

MINUTES OF REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY, HELD THURSDAY, JULY 28, 1988, at 6:00 P.M., BOARD ROOM, ADMINISTRATION BUILDING, KISSIMMEE, FLORIDA

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

**A. MEETING CALLED TO ORDER** at 6:07 P.M. by Chairman Hord. He indicated Directors Gant and Jones are absent.

Discussion was held relative to the fact that only three voting members of the Board were present. The Board referred to the Charter which states: "No action shall be taken by the Utility Authority except by the affirmative vote of at least three (3) members. Three (3) members shall constitute a quorum." It was determined for action to be taken on any item tonight it must be passed with a 3-0 vote.

**B. AWARDS AND PRESENTATIONS**

**1. SERVICE AWARDS**

HAROLD STALLWORTH - 5 YEARS - DISTRIBUTION OPERATIONS

BILL JABAAY - 10 YEARS - DISTRIBUTION OPERATIONS

JOHN MIDDAUGH - 15 YEARS - GENERATION & TRANSMISSION

JIM CANTWELL - 20 YEARS - PLANNING & ENGINEERING

General Manager James C. Welsh said we are proud to be awarding 50 years of service on behalf of the above employees. He highlighted the functions of each and noted the value of so many years of dedicated service to the organization.

Unfortunately, all four employees were unable to be present due to prior commitments. Managers Ken Lackey and Ken Davis accepted the awards for their employees from Chairman Hord who extended congratulations on behalf of the Board.

**2. EMPLOYEE OF THE MONTH**

John Middaugh was also selected by his fellow employees as August Employee of the Month. His service award and Employee of the Month plaque were accepted by Jeff Ling, with congratulations from Chairman Hord. Director Bobroff presented the \$50.00 savings bond for John.

**C. HEAR THE AUDIENCE:** None

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

**1. PROGRESS REPORT ON ENGINEERING PROJECTS**

Ken Davis, Mgr./Planning & Engineering, gave a verbal presentation on ongoing projects discussed at the Board Meeting, July 21, 1988.

A purchase agreement was drawn up for the property at Lake Cecile, but it was learned the property had been sold. Following the Board's permission at last month's meeting for condemnation, and on our Attorney's advice, we included both the substation property and the right-of-way, and condemnation will be filed under Resolution R88-4 (on the Consent Agenda).

Director Bobroff suggested perhaps the sale was made to inflate the price. Mr. Edward Brinson, legal counsel, said the sale would not be as influential to a jury as the surrounding sale. On the other piece of property owned by Charlie Owen, we had agreed via contract on the appraisal price plus 10%; however, he had a verbal understanding with the new owner and sold it.

Staff will be asking the Board to authorize a go-ahead and appropriate the money for a proposal for a quick taking within the next 45 days and later discuss future price. Mr. Brinson stated that under new law they are required to indicate within 30 days of being served whether they're going to take it or not. Under new condemnation law they give the government some advantage in knowing beforehand whether you have to bring all these people in to justify a public purpose. If no objections are received and you post your name on the appraisal, you have the right to see title passes over to the condemning authority and at some future time let a 12 person jury finalize it.

Mr. Brinson asked the Board to remove this item from the Consent Agenda and put it on the Agenda authorizing the money be deposited accordingly.

Director Bobroff asked what distribution exits were and why they were not included originally. Mr. Davis replied they are distribution circuits that leave the substation and tie-in to the distribution grid. Due to the complexity of those exits tied in with existing circuits on Hwy. 192, and with the time frame, we will attempt to bid that in with their construction time frame.

Director Hord asked if action was required on item 8. under the Consent Agenda.

Mr. Welsh suggested it could be pulled now.

**Director Bobroff moved, seconded by Director Lowenstein, that we remove item 8. of the Consent Agenda, which is Resolution No. R88-4 authorizing condemnation for Lake Cecile substation property and right-of-way.**

**Motion Carried 3 - 0  
Directors Gant and Jones Absent**

**G. CONSENT AGENDA**

**8. RESOLUTION NO. R88-4, AUTHORIZING CONDEMNATION FOR LAKE CECILE SUBSTATION PROPERTY AND RIGHT-OF-WAY**

Mr. Brinson requested the Board to unanimously adopt a Resolution authorizing him to condemn the parcel described in the Resolution consisting of Tracts A, B and C. The 22' right-of-way in the 1.4 acres has been appraised at \$111,600. The 18' utility easement has been appraised at \$25,800. Also, he requested authorization for this money be posted on the register of the court at the appropriate time.

