

MINUTES OF REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY, HELD THURSDAY, JANUARY 28, 1988, AT 6:00 P.M., CITY COMMISSION CHAMBER, MUNICIPAL ADMINISTRATION BUILDING, KISSIMMEE, FLORIDA

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

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

B. AWARDS & PRESENTATIONS

1. SERVICE AWARD - None

2. FEBRUARY EMPLOYEE OF THE MONTH - JOHN TALLEY

Mr. Welsh reviewed the EOC's announcement of John Talley's selection as Employee of the Month for February. Chairman Hord expressed congratulations on behalf of the Board and Max Alderman, Manager of Generation & Transmission, accepted the \$50 savings bond and plaque on behalf of John who was unable to be present because of work scheduling.

C. HEAR THE AUDIENCE None

D. INFORMATIONAL REPORTS (REQUIRING NO ACTION)

1. PROGRESS REPORT ON ENGINEERING PROJECTS

Ken Davis, Manager of Planning & Engineering, highlighted the Progress Report which was included in the Board packets.

2. MONTHLY CONDENSED FINANCIAL REPORT

Director of Finance & Administration, James Schuster, highlighted the Condensed Financial Report for December. In response to a question by Director Bobroff, Mr. Schuster stated that the financial plan is going pretty much as planned and that this year's estimates are closer to the budget than last year was to its budget. Director Bobroff asked if the total Crystal River Project cost on a yearly basis was available in order to determine what the electricity has actually been costing us compared with the other sources of power and is it worth it. Chairman Hord responded that it was his understanding that this has not been done.

Director Hord inquired if it would be possible next year, when structuring the estimated figures, to do it on a month-by-month relative to previous history and not take a total year divided by 12. Mr. Schuster responded that what he is planning to do is to take our forecast for each month (for kWh) and use that as the base for pro-rating the budget that month and do it cumulatively. There is a methodology for this, but it is not yet in place.

Director Price noted that each month the charges for delivery of power are reported and asked how these amounts are verified. Mr. Welsh responded that Crystal River and St. Lucie expenses have never been verified. One of the things KUA is doing now through FMPA (Florida Municipal Power Agency) is hiring a team of on-site observers to look at the charges at Crystal River and St. Lucie. We do not have any on-site verification for Stanton and have bought into the published operating statements of the company. Mr. Schuster stated that we receive an itemized statement each month, but there is no year-end verification of what has been billed and noted that he had previously raised this topic at a FMPA meeting requesting that the FMPA start requesting audited financial statements on what is billed.

Director Jones questioned the \$50,000 December expenditure for vehicles, asking if they were all budgeted items, specifically noting the \$17,000 expenditure for a 16 ton pickup truck. Mr. Welsh stated that there is obviously an error which will be checked out and reported back to the Board.

Director Bobroff inquired about the absence of bond coverage percentage in the report. Mr. Schuster noted that that item was missing from this month's report.

3. COST OF POWER ADJUSTMENT

Max Alderman, Manager of Generation & Transmission, reviewed the monthly COPA report. The actual COPA rate for the month of December, 1987, is a negative \$0.001 88/kWh as compared to the estimated COPA rate of a negative \$0.00145/kWh. Mr. Alderman noted that the primary reasons for the decrease were the lower Schedule C and gas costs. The COPA account balance as of January 1, 1988, is \$98,171.13.

Director Price asked if any action was going to be recommended since the COPA is going negative. Mr. Alderman stated that staff is maintaining a 12 month look ahead projection on the COPA and will be updating it each month. General Manager Welsh said he felt we should wait at least a few months to see what the trend is before taking any action. Mr. Alderman highly recommended going at least through the winter peak without a change.

E. OLD BUSINESS

1. KUA PROPERTY ANNEXATION EVALUATION

Project Manager, Ken Lackey, reported that he had reviewed the property annexation evaluation prepared by Charles Parsons and had compared it with the evaluation which he had done last June. Chairman Hord recognized Charles Parsons, Architect for the KUA's proposed Distribution Office/Warehouse, to respond to questions from the Board.

Chairman Hord asked that, at some point in the building evaluation and prior to construction, the Board receive the cost of installation of a sprinkler system and the impact fee for the water extension versus the premium reduction in insurance coverage; and subsequently compare that to having our own well. Mr. Parsons will do an analysis of the cost effectiveness of installing a sprinkler system in the building. Discussion took place on the various considerations involving annexation, water systems, sprinkler systems, and insurance costs. Mr. Parsons stated that his recommendation was based solely on cost effectiveness.

Chairman Hord stated that discussion had led to two questions - sewer and annexation - and asked for staff's recommendation on those two items. General Manager Welsh stated staff's recommendation on the sewer is to go with the septic system to save on cost and staff's recommendation on annexation is to not annex at this time and save the impact fee. He noted that the staff recommendations were based on economic considerations and not the question of annexation from a policy standpoint.

