

REGULAR & SPECIAL MEETING OF KISSIMMEE UTILITY AUTHORITY HELD WEDNESDAY, APRIL 3, 2019, AT 3:30 PM, BRINSON BOARD ROOM, ADMINISTRATION BUILDING, 1701 WEST CARROLL STREET, KISSIMMEE, FLORIDA
Present were Director Jeanne Van Meter, Director Kathleen Thacker, Director Rae Hemphill, Director Ethel Urbina, General Manager, Brian Horton, General Counsel, Grant Lacerte, and Recording Secretary, Jennifer Gonzalez. Director Manuel Ortega and Mayor Jose Alvarez were not present.

A. MEETING CALLED TO ORDER

Director Van Meter called the meeting to order at 3:30 PM.

B. PLEDGE OF ALLEGIANCE TO THE FLAG

The Board members and staff recited the Pledge of Allegiance.

C. AWARDS AND PRESENTATIONS

Director Van Meter welcomed Mr. Horton as he starts in his new role as President, General Manager & CEO.

1. 25-YEAR SERVICE AWARD – LOGAN MURPHY, LINE CREW SUPERVISOR, ENGINEERING & OPERATIONS
2. EMPLOYEE OF THE MONTH FOR APRIL 2019 – CARLOS GALINDEZ, ENGINEER II, ENGINEERING & OPERATIONS

Mr. Horton congratulated Carlos for being chosen employee of the month for April 2019.

D. HEAR THE AUDIENCE

Director Van Meter asked if anyone from the audience would like to address the Board on an item not on the agenda. In hearing none, the Board moved forward to the next item on the agenda.

E. CONSENT AGENDA

ACTION: Director Urbina made a motion, seconded by Director Thacker, to approve items 1 through 3 under the consent agenda.

MOTION PASSED 4 - 0

1. APPROVAL OF MINUTES FOR MARCH 6, 2019 REGULAR MEETING
2. APPROVE AWARD OF BID #19-022-CV TRANSMISSION LINE CONSTRUCTION FOR THE HANSEL SUBSTATION TRANSMISSION LINE MODIFICATION

RECOMMENDATION: Award Bid IFB#19-022-CV for transmission line construction to White Electrical Construction for the amount of \$449,751.

3. APPROVE AWARD OF BID #19-023-CV SUBSTATION CONSTRUCTION FOR THE HANSEL SUBSTATION TRANSMISSION LION MODIFICATION

RECOMMENDATION: Award Bid IFB #19-023-CV for substation construction to Rising Edge High Voltage Solutions for the amount of \$420,646.

F. PUBLIC HEARING

1. TARIFF CHANGE: NET METERING TIER 3

Kevin Crawford, vice president of Finance and Accounting, briefly reviewed the tariff change presented at the last Board meeting. Mr. Crawford advised that this is a public meeting and asked if anyone is present to address the Board; in hearing none, Mr. Crawford shared the recommendation for Board consideration.

ACTION: Director Urbina made a motion, seconded by Director Hemphill, to approve the Net Metering Sheet 18.1.2 tariff with an effective date of May 1, 2019.

MOTION PASSED 4 – 0

G. INFORMATIONAL PRESENTATIONS (REQUIRING NO ACTION) - None

H. OLD BUSINESS - None

I. NEW BUSINESS - None

J. STAFF REPORTS

1. POWER SUPPLY SEMI ANNUAL REPORT

Larry Mattern, vice president of Power Supply, provided an overview on Power Supply.

K. PRELIMINARY BUDGET

1. INTRODUCTION – BRIAN HORTON, PRESIDENT, GENERAL MANAGER & CEO

Mr. Horton provided the following highlights for this preliminary budget review: expanded the budget to address the growth in the area; extended the planning period for an additional year to include a forecast for FY2024; \$211M with about \$30M coming in the upcoming FY2020; \$100M over the 5 year planning period for line extensions both internal and external; \$6.3M FY2020 for an additional transformer and distribution substation located adjacent to KUA; \$4.5M in FY2021 for replacement of power transformer at Marydia substation; \$12M in FY2022 and FY2023 for the construction of the Osceola substation located near 535; and no staffing changes.

a. FINANCIAL OVERVIEW – KEVIN CRAWFORD, VICE PRESIDENT, FINANCE & ACCOUNTING

Kevin Crawford, vice president of Finance & Accounting, reviewed the budget timeline and provided financial overview detailing load forecast, capital & staffing, and the 2020 budget, with projections for fiscal years 2021 through 2024.

Director Thacker asked what the big project for 2020 is with AMI taken out. Director Urbina followed up asking why we are keeping the same budget amount. Mr. Crawford said most of the expenses will be related to the substations. Mr. Horton explained that it was for line extensions. Mr. Crawford added that each vice president will share their respective departmental budgets which will explain why the amount is the same.

b. HUMAN RESOURCES OVERVIEW – WILBUR HILL, VICE PRESIDENT
HUMAN RESOURCES

Wilbur Hill, vice president of Human Resources, presented an overview of his department's budget and advised there are no staffing changes. Mr. Hill advised that staff is recommending a 3% market level adjustment for planning purposes only for FY2020 annual budget.

Director Urbina asked what the equivalence in dollars of 2.2% customer growth and of the 3% MLA is to compare the two figures. Mr. Crawford said he would find that information out and provide it to the Board. Director Urbina clarified that she wants to know what the equivalent in dollars of what the 3% versus 2% in revenue.

