operating profits. Discussion was held on the wording of this resolution and **it was the consensus of the Board to change the wording to "...would authorize 10% of the annual net profits (after fixed overhead**

payments to KUA and transfers to the City, and before disbursement of Profit Incentives) will be available for..."

Mayor Attkisson suggested that the amount paid to the City be reviewed when KUA begins making a profit with the Internet service. He suggested a long-term plan be put in place for paying out these transfers. Chairman Walter clarified that the 5% sent to the City is more than the 10% referred to in the policy directive because it is 5% of revenues, not profits. Discussion was held on the policy directive.

ACTION: Motion by Director Toro, seconded by Director Hord, to move the item to the August 25 board meeting, giving staff time to define the policy directive in more detail.

Motion carried 5 - 0

3. PERSONNEL OVERVIEW - NEVILLE TURNER, DIRECTOR OF PERSONNEL & RISK MANAGEMENT

Mr. Turner noted that there would be an increase of 8.5 full-time equivalent positions for the 2000 budget. He noted that many of these positions would be filled with part-time employees. He reviewed the personnel needs of KUA, including staffing, increased health benefits, Pension Board changes, a possible 3% market level increase and added vacation for those persons with KUA longer than 20 years. Discussion was held on the money being held in the Pension Fund for future changes. **It was the consensus of the Board that the additional Pension Board money, \$312,166, be removed from the budget.**

ACTION: Motion by Director Gant, seconded by Director Guthrie, to approve the 3% market level adjustment for all employees, effective October 1, 1999.

Motion carried 5 - 0

ACTION: Motion by Director Toro, seconded by Director Guthrie, to approve an increase of dependents' health insurance coverage from \$50 per month to \$60 per month.

Motion carried 4 - 1
Director Hord voted no

ACTION: Motion by Director Guthrie, seconded by Director Toro, to approve an additional vacation day per year to those employees with over 20 years of service, up to 25 days for 25 years.

Motion carried 4 - 1
Director Hord voted no

Chairman Walter recessed the meeting from 7:25 PM to 7:37 PM.

4. DEPARTMENTAL O&M AND CAPITAL BUDGETS

a. POWER SUPPLY - BEN SHARMA

Ben Sharma, director of Power Supply, reviewed the department mission statement, capital budget, organizational chart with staffing changes, actual and projected megawatt hours, and actual and projected fuel costs.

Director Gant and Director Hord questioned the decrease in productivity of Cane Island 2 from last year. Mr. Sharma noted that the amount shown in the budget for 1998 was actual production

and for the 1999 and 2000 budgets it is a projected amount. Mr. Welsh explained that the model projections do not include sales outside the power pool but the 1998 figures do include those. He also explained why KUA must own capacity before it can buy energy. Chairman Walter asked that more detailed information be brought back to the Board at the August board meeting.

Mr. Sharma reviewed the Cost Reduction Revenue Raising (CR3) goals for Power Supply. Chairman Walter stated that it was important to make all goals attainable but challenging. He suggested that one of Power Supply's goals be set no higher than last year. Director Guthrie noted that it is difficult to set a goal on figures that are not controllable.

b. INFORMATION SYSTEMS - DENNIS WICK

Dennis Wick, director of Information Systems, reviewed the department budget, including the ISP budget. Mr. Wick noted that the major increase would be in staffing. He reviewed capital projects, projected ISP customers and revenues. Mr. Wick reported that projected expense for the ISP is based on sales. Mr. Welsh noted that if sales were not made, the money would not be spent.

c. TRANSMISSION & DISTRIBUTION - KEN DAVIS

Ken Davis, director of Transmission & Distribution, presented his department organizational chart, operating and maintenance expenses, key capital projects and a summary of capital requirements. Mr. Davis noted that seven employees from the former Central Services have been moved to his department. Mr. Davis also discussed changes to CR3 goals for T&D.

d. MARKETING - CHRIS BECK

Chris Beck, director of Marketing, reviewed the 2000 budget for the Marketing department. She explained the additional staffing needs for the ISP help desk and gave a brief overview of the load management program. Discussion was held on beginning to market the load management program again to customers.

e. FINANCE & GENERAL MANAGEMENT - JOE HOSTETLER

Mr. Hostetler reviewed the organizational chart, total operating and maintenance budget, capital projects and the changes in his CR3 goals for the Finance department. He also reviewed those items for the General Management department.

f. PERSONNEL & RISK MANAGEMENT - NEVILLE TURNER

Mr. Turner presented department organizational chart, capital expenses, and the CR3 goals for the 2000 budget.

