

MINUTES OF REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY, HELD THURSDAY, DECEMBER 15, 1988, AT 6:00 P.M., ADMINISTRATIVE BUILDING, KISSIMMEE, FLORIDA

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

Director Van Meter was not present.

A. **MEETING CALLED TO ORDER** at 6:00 P.M. by Vice Chairman Gant, who chaired the meeting until Chairman Hord arrived, later.

B. **AWARDS AND PRESENTATIONS**

1. **5-YEAR SERVICE AWARD - BERNARDO SCHELMETY**

James C. Welsh, General Manager, briefly highlighted Bernie's work history. He joined KUA in 1983 as Assistant Power Plant Operator, Generation, and has been a hard-working employee who is well liked by his fellow employees. He consistently does his very best for his shift team and the KUA organization.

Vice Chairman Gant and other Board members extended congratulations and their thanks, and presented Bernie with his Service Award.

2. **JANUARY EMPLOYEE OF THE MONTH - DON ANDERSON**

Mr. Welsh presented Don Anderson to the Board as the January Employee of the Month, honored by his fellow employees. Don is Assistant Power Plant Operator, Generation, and has been with KUA for six years and is pleased to be a part of the KUA team. Mr. Welsh highlighted his many significant contributions and dedication to his work and this organization.

Vice Chairman Gant and other Board members offered their best wishes and appreciation for his hard work and presented Don with a Plaque. Director Bobroff handed him a \$50 U.S. Savings Bond. In addition, Don will be honored with a "reserved" parking space during January.

C. **HEAR THE AUDIENCE - None**

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

1. **PROGRESS REPORT ON ENGINEERING PROJECTS**

Kenneth L. Davis, Manager, Planning & Engineering, gave a brief verbal presentation on the ongoing projects.

Design activities are continuing on the Carl A. Wall and Lake Cecile substations project. Acquisition of the right-of-way for the former substation is in the works.

In response to a question by Director Gant, Mr. Davis indicated that we are proceeding to acquire the easement necessary for the new feeder out of the Airport substation. This is owned by the owners of Sonny's Bar-B-Que on West Vine Street. Mr. Welsh noted that the owners are planning a new Sonny's Bar-B-Que on North Main Street. The owners have suggested that line extension fees for this new location be waived in consideration for the needed easement at the West Vine Street location. Mr. Welsh stated that staff intends to grant the waiver in order to get the easement in a timely and cost-effective manner.

Work is also proceeding in evaluating the various options on the Long Range Power Supply/FMPA IDO Project Study, presented to the Board December 1st.

A purchase order for the initial purchase of equipment for the Radio Communications System Conversion has been issued to Motorola. Other suppliers are being contacted to ascertain if they do have radio equipment compatible with the existing City system.

2. MONTHLY F&A DEPARTMENTAL REPORT

James C. Schuster, Manager, Finance & Administration, gave a presentation, using overheads, on the Monthly Departmental Report. Questions from the Board were answered by Jim and the staff. He had three handouts for the Board members.

Chairman Hord arrived at 6:30 P.M., and chaired the meeting.

At this point, Mr. Welsh stated that since Director Bruce Van Meter was absent, Vice Mayor William McMullan, City of Kissimmee, attended in his stead but was confronted with a time conflict. Therefore, the City Commission Resolution was pulled out of the Agenda sequence for this time slot.

F. NEW BUSINESS

1. CITY COMMISSION RESOLUTION

The City Commission Resolution requested KUA to consider delaying its move from the Central Service site and join with the City in a joint needs assessment study for the existing site.

Vice Mayor McMullan prefaced his remarks about comments in the press which might have been misunderstood during the process of the Resolution. He said the Resolution involved two issues, the first being, that if KUA required more time to relocate services, vehicles, etc., from the Service Center, the City would be pleased to accommodate KUA in that respect. The second concern was that if KUA wished to discuss planning or replanning with the City, they could put a plan together jointly and the City did not wish to force KUA into moving out.

Chairman Hord said that the Board did not feel we were being hurried out, but that we had studied this new location for two years, revised plans several times, and have our thoughts in alignment and are proceeding forward. Staff confirmed our timetable, which was having the project completed in one year, around early 1990.

Mr. Welsh said he had discussed the project with staff and the City staff. He showed an overhead diagram of the existing warehouse/garage facility at the Service Center. He indicated that Mark Durbin, City Manager, said they are cramped for space, also, and are planning additional renovations for offices, etc., and that there is limited space at that location and this would only be an "interim fix". He affirmed our plans for N. Bermuda Avenue were well thought out, and that the location offered sufficient expansion room for KUA's needs. He suggested joining with the City was not the way for us to go at this time.