**Director Lowenstein moved to effect authorizing Attorney Brinson to make his move accordingly. Seconded by Director Bobroff.**

**Motion Carried 3 - 0  
Directors Gant and Jones Absent**

## **2. MONTHLY F&A DEPARTMENTAL REPORT**

Mr. James Schuster, Mgr./Finance & Administration, presented Condensed Financial Statements and other reports to the Board. He stated that budgetary income will come in right on target.

Director Bobroff asked what figures would be used to get the ratio between current assets and current liabilities. Mr. Schuster elaborated on two alternative current ratio calculations. Further queries by Director Bobroff on revenues and operating statement, Crystal River, and check-backs were answered by staff. Director Bobroff voiced his concern about the costs of using nuclear fuel; the item was tabled until further information could be gathered by appropriate people and reported to the Board at a later date. Regarding check-backs and rereads, Carl Wall, Mgr./Customer Service, responded to Director Bobroff that this could occur when we have sufficient time to do rereads; the majority are system-required rereads, not customer rereads.

Explanation was given on the purchase of Florida crushed stone and caustic soda in response to a question by Director Bobroff.

## **3. COST OF POWER ADJUSTMENT**

Max Alderman, Mgr./Generation & Transmission, stated staff recommends continuing the cost of power adjustment of a negative \$0.00716/kWh. He showed an overhead chart on the Derivation of Cost of Power Adjustment, detailing gas costs and COPA rebates. He indicated we are doing better than projected.

## **4. OUC PRESENTATION, 1st YEAR OF OPERATIONS**

Mr. Welsh introduced OUC (Orlando Utilities Commission) General Manager, Ted Pope, and Bill Herrington, Manager/Electric Operations, who gave a slide presentation on Stanton Energy Center's first year of operations. They updated progress and showed slides on the Energy Center, including new site development. Five million man-hours of labor were involved in the construction project, and OUC is proud of having a zero fatality safety record and with 67% fewer lost-time accidents. In 1987 their energy demand exceeded projections for 1990.

Mr. Herrington explained that the EPA (Environmental Protection Agency) and DER (Department of Environmental Regulation) monitor environmental impacts of this plant. He showed aerial slides of the coal operated plant and graphical charts of sulphur dioxide emission standards.

## **E. OLD BUSINESS**

### **1. POWER SUPPLY ALTERNATIVES NEGOTIATION AND EVALUATION**

The staff is currently evaluating the four proposals from Black & Veatch for work associated with continuation of the Power Supply Study.

- 1) Evaluate new OUC deal and continue negotiations with Florida Power Corporation
- 2) Financial Feasibility of Power Supply Alternatives
- 3) Hansel Plant/Regulation Study
- 4) SCADA System Evaluation

Max Alderman gave an overview of the status of each project and indicated what studies and evaluations will be necessary.

Discussion covered computer expenses and capabilities and production costing. Director Hord was informed that the Financial Feasibility Study cost is \$14,300. Director Hord doubted that Black & Veatch had used a projected growth rate in the Power Supply Study somewhat lower than what the staff had indicated may be possible. Director Hord questioned if the staff's projections were more accurate and should be employed. Mr. Welsh explained that the growth rate and projections used for Black & Veatch in the Power Supply Study were not just their own but what were agreed to as reasonable for study purposes by the staff, the Board and Black & Veatch. The staff has made other projections at a higher growth rate to indicate the range of possible future growth rate for the KUA system.

Completion is estimated to be in six weeks following input of all data. Our expenditure last calendar year for Schedule D for FPC (Florida Power Corporation) was \$5 million. A contract of \$50 million on purchase power being is an extremely important agreement. The analysis cost is \$26,900.