Director Jones moved to table this matter and direct staff to bring back further information. Director Lowenstein seconded.

Motion carried 5 - 0

F. NEW BUSINESS

1. REQUEST FOR PROPOSAL "CONSTRUCTION MANAGEMENT SERVICE"

Ken Lackey, Project Manager, reviewed the report included in the Board packets and reported that to date 5 letters of intent have been received in response to the advertisement. Director Jones asked if there were any estimates of the cost involved in this type of service. Mr. Lackey responded that an estimate of the total amount would be in the area of \$10,000 - \$12,000. General discussion on the Owner's Representative Service role took place.

It was the consensus of the Board to hold a workshop meeting on March 3, 1988, to hear presentations for Owner's Representative Service. This date will also be utilized for a workshop meeting with Black & Veatch Engineers on the Power Supply Study.

2. BUDGET PREPARATION CALENDAR

Carl Wall, Manager of Customer Service, highlighted the Budget Preparation Calendar, stressing the importance of the budget being finalized by August 16, 1988. Discussion on the proposed calendar took place.

The following changes to the proposed calendar were agreed upon:
Budget Policy/Goal Setting Meeting with Board changed from 2/4/88 to 2/24/88;
Workshop on Rate Changes with Board changed from 8/18/88 to 8/17/88.

Director Price moved to adopt the tentative Budget Preparation calendar as amended. Director Jones seconded.

Motion carried 5 - 0

3. PURCHASE AGREEMENT, KOA SUBSTATION PROPERTY

General Manager Welsh noted that in the future this substation will probably be referred to as the Lake Cecile Substation due to the change in location. He briefly reviewed the report provided in the Board packets

Chairman Hord recognized Barney Veal, Osceola County Brokerage Company, with whom KUA has contracted to assist in identifying potential sites for the substation, to participate in the general discussion on the proposal.

Director Bobroff moved to authorize Attorney Brinson to draw up the proper documents for a purchase agreement for the Lake Cecile Substation site and transmission line easement contingent upon the appraised amount plus 10% being equal to or greater than the purchase price and conditional use approval from Osceola County Commission; and to authorize the execution of the necessary documents to close the deal.

Motion carried 5 - 0

4. LABOR ATTORNEY

Jim Schuster, Manager of Finance and Administration, highlighted the background on the recommendation. KUA has been using Carson & Linn, P.A. as labor attorney, via the service contract with the City Personnel Department. Attorney Brinson has recommended that this relationship be formalized by action of the KUA Board.

Director Bobroff moved that KUA enter into an arrangement with Carson & Linn, P A. to represent the Utility as labor attorney as outlined in his letter to James Schuster, dated 12/31,87. Director Lowenstein seconded.

Motion carried 5 - 0

G. CONSENT AGENDA

Director Bobroff moved approval of the Consent Agenda. Seconded by Director Lowenstein.

Motion carried 5 - 0

1. APPROVAL OF MINUTES OF DECEMBER 17, 1987, MEETING

2. APPROVAL OF MINUTES OF JANUARY 5, 1988, SPECIAL MEETING

3. BID #K05-88, TRANSFORMERS

H. HEAR GENERAL MANAGER ATTORNEY, DIRECTORS

GENERAL MANAGER

At the last Board meeting it was reported that there was a good possibility of KUA not entering into a purchase contract on the Indian River Combustion Turbine project with OUC (Orlando Utilities Commission) based mainly on the terms offered to us by the OUC. Black & Veatch has analyzed those terms and recommended that KUA not go ahead with the contract. Mr. Welsh reported staff's intention to proceed with the original plan of an outright purchase.

Mr. Welsh informed the Board of the recent death of Bob Knecht. Mr. Knecht was one of the KUA Board candidates.

The dedication of the administrative office building has been set at this time for April 15, 1988, at 12:30 P.M. Following brief discussion, the date was changed to April 8, 1988. Mr. Welsh requested that members of the Board notify him of any specific individuals to be notified of the event.

General Manager Welsh reviewed a letter from Charlie Shreve concerning a function for our local legislative delegation and including FMUA (Florida Municipal Utilities Association) representation. The letter was sent to the Board for their review and any comments. There were no objections and staff will make the arrangements.

DIRECTORS

Director Gant suggested that the staff, when giving consideration to the questions of annexation and water provision, review and discuss with the City the feasibility of trading services.

Director Hord commented to staff that he and others do not want to talk about higher rates, but lower rates if at all possible. He suggested that when writing goals and objectives for 1989, to try to write them around the fixed or lowered rate situation and not higher. Mr. Welsh stated that staff is not anticipating a rate increase.

I. **ADJOURNMENT** Meeting adjourned at 8:10 P.M.


Chairman

Attest:


Asst. Secretary