Director Bobroff wanted to go on record to offset any media articles by reading from a manual (courtesy of Mr. Schuster) to be used by our Materials Management/Purchasing/HTE Computer programmer. He quoted, in part, "Materials Management Division's goal is to assist in increasing the efficiency of KUA operations, contributing to a reduction of the operational costs of the KUA. This goal requires not only more skillful buying, but effective management of equipment, materials and supplies." He said he just wanted to indicate which direction we were headed.

Vice Mayor McMullan said he realized how much work went into our planning and thanked and commended Mr. Welsh for his efforts and time in considering the City's Resolution.

D. INFORMATIONAL REPORTS (REQUIRING NO ACTION)

3. COST OF POWER ADJUSTMENT

Max Alderman, Manager, Generation & Transmission, highlighted the actual COPA rate for November, which is a negative \$0.00661/kWh as compared to the estimated COPA rate of a negative \$0.00258/kWh. The primary reason for the decrease was lower Schedule C, Schedule D, and Stanton energy costs.

Recommendation to the Board is to continue the Cost o Power Adjustment of a negative \$0.00150/kWh.

E. OLD BUSINESS

1. ADDITIONAL SPACE FOR RUA STAFF (RENTAL)

Mr. Welsh said staff has been researching some available downtown office space for temporary leasing by KUA for the Personnel & Risk Management, Customer Support Services, and Materials Management Divisions. He said we're pursuing this rapidly as some properties rent quickly and unexpectedly.

Mr. Neville C. Turner, Personnel & Risk Management Supervisor, and Mr. Jim Fisher, Customer Support Services Supervisor, gave detailed information on eight properties investigated as t space, rental costs, term of lease, parking availability for each, etc.

Recommendation by staff for Board approval was the Waterfront location. Discussion followed on number of employees to be housed, the possibility of purchasing the building, footage, costs, etc. Director Lowenstein asked if the Waterfront location could handle 10-17 personnel for three years. Mr. Turner said yes.

Mr. Jim Scott, Buenaventura Lakes, asked why KUA and management had not, when they purchased the Administration Building, planned ahead for expansion for years ahead. His concern was that it cost ratepayers money. Mr. Welsh replied ours is a very fast growing organization and it was unforeseen just how quickly.

Chairman Hord assured Mr. Scott that KUA hires engineers and consultants to do studies on our growth rate, which earlier was assumed to be about 4% per year. Historically, however, our growth rate has doubled and KUA will in the next few years require larger housing; meantime, this would be temporary office space.

More discussion followed. Director Jones suggested a compromise on our rental lease and that we get a purchase option in the lease.

Moved by Director Jones, seconded by Director Bobroff, to accept staff's recommendation to lease the Waterfront property for a period of one year, with a lease purchase option and an option to extend.

Motion Carried 5 - 0

Mr. Welsh said following negotiation of the lease, we would bring the lease back to the Board for their approval.

2. TECO FIRM COAL FIRED CAPACITY

Max Alderman detailed the results of negotiations with Tampa Electric Company (TECO) for the purchase of Unit Coal Fired

Capacity for 15 MW through March 31, 1990. This would be at a fixed energy charge of \$15/MWH, including operations and maintenance. The recent outage of Crystal River #3 and the successful negotiations with TECO, will result in additional savings for KUA in January, as well as in the future. Staff and Black & Veatch, Consulting Engineers, recommend that KUA execute this Capacity Agreement, as well as a Service Schedule D Firm Interchange Service Schedule.

Questions by the Board were answered by staff concerning savings, need, costs, etc.

Motion by Director Bobroff to add this item on the Agenda for action. Seconded by Director Gant.

Motion Carried 5 - 0

Moved by Director Lowenstein, seconded by Director Bobroff, to accept staff's recommendation to execute the TECO unit power sale agreement for 15 MW of capacity from Big Ben Unit #4 and the Service Schedule D Firm Interchange Service Schedule.

Motion Carried 5 - 0

F. NEW BUSINESS

2. CARL A. WALL & LARK CECILE SUBSTATIONS PROJECT - REVISED ENGINEERING FEES

Ken Davis indicated a revision to the original engineering fees by Black & Veatch, Consulting Engineers, has been received for review. Due to the overall delays in acquisition of the property and right-of-way, the project schedule has been revised for a February, 1989, starting date and a December, 1989, completion date. Staff feels the increased engineering fee totaling \$64,000 is justified because of the project delay, extended construction schedule, and some inflationary costs.