Director Hord inquired of Board members if they agree to spend money on Task No. 2. Director Van Meter replied, "you're talking about studying diesels and how much capacity are we discussing and why install diesels to accomplish your regulations." Mr. Alderman explained. Director Hord said that at an earlier meeting we discussed putting in a 7MW diesel which was agreed on, now we're asked for a study. He objected to this procedure of spending \$98,000, making a study, purchasing large acreage, and further studies. Director Hord stated he could not envision purchasing 100 acres being cheaper than retrofitting a plant. 7MW is the size of the machine.

Director Hord challenged who came up with Task 2. Mr. Welsh stated it was an alternative in the Power Supply Study. Director Hord contradicted by saying Black & Veatch's engineer said part of the solution would be to put a new modern day diesel engine across the street for this regulation solving problem; he didn't say at Intercession City or Lake Louisa. The conclusion did not stipulate having it offsite 15 miles down the road. Director Hord pointed out we should "slow down".

The Board was polled on spending money on Task 2 and Director Van Meter's reply was since the land is available, that was one way to go. Director Bobroff said we should use the old plant site; Director Hord agreed.

Mr. Welsh asked the Board's approval tonight to go ahead with the Study, with the elimination of Task 2 and appropriate cost reduction negotiated with the engineers.

Discussion continued on the above, and also Task 4. No. 4 is an alternative to installing diesels here. To regulate doesn't mean we have to generate; it means we have to have available under contractual means an equivalent way of regulating.

Mr. Alderman concluded he would like to see this Study include an internal capacity; study regulating services we can purchase; Task 2 is an alternative to internal capacity.

**Director Hord asked if that was the consensus of the Board. The recommendation is a request for approval of items 1. and 3., following a revised price of Black & Veatch to eliminate Task 2.**

At the request of Director Hord, Mr. Welsh read from the Minutes of June 22, 1988, page 273, A, B, C, D, E, and F, pertaining to Myron Rollins' (Black & Veatch Project Manager) presentation: "As to the other items, D., E. and F., he suggested that we let those lay dormant for a little while (a month to two months) to see what is happening in the first three. Director Gant seconded." Discussion followed.

r. Welsh indicated that this is the way that staff would proceed.

Director Hord restated earlier direction that "we do nothing or talk about anything on D., E. and F. at this point in time". The controversy was over new diesels at a new site.

For the record, Mr. Welsh requested a motion from the Board.

Director Lowenstein moved, seconded by Director Bobroff, that we authorize staff to proceed with Items 1 and 3 of the letter dated July 20, 1988, with the exception that Black & Veatch would not include Task 2 of Item 3, the Regulation Study, as part of their scope of work.

**Motion Carried 3 - 0  
Directors Gant and Jones Absent**

Chairman Hord requested a recess at 8:01 P.M. The meeting reconvened at 8:16 P.M.

**F. NEW BUSINESS**

**1. FY 1988-89 BUDGET RESOLUTION NO. R88-5**

Mr. James Schuster handed out a Budget Recap sheet which summarizes the budget and indicates changes incorporated during budget workshops and meetings.

Director Van Meter brought up, at the request of the City Commission, that the KUA consider an additional transfer to the City of \$50,000 over and above the transfer that was here. Primary purpose of the transfer is to allow the City to meet the requirements of the various social agencies which are not receiving adequate federal or state funding. Director Van Meter said he was not asking the KUA to go against their policy of "no donations", but to increase our transfer to the City and let the City handle that disbursement. Several agencies included are the Council on Aging, Mental Health, and Help Now, and the City was unable to totally fund their request this year. This would also encompass citizens of Buenaventura Lakes and other areas of Osceola County, he said. **Director Van Meter formally requested the Board to make the additional \$50,000 transfer to the City for the stated reason.**

**Director Bobroff requested this be postponed for consideration until a full Board is present. Directors Hord and Lowenstein agreed.**

Mr. Jim Scott, of Buenaventura Lakes, voiced his opinion that KUA already gives sufficient funds to the City and feels this request is unwarranted.

Director Hord requested a motion to adopt the FY 1988-89 Budget by Resolution No. R8 8-5.

Director Van Meter noted the recommendation the Board made at the Budget Workshop has changed the Merit Pay Plan. He suggested that be reconsidered prior to budget approval. Following discussion it was agreed to consider this further when a full Board is present. It will not impact the budget at this time.

