

MINUTES OF REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY, HELD
WEDNESDAY, OCTOBER 25, 1989, AT 6:00 PM, BOARD ROOM, ADMINISTRATION
BUILDING, KISSIMMEE, FLORIDA

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

A. MEETING CALLED TO ORDER at 6:00 P.M. by Acting Chairman Gant.

B. AWARDS AND PRESENTATIONS

1. NOVEMBER EMPLOYEE OF THE MONTH - JOE KERN

Joe Kern, Mechanic/Welder/Power Plant, who joined KUA in 1983, was chosen by his fellow employees as the November Employee of the Month. Joe received his Certificate of Welding for high pressure pipe work at the Combined Cycle Plant. He is described as a dedicated, enthusiastic, hard working and creative employee.

Joe coordinated the KUA Bass Tournament and Bar-B-Que at Southport Park recently. Fourteen teams participated in the Tournament, netting \$710 for the United Way. Following the weigh-in, a successful potluck Bar-B-Que was enjoyed by the employees and their families. Joe's efforts were greatly appreciated.

Acting Chairman Gant expressed pride in Joe being such an asset to KUA and presented him with a November Employee of the Month plaque. Secretary Bobroff presented Joe with a \$50 U.S. Savings Bond. Mr. Kern will also receive one day off, with pay, and a "reserved" parking space during November.

2. 5-YEAR SERVICE AWARD - CAROLE "C.J." MORGRET

3. 5-YEAR SERVICE AWARD - JOHNNIE MAY BENN

Mr. Welsh presented Carole "C.J." Morgret and Johnnie May Benn to the Board as Customer Service Reps who began working for KUA about the same time. They had experienced the conversion to the HTE System, to be followed shortly by training on the AS-400.

"C.J." is a qualified cycle billing clerk responsible for ensuring customers' billings are accurate, an extremely responsible position.

Johnnie May helps resolve customer problems and has been training in Credit and Collection, among various other duties. Secretary Bobroff added that, in spite of serious family difficulties a while back, she accomplished her work in a very efficient manner.

Acting Chairman Gant congratulated both and presented "C.J." and Johnnie May each with an oil lamp they had chosen as their service award and expressed thanks on behalf of the members.

4. 10-YEAR SERVICE AWARD - T.J. PALMER

The General Manager stated that T.J. Palmer, Lead Mechanic/Power Plant, was unable to be present. T.J. was described as a diligent, hard working employee who can be relied on to ensure the work flows smoothly in his Supervisor's absence.

Jeff Ling, Power Plant Superintendent, accepted the service pin award from Acting Chairman Gant on behalf of T.J.

5. 15-YEAR SERVICE AWARD - HUBERT "TOMMY" THOMASON

Hubert "Tommy" Thomason, a former long-time Air Force serviceman, and now an Electrician/Power Plant, with 15 years' service, joined KUA in October, 1974, as a Mechanic Helper at the Power Plant. He has trained and supervised the Hansel Plant and Substation maintenance personnel, with excellent results. He is an excellent employee who promotes high morale and demonstrates a willingness to help others at any time. In January, 1987, Tommy was selected as KUA's "Employee of the Quarter."

Acting Chairman Gant congratulated Tommy for his dedication and good works and presented him with his service award, a 7-piece wine carafe set.

C. HEAR THE AUDIENCE - None

D. INFORMATIONAL REPORTS (REQUIRING NO ACTION)

1. MONTHLY PROGRESS REPORT ON ENGINEERING PROJECTS

Mr. Welsh indicated a mediation hearing on acquiring an easement at the Lake Cecile Substation is scheduled for October 26. Two additional parcels, the Osceola Memory Gardens and the Schoolfield/Tompkins easements for the Carl A. Wall (Denn John) transmission line have been executed and received by the KUA. Attorney Edward Brinson made a presentation later.

The transmission line has been transferred to the new structures on the Michigan Avenue Line Relocation. Final details are being worked out by the contractor on the transmission line and transfer of all distribution facilities. This was discussed separately.

The repair and/or upgrade of the transformer at the Marydia Substation was addressed as a separate agenda item.

Staff has proceeded with the acquisition of the mapping and engineering analysis software, on schedule. Additional coordination work is being conducted with the County and City staff for the development of the base geographic maps. This was included in the Consent Agenda.