ACTION: Director Thacker made a motion, seconded by Director Hemphill, to approve a preliminary Market Level Adjustment (MLA) of 3% for purposes of budget planning.

MOTION PASSED 4 – 0

c. DEPARTMENTAL OVERVIEW – PERSONNEL & CAPITAL

i. POWER SUPPLY – LARRY MATTERN

Larry Mattern, vice president of Power Supply, shared an overview of his department.

ii. INFORMATION TECHNOLOGY – JEF GRAY

Jef Gray, vice president of Information Technology, provided an overview of his departmental budget. Mr. Gray explained that this is a capital intensive year for various reasons: some of it is related to the implementation of AMI; tremendous amount of systems that are coming of age due to be replaced or enhanced; replacement of switching and wiring; server and infrastructure upgrades/replacements; and network infrastructure upgrades.

Director Van Meter asked why the network operations budget increased even greater for the following fiscal year 2021. Mr. Gray explained that it is a two-step part where there are high server costs. Mr. Gray also added that because we are more of a paper-free utility, we need bigger hard drives to store more data.

Director Thacker pointed out that the budget for FY2021 is expensive but it is more expensive in FY2023. Mr. Gray explained that the more we store, the more it cost to have storage; big hard drives are very expensive.

iii. ENGINEERING & OPERATIONS – TR LIND

TR Lind, assistant vice president of Engineering & Operations, provided a summary of the department's budget. Mr. Lind explained that as we move into the AMI implementation phase and completion of Domingo Toro substation this summer, these projects will fall off the capital project this year. The capital highlights encompass the Hord Substation Third Transformer and Switchgear project which was moved to FY2020; year 2 of 3 for the Domingo Toro Substation Feeder Extensions, and Hord Substation Feeder extensions and internal and external line extensions.

Mr. Horton explained that we do not control external extensions because that is driven by external parties, but we do have control over internal line extensions. This project accounts for the bulk of the capital budget of FY2020 for this department.

iv. CUSTOMER SERVICE – SUSAN POSTANS

Susan Postans, vice president of Customer Service, reviewed the department's budget.

Ms. Postans shared that fast-charging stations will be installed within the service area. Director Van Meter asked where these units would be installed. Ms. Postans said these units would be installed in areas where a customer will be there for at least 30-45 minutes, like a restaurant or store. Ms. Postans also provided an update to AMI. She informed the Board that the first residential meter would be installed on Monday.

v. FINANCE & ACCOUNTING AND EXECUTIVE – KEVIN CRAWFORD

Mr. Crawford first addressed Director Urbina's earlier questions of what was the dollar amount of the 3% versus the 2%. Mr. Crawford informed the Board that he had a rough estimate: with respect to the market level increase, the 3% increase would translate into a \$1M increase in O&M costs and the anticipated increase in sales would translate to \$2.7M increase in revenues.

In response to Director Urbina's capital piece of her question, Mr. Crawford explained that there is the rate stabilization fund which KUA is drawing on and over that time period (the 5 year) KUA does intend to use the rate stabilization fund to fund those capital purchases internally. Mr. Crawford said there is no anticipation of debt borrowing at this point. The Board discussed the implications of dipping into the rate stabilization fund to fund capital projects while staying in the bottom one third.

Mr. Horton explained that staff has been discussing some strategies to bring back to the Board in May or June to show how staff intends to stay in the bottom one third.

After further discussion, Mr. Crawford then provided an overview of his departmental budget and of the Executive Office's budget.

Director Urbina pointed out that some departments have a small number of personnel and maybe staff should consider consolidating some of those departments in the future. Director Van Meter asked if that is something staff has been looking at. Mr. Horton said yes.

vi. CENTRAL SERVICES – JUDY AMBROSI

Judy Ambrosi, vice president of Central Services, provided an overview of her departmental budget. Mrs. Ambrosi explained that the bulk of the capital projects are for facilities maintenance which includes upgrading the fire alarm panel and replacing the sprinkler heads, replacement of the administrative building's backup chiller and security upgrades at the administrative building.

vii. HUMAN RESOURCES – WILBUR HILL

Wilbur Hill, vice president of Human Resources, reviewed the department's budget.

viii. OFFICE OF CORPORATE COMMUNICATIONS – CHRIS GENT

Chris Gent, vice president of Corporate Communications, provided an overview of the history of requested sponsorships. Mr. Gent advised that the new scholarship created in Mr. Welsh's name is included.

Director Van Meter asked if the increase in the budget is because of the new sponsorships picked up. Mr. Gent said yes.

L. HEAR ATTORNEY, GENERAL MANAGER, DIRECTORS

Grant Lacerte, vice president and General Counsel, thanked everyone for an excellent rally in Tallahassee. Mr. Lacerte provided an update on Senate Bill 450 regarding cyber security discussion and provided advice regarding bond issues.

Mr. Horton shared the upcoming events and thanked the Board for their support and thanked the staff for their hard work.

Director Thacker asked if we are going to talk about reserves please have staff provide a breakdown of where the reserves are pulled and designated. Mr. Crawford said they would.

M. ADJOURNMENT

Director Van Meter adjourned the meeting at 4:37 PM.



Chairman



Secretary