Mr. Mike Simpson, Black & Veatch, briefly explained the status of the project. Chairman Hord and Director Gant each expressed concern about an additional 600 manhours to be utilized. Mr. Simpson stated those manhours of construction services associated with an extended construction schedule due to delays and follow-up in the construction schedule, transmission lines, right-of-way acquisition, and the expense and delays of construction.

Motion by Director Bobroff that we accept staff's recommendation to authorize additional engineering fees for the distribution substations project to Black & Veatch in the amount of \$64,000; and authorize the transfer of this amount from the Reserve for Future Capital Outlay to the project budget. Seconded by Director Lowenstein.

Motion Carried 5 - 0

G. CONSENT AGENDA

Motion by Director Gant, seconded by Director Jones, that we approve the Consent Agenda, as stated.

Motion Carried 4 - 0

Director Bobroff was absent during the voting

- 1. APPROVAL OF MINUTES OF NOVEMBER 16, 1988, WORKSHOP MEETING**
- 2. APPROVAL OF MINUTES OF NOVEMBER 17, 1988, MEETING**
- 3. APPROVAL OF MINUTES OF NOVEMBER 21, 1988, WORKSHOP MEETING**

4. APPROVAL OF MINUTES OF NOVEMBER 23, 1988, WORKSHOP MEETING
5. APPROVAL OF MINUTES OF DECEMBER 1, 1988, WORKSHOP MEETING
6. LINE EXTENSION FOR CARIBBEAN ISLES JOINT VENTURE
7. BID XK89-04 10 RESIDENTIAL METERS

H. HEAR GENERAL MANAGER, ATTORNEY, DIRECTORS

GENERAL MANAGER

Mr. Welsh referred the Board to Mr. Schuster's memorandum dated December 6, 1988, on Production Costs. Mr. Welsh cautioned that the information contained in the memo is of a limited use. It can not be used directly in decisions on the daily dispatch of unit. Nor can it be used in making capacity planning decisions. Such decisions are generally correctly analyzed using production costing computer modeling techniques.

Mr. Welsh also informed the Board that Mr. Alan D. Blincoe of Blincoe Properties, Inc., has formally withdrawn their offer on the North Bermuda Avenue project based on the Board's action at a previous meeting.

General Manager Welsh also reminded the Board of the FMPA Meeting at 10:00 A.M., Friday, December 16. This would be followed by

reception at 1:00 P.M. at FMPA. He said he would be attending and he invited any other Board members to attend. Director Gant said he hoped to attend.

ATTORNEY - None

DIRECTORS

Director Bobroff said he received a telephone call, which was highly unusual, from APPA recently informing him of the importance of their February 7, 1989, mid-winter meeting in Washington, DC. They desired to have present as many Public Utility officials as possible because this is a special session (8:30-10:00 A.M.) of the Legislative Resolutions Committee Group. APPA is concerned about the tax free bond issue coming before Congress and they feel it would be devastating to Public Utilities borrowing money with bonds. This could hit us as well as cities and counties. He was asked to recruit as many Board members as possible, and that we visit with our Congressmen and Senators that afternoon. Mr. Welsh said our office would take care of arrangements for those members interested in attending this meeting.

Chairman Hord made some constructive comments on the substations, rights-of-way, purchase of property, etc. He asked that when a project is two years behind on something needed pretty urgently, what would we have done differently in acquiring property more quickly, (obtaining ingress/egress requirements, etc., that are so time-consuming.)? Mr. Welsh responded that we would have started earlier on our projections and needs and allow time for acquisition. Discussion followed about difficulties encountered in dealing with owners. Ken Davis explained the BVL/Denn John right-of-way acquisitions.

Attorney Ed Brinson stated we should be more aggressive in our pursuits of property acquisition and use fair market value, using legal means if necessary. Chairman Hord indicated he was not opposed to purchasing land beforehand; if we don't use the land, there's an available market.

Discussion followed. Mr. Welsh said to finalize this plan we must do a transmission study, as well as substation distribution study, which will be brought back to the Board for their direction.

Chairman Hord encouraged staff to constructively plan ahead in all areas.

I. ADJOURNMENT: Meeting adjourned at 8:17 P.M.



CHAIRMAN

ATTEST:



SECRETARY