

MINUTES OF REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY, HELD WEDNESDAY, JANUARY 24, 1990, AT 6:00 PM, BOARD ROOM, ADMINISTRATION 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, and Recording Secretary Rundio.

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

**B. AWARDS AND PRESENTATIONS**

**1. CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING (GFOA)**

General Manager Welsh stated that KUA has been notified by the Government Finance Officer Association (GFOA) that KUA's Comprehensive Annual Financial Report for the fiscal year ended September 30, 1988, qualified for a Certificate of Achievement for Excellence in Financial Reporting. It is the highest form of recognition in governmental accounting and financial reporting, and represents a significant accomplishment by a government and its management.

Chairman Hord, on behalf of the Board and staff, presented an Award of Financial Reporting Achievement to Joe Hostetler, Director/Finance, stating we were appreciative of his efforts in making this possible. A Certificate of Achievement plaque, expected in 10 weeks, will be displayed in the Finance Department.

**2. 5-YEAR SERVICE AWARD - BILL ULSETH**

General Manager Welsh outlined the various accomplishments and contributions of Bill Ulseth, Rate & Financial Analyst/Budget & Audit. He said Bill participated in numerous programs and the annual budgets; initiated numerous reports and forecasting procedures for KUA; and as an aside he undertook evening classes and passed his C.P.A. Bill has also been a strong and enthusiastic supporter of KUA sports, both in softball and basketball, and under his coaching the KUA basketball team took the City championship two years in succession.

Chairman Hord congratulated Bill, on behalf of the Board of Directors, and presented him with a letter opener as his chosen service award.

**3. FEBRUARY EMPLOYEE OF THE MONTH - NOEL CULLEN**

Mr. Welsh introduced Noel Cullen, Computer/Instrument Tech/ Transmission, as having been named February Employee of the Month. Noel has shown true professionalism and initiative towards his job, having the responsibility of repair and upkeep of the Gas Turbine electronics and computers since its installation. Noel's abilities, dedication and hard work have proven to be a great asset to KUA in keeping the Gas Turbine running. He has been an inspiration to others.

Presentation by the Board of a plaque and \$50 Savings Bond was made to Noel. He will also be given one day off with pay and a reserved parking space for the month of February.

**C. HEAR THE AUDIENCE**

Jim Scott, Buenaventura Lakes (BVL), addressed the Board with his concerns over the power outages and poor service during the Christmas freeze and our not being fully prepared to handle the situation.

Chairman Hord explained the circumstances which brought this about and apologized to the citizens in attendance who were inconvenienced by the power shortages. He stated other utilities experienced the same problems throughout the state, and that we are building a new substation to diversify and better serve our customers on the east side of that district. The demand was 200 MW as compared to 148 MW as the source of power available to us. There just wasn't enough power to go around. He said it behooves all customers to cut back during a crisis.

Mr. Welsh stated we will be implementing numerous programs and building new feeders to alleviate this type of problem in the future.

Mr. Harry Robinson, Buenaventura Lakes (BVL), expressed several concerns: an electrical box in his yard requiring attention for aesthetic reasons; that KUA should have anticipated the power outages and had power reserves; and, he stressed that the City of Kissimmee and County should issue a moratorium against additional building until the utility companies can catch up and expand to cope with escalating growth. He also said that KUA should be alerted to those customers dependent upon electricity for medical life saving support. He felt we should have been aware of the anticipated emergencies, had reserve power, and informed the public through the media well in advance of the cold spell. Some discussion followed on Mr. Robinson referring to bus fuses and transformers. Mr. Welsh assured him his points were well taken.

**D. INFORMATIONAL REPORTS (REQUIRING NO ACTION)**

**1. COMPREHENSIVE ANNUAL FINANCIAL REPORT**

The Comprehensive Annual Financial Report (CAFR) for FY ended September 30, 1989, the Auditors' Management Letter (dated September 30, 1989), and KUA's Management Letter Responses have been completed and were enclosed in the Board members' packets. Coopers & Lybrand auditor, Mike Barrett, highlighted the reports and responded to questions by the Board.