Director Lowenstein moved to adopt Resolution R88-5; seconded by Director Bobroff.

Motion Carried 3 - 0  
Directors Gant and Jones Absent

G. CONSENT AGENDA

Director Hord asked if any items needed to be removed from the Consent Agenda. Director Bobroff requested the removal of items 1. and 2.

Director Hord requested a motion to accept the Consent Agenda, with the exceptions of items 1. and 2., which have been pulled, and item 8. which was dealt with earlier.

Moved by Director Lowenstein; seconded by Director Bobroff to approve items 3. through 7. of Consent Agenda.

Motion Carried 3 - 0  
Directors Gant and Jones Absent

3. BID #K20-88 PADMOUNT TRANSFORMERS
4. BID #K21-88, ELECTRICAL SUPPLIES - WIRE
5. LINE EXTENSION CONTRACT, HORIZON APTS., 1600 SPRINGHURST BLVD.
6. LINE EXTENSION CONTRACT FOR SOUTHBRIDGE PROJECT
7. RESOLUTION NO. R88-3, REDUCING EQUIVALENT CHARGE TO OUTSIDE-THE-CITY CUSTOMERS

Director Bobroff questioned the content of the monthly Minutes and voiced his opinion about the lack of having the Board's questions, viewpoints and responses more thoroughly included in the Minutes rather than just briefly skimming over various subjects. He requested that various positions, actions and decisions by the Board be included in the Minutes (with enclosures where necessary) instead of their having to speculate what happened in previous meetings. His concern, as Secretary, was due to his not having any input and responsibility for the Minutes.

Director Hord recommended postponing this discussion, if a different philosophy or technicality is required. The discussion should be between all Board members and the General Manager at a Workshop, without undue delay. If amendment is required, it would be addressed as such. Director Bobroff's comments were taken and are on record if action is necessary.

1. APPROVAL OF MINUTES OF JUNE 22, 1988, WORKSHOP MEETING

Director Lowenstein moved to approve item 1.; Director Bobroff seconded.

Motion Failed 2 - 1  
Director Bobroff Voted No  
Directors Gant and Jones Absent

2. APPROVAL OF MINUTES OF JUNE 23, 1988, MEETING

Motion made by Director Lowenstein and seconded by Director Bobroff to approve item 2.

Motion Failed 2 - 1  
Director Bobroff Voted No  
Directors Gant and Jones Absent

In answer to Mr. Welsh's inquiry, Director Hord stated the Minutes should be brought back to the next Board Meeting for approval by the Board members. You're not under direction by anyone at this time to amend the Minutes as they are presented at this meeting.

H. HEAR GENERAL MANAGER, ATTORNEY, DIRECTORS

GENERAL MANAGER

Mr. Welsh suggested a Workshop be established for financial, organizational and philosophy review. Meeting scheduled for October 13, 1988, at 6:00 P.M.

The Rate Change Meeting scheduled for August 17, 1988, has been canceled.

DIRECTORS

Director Van Meter requested the transfer of funds for the City be scheduled on the Agenda for the August meeting when there is a full Board.

Director Hord brought up construction costs comparison of Administrative facilities in the long term, from a dollars and cents viewpoint, discussed at the Facilities Planning Workshop Meeting last evening. He had concern over the "New Acreage" and alternative with the cost listed as \$3.8 million, and under "At Existing Locations" (this Administrative building and across the street) alternative with the cost listed as \$5,582,000, showing an upcharge of \$1,782,000. Director Hord said that he would like to rescind his vote and stated viewpoint concerning this issue from that which he had expressed at that previous evening's meeting. He further suggested that if a governmental body felt that the KUA organization needs to be in the downtown area, then that body might logically bear the burden of the parking to compensate for the difference in cost to be in the downtown area. Director Hord suggested that last week's worksheet be compared again and look at the differential of dollars and see if we weren't thinking wrong last evening.

I. ADJOURNMENT: Meeting adjourned at 8:50 P.M. by Chairman Hord.

  
CHAIRMAN

ATTEST:

  
SECRETARY