2. CONDENSED FINANCIAL REPORT

Joseph Hostetler, Manager/Finance & Accounting, presented and summarized the Condensed Financial Report. Several overheads were highlighted and questions by the Board were responded to by staff.

Acting Chairman Gant expressed his views on the usefulness of the monthly financial projects report and how it would tie-in with the budget. We would get a clearer monthly picture on where we stand and what our cash position is, he said, and suggested the report be continued. Mr. Welsh said this project activity is reflective of our tracking of all capital projects in our Accounting system.

Director Bobroff questioned the variance between the electric rate chart and customer service chart. The General Manager explained that one is the average of 1,000 kW of electric service to a residential customer compared to the average cost of electric for customers at all levels of service, whether a commercial customer, a full power user, etc.

3. COST OF POWER ADJUSTMENT

Mr. Ben Sharma, Manager of Power Supply, briefed the Board members on the current status of COPA. He stated the calculated COPA rate for the month of September, 1989, was negative \$0.00064/kWh.

Director Bobroff expressed concern regarding the wheeling from Crystal River #3, whether maintenance and other charges were included in the cost of purchase power. Mr. Welsh responded that the charges include fuel and purchase power cost, but exclude non-fuel type expenditures such as labor costs. Discussion followed.

Mr. Sharma's report indicated that we received no energy from Crystal River #3 (CR3) during September, causing the price of Schedule D energy to be higher than estimated. The Combined Cycle Plant performed well during the month. Included in the September COPA is the true-up cost for the wheeling of CR3 energy from October, 1988, through July, 1989. The COPA account balance as of October 1, 1989, is \$26,262.87 (undercollected). He stated that by the end of October we should be on the positive side by approximately \$35-40,000.

Staff's recommendation was to continue the Cost of Power Adjustment at the level of \$0.00000/kWh as approved by the Board in its July, 1989, meeting.

4. MONTHLY NORTH BERMUDA DISTRIBUTION COMPLEX PROGRESS REPORT

Approval was received from the County and we will receive a change order upon receipt of a letter of assurance ensuring them of our intention of dedicating the road right-of-way in the front. Completion of the project is anticipated shortly, followed by a civil inspection. The move to the Distribution Complex should take place during November. The punch list was minimal, Mr. Welsh said.

Kenneth Lackey, Manager/Distribution Operations stated that several walk-throughs have been made and the project is slightly over the deadline of October 10th.

Director Bobroff expressed his pleasure in seeing this project pulled together in such a cohesive and timely manner.

E. OLD BUSINESS

1. REPAIR/UPGRADE OF FAILED MARYDIA TRANSFORMER

Kenneth Davis, Manager/Planning & Engineering, stated the specifications for the repair/upgrade of the Marydia transformer required the contractor to investigate two options: 1) repair damage only; and 2) upgrade capacity of the unit. He said a certified damage report was received from Ohio Transformer.

Mr. Davis detailed the damage repair costs, upgrading the unit to 120 MVA rating (and the changes and costs associated with it), and the maximum capacity available with the redesign. Staff's recommendation was that, should these new design changes prove to be technically acceptable, we proceed upgrading the transformer to the 120 MVA rating for the \$694,027.00. Mr. Davis showed pictures and described to the members the extensive damage to the windings. He also indicated that insurance coverage would strictly cover the damage repair (\$312,750). A new 120 MVA unit was estimated to cost \$1.2 million, excluding installation costs.

Moved by Director Lowenstein to authorize the execution of the change order with Ohio Transformer for upgrading the Marydia transformer to the maximum 120 MVA rating technically acceptable to KUA for a not-to-exceed amount of \$657,822.00; and to authorize the transfer of this amount from the Reserve for Future Capital Outlay. Seconded by Director Bobroff.

Director Jones questioned how the payments will be structured on the repairs, to which Mr. Davis replied that it would involve a one-time payment at the end of the completion of the repair of the unit. Director Jones also inquired how this will affect our insurance rates. The General Manager replied that it would not have a significant impact, that it was not attributable to any negligence. It would carry a one-year warranty.

Motion carried 4 - 0
Chairman Hord absent

2. LEASE OF REPLACEMENT TRANSFORMER FOR THE MARYDIA SUBSTATION

As previously reported to the Board, staff had approached Florida Power Corporation (FPC) to potentially lease a transformer, temporarily, to replace the damaged Marydia Substation unit. A draft lease is being drawn up to lease the unit at \$750/day, not to exceed \$76,000 for the shipment and dressing out of the transformer.