5. PUBLIC INPUT

Richard Herring reported that it appeared that Orlando Utilities Commission (OUC) and the County are still debating the 10% county utility surcharge. He suggested that KUA look into reinstating this surcharge if OUC continues to benefit from this county tax. Mr. Herring also questioned the 48% increase in other operating expense category in the General Management budget. Mr. Welsh reported that the bulk of this fund is for contingency that is moved to other funds as it is used for other departments. Mr. Herring also expressed his opinion against the KUA Board of Directors using laptops when other government officials do not.

Director Toro noted that the laptops are used for going over the agenda and minutes, and also as research tools to prepare for board meetings, saving time in referring to past board meetings, the charter and other items.

6. RESOLUTION NO. 99-08 - FISCAL YEAR 2000 BUDGET

Director Hord clarified that the additional money in the Pension Plan expenses would be removed from the budget. Mr. Welsh agreed that that would be the only change in the budget resolution.

ACTION: Motion by Director Guthrie, seconded by Director Toro, to approve FY 2000 Budget and Resolution No. R99-08, with amendment to the resolution showing the total budget as \$186,327,799.

Motion carried 5 - 0

E. RESOLUTION 99-11 - BOND FAIRNESS & PROTECTION ACT

Joe Hostetler said the resolution outlines what locally owned utilities do for the City, the history behind the municipal bonds, and the effect of what would happen if the investor owned utilities would succeed in getting municipal income taxed. He said that the American Public Power Association has asked that a resolution be passed by the KUA Board and for individual letters from each member to Senators and Representatives asking for their support.

ACTION: Motion by Director Guthrie, seconded by Director Toro, to approve Resolution No. 99-11 and authorize the Chairman and Secretary to execute the resolution.

Motion carried 5 - 0

F. RECOMMENDED CHANGE IN CANE ISLAND 3 BOILER DESIGN

General Manager Welsh requested this item be removed from the agenda. **It was the consensus of the Board to remove this item from the agenda.**

G. CONSENT AGENDA

ACTION: Motion by Director Hord, seconded by Director Toro, to approve the consent agenda.

Motion carried 5 - 0

1. ANNUAL REQUIREMENT FOR PADMONT SWITCHES - IFB #014-99

2. AMENDMENT TO CANE ISLAND INTERCESSION CITY TRANSMISSION LINE

3. REPORT OF EMERGENCY ACTION TAKEN BY THE PRESIDENT & GENERAL MANAGER FOR ADDITIONAL FUNDING FOR THE HANSEL GT REPAIR

H. HEAR GENERAL MANAGER, ATTORNEY, DIRECTORS

General Manager Welsh congratulated Chairman Walter on his business, Hanson, Walter & Associates, being awarded the Small Business of the Year Award by the Kissimmee/Osceola Chamber of Commerce. Mr. Welsh also reminded that Board pictures would be

taken at the October board meeting as well as at the groundbreaking of Cane Island 3 in December. He also recognized that Commissioner Jerry Gemskie and his wife, Nancy, were in the audience as well as Don Shearer, the member-elect for the Board of Directors.

Director Toro thanked Commissioner Gemskie and Mr. Shearer for their attendance and noted that the departments were to be commended in doing a good job in preparing the 2000 budget. Director Guthrie also thanked staff for a good job in the budget preparation. Director Gant reported that he gained a great benefit from attending the recent national APPA conference in Utah.

I. **ADJOURNMENT** - Meeting was adjourned at 9:16 p.m.


CHAIRMAN

ATTEST:


SECRETARY