

MINUTES OF BUDGET WORKSHOP MEETING OF KISSIMMEE UTILITY AUTHORITY,  
HELD THURSDAY, JULY 13, 1989, AT 6:00 PM, ADMINISTRATIVE BUILDING,  
KISSIMMEE, FLORIDA.

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

**A. MEETING CALLED TO ORDER** at 6:10 P.M. by Chairman Hord.

The Agenda covered the following topics:

- Introduction and Overview
- Financial Summary
- Goals & Objectives - Major Changes
- Corrections to Proposed Annual Budget Document
- Personnel Overview
- Operating Expense Detail
- Capital Expenditure Detail

**Introduction and Overview**

Mr. Welsh indicated this was a culmination of an ongoing process from January and said that the Board and staff have done a vast amount of work during the Goals and Objectives Workshops. The numbers reflect the policies and decisions that were made during the Workshop sessions. He pointed out major new programs Kissimmee Utility Authority (KUA) hopes to proceed with. Major capital items associated with these programs were also covered in Goals and Objectives (G&O). Some ongoing capital || expenditures, such as those required at Crystal River, were i not covered during the G&O sessions. All new personnel were covered at the G&O sessions. There have been some changes in new programs and personnel since G&O were covered in October. These will be described early on in this Budget presentation.

Mr. Welsh said that the budgeting and the budget process that the staff and Board are working through are dynamic and exciting times for KUA, especially when thought of in terms of real creative planning.

**Financial Summary**

Mr. Hostetler, Manager/Finance & Accounting, using overheads, explained how revenue was estimated from 1988 through the budget variances of the current year and projected into 1990. A report obtained from Black & Veatch (B&V) showed a conservative approach for a load forecast of 9.1%, used as an upper limit. Mr. Hostetler highlighted various items under Operating Revenues, Other Financing Sources, Operating Expenses and Other Financing Uses. Some projects were carried over from 1988 and others were new projects created during the current year.

A question-and-answer session continued on various issues and items shown on the exhibits of the Budget document, with questions by the Board being answered by staff.

Chairman Hord asked for an explanation of the term "designated" and whether it was the same as "retained earnings." Mr. Hostetler said unless certain money was specifically designated for some project, it would be termed as "retained earnings."

Mr. Welsh indicated that last year a large portion of the generated capital went for capital outlay for the two substations, Carl A. Wall and Lake Cecile. He explained the funds in "Reserve for Future Capital Outlay", the funds in the books at the close of this fiscal year. He said that in the final budget presentation next year, a Balance Sheet will portray the summary of how much funds we do have and how much funds we are going to have.

Electric utility bond coverage was calculated at 2.82%. Graphs were shown on the total sources and uses of funds indicating the continuing increase in operating expenses. Staff went over the Summary of Budgeted Expenses, covering Stanton and Indian River operating and maintenance expenses.

Chairman Hord said he had questions on anything over 10% on the Budgeted Expenses, which were explained during the detail portion of the meeting. He also inquired about the 1989 Bond Fund total of \$3,284,150, and how much we spent on Carl A. Wall (formerly Denn John) and Lake Cecile Substations out of retained earnings. Staff replied about \$4 million was KUA funds, the remaining portion came from others. Chairman Hord questioned how much money (which he referred to as "retained earnings") was on hand not designated for any project, as at October 1, 1989, assuming we paid everything on Carl A. Wall and Lake Cecile. Mr. Hostetler replied that, as of May, 1989, we had \$4 million undesignated. Discussion continued on retained earnings.

Chairman Hord inquired of the other Board members, in lieu of KUA increasing their Reserves for Future Capital Outlay, of the possibility of reducing rates. Several alternative fiscal policies were discussed concerning this. There was some general sentiment expressed for a more conservative fiscal policy which would enable funding of needed future capital expenditures from internally-generated sources (i.e., from the Reserve for Future Capital Outlay) as opposed to a less conservative approach which would entail borrowing for more of the needed capital expenditures. **Director Gant asked that staff clarify the "Reserves for Future Capital Outlay" at the next meeting, July 20th.**

#### **Goals and Objectives - Major Changes**

Chris Beck, Manager/Customer Relations, gave a concise, informative overview of the Goals and Objectives for FY 1989-90. Her comparisons covered new programs, new employees, and capital costs proposed in June, 1989, to those of February, 1989. A handout to the Board was explained by Ms. Beck.