Mr. Welsh indicated we are responsive to the 5FOA suggestions and improvements and are making the changes. This would entail changes to the text of the footnotes but not the numbers in the CAFR. Once the changes are effected, the changed reports will be exchanged for the version the Board has currently.

Director Bobroff expressed concern to Mr. Barrett whether the accuracy and credibility of KUA's Comprehensive Annual Financial Report would be acceptable, in his opinion, by bonding companies as having been approved by Coopers & Lybrand. Some terminology was explained by Mr. Barrett. Director Bobroff also questioned how they, as auditors, rate our financial report.

Mr. Barrett responded that KUA would have no difficulty having bonding companies accept the audits presented and that the term "unqualified opinion" regarding our financial status is acceptable. Further, he said, that the utility is financially healthy with a strong balance sheet and a lot of liquidity, and that a change in accounting has been made in 1989 for unbilled revenues.

The Board was assured by staff that updates to the Management Responses to the Auditors' Management Letter will be issued on a quarterly basis.

Discussion followed on cut-offs and write-offs. It was brought up that it is our intention to make adjustment to the revenue going to the City for written off accounts receivable for water, sewer and garbage dating back to 1985 estimated to be in the \$200,000 range. Additional discussions followed on year-end rollovers of existing projects, status of pending reportable conditions, retained earnings,

unreserved monies, and the feasibility of preparing for a backup system for our AS-400 computer in the eventuality of a total failure.

Item 3., "Condensed Financial Report", was taken out of sequence since portions pertained to the Comprehensive Annual Report.

### **3. CONDENSED FINANCIAL REPORT**

Joe Hostetler, Director/Finance, gave a brief presentation on the Condensed Financial Report, enclosed in the packets, and responded to questions by the Board.

Mr. Hostetler handed out a Project Activity Report for the members' perusal, which was discussed. This report will be updated monthly, he said.

A question arose by Director Bobroff about the monthly purchases and ordering of various equipment via state contracts as opposed to obtaining competitive prices locally, e.g., the cost of a copier. Jim Tillman, Director/Materials Management, explained that most often a vendor's prices on some equipment, with a particular set of required features, are above those of a state contract.

Chairman Hord asked the pleasure of the Board as to whether they want the staff to use their best discretion (having the Purchasing Agent decide where to purchase items) as in the past, or do they want to set a different policy? He said the Board gives staff the policy we choose to abide by.

Mr. Welsh said state contracts offer a lower price due to their purchasing in huge volumes, which vendors cannot do. The state contract purchasing mechanism has proven to be a cost-effective, fair time/labor saving method of purchasing.

Chairman Hord wanted the members to give direction to staff on the purchasing procedure to follow.

Director Lowenstein stated that if a state contract is judged to be the most competitive price, then a state contract should be used. Directors Bobroff and Gant concurred with him.

Chairman Hord indicated it was the direction of the Board to direct the General Manager and his staff to use their best discretion in purchasing items that do not require Board approval.

Director Jones added that the Board reserve the right to question some purchases.

Mayor Van Meter questioned the Purchasing Agent about using blanket purchase orders with vendors. Staff replied these are used for auto parts on an as-required basis and that a system is in place for verification of purchases.

The meeting recessed from 8:00 - 8:12 PM.

### **2. MONTHLY PROGRESS RETORT ON ENGINEERING PROJECTS**

Ken Davis, Director/Planning & Engineering, updated the Board members on ongoing projects.

Mr. Davis indicated construction of the Carl A. Wall Substation transmission line is going well. However, the installation of the microwave towers will be delayed until March for Lake Cecile, Carl A. Wall and BVL Substations. Apparently the County requires approval of a conditional use application for the construction of these microwave towers. Mr. Davis explained this in depth, which was followed by discussion. It was determined to approach the County officials to avoid long delays and setbacks in obtaining or pulling the application and to proceed with the substations.

The Michigan Avenue Line Relocation project is complete. Repair of the damaged Marydia transformer is being done, without complications to date. Mr. Davis said we will not be leasing a transformer from Florida Power Corporation. The first set of maps for digitizing has been sent to R.W. Beck; we are receiving final shipments of the required hardware for the systems. Staff is finalizing specifications for distribution system regulators, to be released for bid shortly.

### **3. CONDENSED FINANCIAL REPORT**

This item was taken out of sequence (see previous page) to coincide with discussions of the Comprehensive Annual Financial Report.

### **4. COST OF POWER ADJUSTMENT**

Ben Sharma, Director/Power Supply, stated that during the Christmas weekend emergency KUA purchased 2695 MWh of Schedule A power from several utilities at the average rate of \$115.20 per MWh, compared to our original estimate to purchase about 50 MWh of Schedule A during December. Gas supply was also curtailed for four days, compelling us to burn diesel fuel in the diesel units. As a combined effect of these factors, the COPA for December, 1989 was a positive \$0.00350/kWh. The COPA pot balance of \$161,567.09 (overcollected) at the beginning of December ended up with \$37,214.91 (undercollected) at the end of the month.

The above was a temporary setback due to extreme weather conditions, and staff recommends continuing COPA at the previous \$0.000/kWh. In response to questions from Mayor Van Meter, it was noted that the freeze cost KUA money.

### **5. KISSIMMEE UTILITY AUTHORITY'S ENERGY CONSERVATION PLAN**

Mr. Welsh indicated that the Florida Public Service Commission (FPSC) required 15 electric utilities in the State to submit their Energy Conservation Plans by February 13, 1990. KUA's Plan is being prepared covering programs under implementation as well as specific future programs. Specific funds will be required to implement these programs. After obtaining FPSC's approval of our Plan and the Board's approval of these funds, staff will incorporate such funding in each year's annual budget.

## **E. OLD BUSINESS**

### **1. SCOPE OF SERVICES FOR THE FUTURE GT UNIT SITING STUDY**

At the December 20, 1989 meeting, the Board directed staff to develop a scope of work for a detailed Environmental and Transmission Study of KUA's future gas turbine unit sites. Staff and our consultants, Black & Veatch (B&V), have developed a proposed Scope of Services, for an estimated sum not to exceed \$24,775. Staff feels the above fees reasonable and recommends approval of same. Funds are available from the Capital Outlays for Future Projects. (The Transmission Study scope was presented under a separate agenda item.)

Ben Sharma stated that it is KUA's intention to study two sites for the new gas turbine units. The areas under consideration were the Imperial and N. Bermuda (adjacent to the Distribution Center) sites. Director Gant stated he felt, considering the City's projected areas of development, we should not consider the Bermuda Avenue site for generation. Instead, we might consider the Loughman site. Director Bobroff said we should not consider only one site. Director Lowenstein stated that because of it being a residential area, we should abandon the N. Bermuda site as a combustion turbine site. Considerable discussion followed. Mayor Van Meter firmly stated that the City's

future planning area does not include a gas turbine in the N. Bermuda area.

Chairman Hord said it appears to be the consensus of the Board, "as of today", that we consider Imperial as a choice and perhaps review a previously studied area, the Loughman site. Staff will attempt to negotiate the cost of these studies, including the Transmission Study.

**Director Lowenstein moved to authorize Black & Veatch to perform the Proposed Scope of Services for Combustion Turbine Site Feasibility Study on the Imperial site and Loughman site for a not-to-exceed fee of \$24,775; also, approve transfer of the funds from Capital Outlays for Future Projects. Seconded by Director Gant.**

**Motion carried 5 - 0**

**F. NEW BUSINESS**

**1. TRANSMISSION SYSTEM STUDY**

This Study tied in with the previous discussion (Item E.1. above). Staff and Black & Veatch have prepared a scope of services for a study (included in the Board packets) to update transmission system expansion plans. Mr. Welsh highlighted the contents of this Study. This study was planned and budgeted for \$65,000 in fiscal year 1990. The study will evaluate future transmission system requirements, including location and schedule for future substations. He recommended that the Board approve, considering the previous Study, changing the N. Bermuda site for the Loughman site, and staff's attempt to negotiate below the \$69,675 but using that as a not-to-exceed cost.