Discussion followed and questions by the Board members were answered by staff. Ms. Beck indicated that because of the fast' continuing growth in the area, Customer Relations ! is faced with ever-increasing manpower and equipment shortages.

Ms. Beck also discussed the possibility of introducing charge card usage for customers' convenience.

#### **Corrections to Proposed Annual Budget Document**

Some corrections and adjustments were made in several sections of the proposed Budget, which slightly altered the totals.

The meeting recessed at 8:10 P.M. and reconvened at 8:35 PM.

#### **Personnel Overview**

At this point, Neville C. Turner, Manager/Personnel & Risk Management, gave a presentation to the Board of the budgeted KUA personnel changes for FY 1989-90. He explained the justification of the additional personnel as due to continued growth.

Mr. Turner highlighted a chart of the costs to KUA for increasing salaries in the coming fiscal year.

Mayor Van Meter left the meeting at 8:40 P.M.

Mr. Turner said completed salary survey findings of 18 utility companies, of which sixteen responded, indicated that the projected average salary increase was 4.7%, ranging from 4% to 7%. He said KUA is recommending a 5.5% market level adjustment. Discussion followed on a pending Feasibility Study with two other groups on a joint group health insurance program.

Mr. Turner also referred to the Holiday Schedule for KUA and the City of Kissimmee; in particular, the earlier requests of Director Bobroff, the Employees' Organization Committee, and a member of the Power Plant, that we consider adding Martin Luther King's birthday. The City employees desired the holiday; the City Commission rejected it.

**Director Bobroff, in view of the City's position, withdrew his consideration of the Martin Luther King holiday for this year. He asked that it be brought up again next year.**

Mr. Welsh said the 5.5% market level adjustment would change the target level range. For those at target or below, they would move up 5.5%. In terms of the merit employees, on October 1st they would not receive the 5.5%, but their range would move 5.5%. Their increase would be based on their performance evaluation at their anniversary date throughout the year. The range would change but their salary would not be adjusted. Staff recommended the 5.5% market level adjustment be applied.

Mr. Welsh said we have direction from the Board now not to add the Martin Luther King holiday; we are not recommending any changes in other benefits, but do require direction from the Board on the market level adjustment.

Director Gant moved to accept staff's recommendation of a 5.5% salary increase for the KUA employees. Seconded by Director Bobroff.

Director Jones suggested the Board give this matter some further thought before making a decision. Brief discussion followed.

Director Gant withdrew his motion and recommended that this issue be postponed until the following Budget meeting, July 20th, and recommended these numbers be included in the budget. The second was withdrawn by Director Bobroff.

#### Operating Expense Detail

Discussion followed on the Operating Expense detail by Departments covering the budgetary figures on the Stanton Energy Center #1, Indian River, et al, as well as the costs of the damaged transformer.

Brief discussion followed on how the costs are allocated for the Customer Service contract with the City of Kissimmee.

Discussion also continued on transportation expense costs paid to the City of Kissimmee. **Chairman Hord asked for the total transportation costs paid to the City in fiscal year 1989 covering Distribution and other related departments. Staff said these figures would be obtained and brought to the Board.**

Mr. Welsh explained "power factor" to the Board as being a measure of the relationship between the real and imaginary, or the active and reactive components power. It tells us how much out of phase the voltage is with the current. He gave a graphic explanation, and indicated how it can be measured.

Due to the lateness of the hour, the Board chose to continue discussing the remaining item on the Agenda, "Capital Expenditure Detail" at the July 20th meeting, resuming at page 63 of the Budget document.

Chairman Hord concluded that staff would bring back, at the July 20th meeting, an explanation on Crystal River #3 fuel expense, the total of the transportation expense for FY 1988/89, and, hopefully, a conclusion will be reached on the wage scale.

B. ADJOURNMENT: Meeting was adjourned at 9:37 P.M.

  
ACTING CHAIRMAN

ATTEST:  
  
SECRETARY