**Director Bobroff moved to authorize staff to proceed with Black & Veatch on the Transmission System Study and to hopefully negotiate the price backwards to \$65,000, but in any event not to exceed \$69,675; and, if necessary, to transfer the funds from the Reserve for Future Capital Outlay in the amount of \$4,675. Seconded by Director Lowenstein.**

**Motion carried 5 - 0**

**G. CONSENT AGENDA**

**Director Jones moved to approve the Consent Agenda. Seconded by Director Gant.**

**Motion carried 5 - 0**

- 1. APPROVAL OF MINUTES OF DECEMBER 13, 1989, MEETING**
- 2. APPROVAL OF MINUTES OF DECEMBER 20, 1989, SPECIAL MEETING**
- 3. EMERGENCY PURCHASE, DIESEL FUEL NO. 2 (PURCHASE OVER \$25,000.00)**

**H. HEAR GENERAL MANAGER, ATTORNEY, DIRECTORS**

**GENERAL MANAGER**

Mr. Welsh distributed copies of the Board Calendar for the purpose of it being in compliance with their needs.

The General Manager also distributed copies of the Budget Calendar highlighting the dates affecting the Board meetings. It details some of the activities leading to the Goals and Objectives Workshop Meetings and the dates of our Budget meetings, as well as the time frame for the Five Year Plan meetings in December. The Calendar elaborates the planning by all the Departments within KUA and Budget & Audit, specifically.

Mr. Welsh distributed a copy of a letter he received from Naomi Winbush, a former Commissioner, urging KUA to initiate an "Equal Average Pay Plan", a levelized budget billing system for customers. He stated we are already attempting to put it in place, and it should be in place, hopefully, by next winter. He will respond to her concerns, he said. Discussion followed on various possible problems arising from this system.

General Manager Welsh referred to a letter from FMEA dated January 17th (distributed to the Board) regarding a legislative function to be held on March 6th and 7th in Tallahassee. He invited interested Board members to participate at this function, suggesting we should have representation and that it behooves us to keep contacts in Tallahassee.

After discussion, it was the consensus of the Board that KUA actively participate in the planned FMEA legislative function.

**ATTORNEY** - None

**DIRECTORS**

Mayor Van Meter said that some concern was expressed at the City regarding KUA hiring one of their employees, referring specifically to their switchboard operator. Discussion followed on the reason for her accepting KUA's position, and whether it was primarily a salary increase. He suggested both Personnel Departments review their hiring practices.

Director Jones inquired about the traffic lights at the corner of Ruby and Broadway and what costs were involved. Mr. Welsh replied the Department of Transportation (DOT) was absorbing all the costs.

Director Jones also inquired about any claims assessed against KUA for damages incurred during the freeze. Mr. Turner indicated they were minimal.

In response to a question by Director Jones regarding development of emergency plans, Mr. Welsh replied that plans are being put in place within KUA and also in conjunction with the City, Water & Sewer, Police, etc. He stated communications was the primary problem, but a phone bank helped minimize these. Contacting businesses along Hwy. 192 to curtail outside lighting is being handled. Discussion followed.

Chairman Hord mentioned some property in the northwest quadrant (Carroll Street) which should be checked into to determine possible interest for future development.

Chairman Hord also inquired into the number of personnel at Marydia responding to trouble calls. He said he tried to call regarding low water pressure at his home, and there was no answer. The response was, one employee. In this respect, Mayor Van Meter stated a water alarm was not responded to by Marydia. Staff replied we do not have a water alarm at Marydia. Following further discussion, Mr. Welsh stated that we will be reporting to the City Manager.

**I. ADJOURNMENT:** Meeting adjourned at 9:58 P.M.

ATTEST:

  
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SECRETARY

  
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CHAIRMAN