Moved by Director Bobroff to authorize the Chairman and Secretary to execute the equipment lease, as recommended by staff, with Florida Power Corporation for the lease of a replacement transformer for the Marydia Substation for the terms of \$76,000 for in and out costs, and \$750/day for the equipment lease; and authorize the transfer of funds in the amount of \$166,750 from the Reserve for Future Capital Outlay. Seconded by Director Lowenstein.

Motion carried 4 - 0
Chairman Hord absent

3. BRYAN STREET PROJECT

General Manager Welsh gave a thorough presentation on the status of the Bryan Street Project involving three parcels described as Plans A and B. Plan B would allow for a 20,000 sq. ft. building with associated parking and water retention. The three owners were not too receptive to selling. Discussion followed, and Acting Chairman Gant suggested the possibility of having appraisals made, making legitimate offers to the parties and await their counter-offer.

Mr. Welsh suggested we concentrate on building behind the present KUA Administrative facility, with parking at the Police Station. Director Lowenstein suggested we contemplate the possibility of building next door, that the owner might be responsive to our interest.

Moved by Director Jones that staff not pursue the Bryan Street Project and, if favorable offers should develop, they be considered then. Seconded by Director Bobroff.

Motion carried 4 - 0
Chairman Hord absent

F. NEW BUSINESS

1. BANKING SERVICES CONTRACT

Mr. Welsh indicated that KUA solicited proposals for Banking Services from four local area banks in June, 1989. Following evaluation of the bids received, staff recommended the Board authorize:

1) a 30-day extension to the current contract with Sun Bank, the low bidder; and

2) staff to negotiate a Banking Service Contract with Sun Bank for four years, with an option to renew for two additional years by mutual consent.

Moved by Director Jones, seconded by Director Bobroff, to accept the Banking Services Contract from Sun Bank.

Discussion followed on the procedure used in "lockboxing" and pursuing competitive bids for "check stock."

**Motion carried 4 - 0
Chairman Hord absent**

2. JOINT PURCHASE OF LOAD FLOW SOFTWARE

General Manager Welsh graphically explained the load flow system in a grid fashion.

KUA had recently been approached by Florida Municipal Power Agency (FMPA) to participate in a joint purchase of load flow software. KUA and a four-entity group (Gainesville, Lakeland, OUC and FMPA) would be able to purchase the load flow software for approximately \$25,000, a savings of approximately \$25,000 over individual purchase. This system would be used by our engineers on their PC's by making a mathematical representation and accelerate our internal expertise in load flow type analysis.

Moved by Director Bobroff to proceed with a Letter of Commitment for the joint purchase of load flow software from the Florida Municipal Power Agency (FMPA) for a not-to-exceed price of \$25,000; and transfer said amount from the Reserve for Future Capital Outlay. Seconded by Director Lowenstein.

**Motion carried 4 - 0
Chairman Hord absent**

3. AWARD OF IFB-90-001, JOURNEYMAN SERVICES

Staff recommended authorization for award of bid for journeyman services (six master welders), to the lowest responsible bidder, to repair the exhaust of the gas turbine facilities.

Moved by Director Jones authorizing award of bid for journeyman services to APTCO Constructors for \$28,080.00 for 1,440 hours. Seconded by Director Lowenstein.

**Motion carried 4 - 0
Chairman Hord absent**

G. CONSENT AGENDA

Moved by Director Bobroff, seconded by Director Lowenstein, to approve the Consent Agenda as presented.

**Motion carried 4 - 0
Chairman Hord absent**

1. APPROVAL OF MINUTES OF SEPTEMBER 20, 1989, MEETING

2. APPROVAL OF MINUTES OF SEPTEMBER 27, 1989, SPECIAL MEETING

3. FISCAL YEAR 1989 METERED SALES REVENUE BUDGET AMENDMENT

**4. APPROVAL OF STATE CONTRACT PURCHASE (EXCEEDING \$25,000)
COMPUTER HARDWARE FOR AM/FM SYSTEM**

H. HEAR GENERAL MANAGER, ATTORNEY, DIRECTORS

ATTORNEY

KUA Attorney Edward Brinson went into lengthy detail concerning the process to be followed in acquiring an easement that would be required for the Lake Cecile Substation. Discussion followed.

Attorney Brinson responded to questions from the Board and stated that mediation with Judge Edwards would be held at the County Court at 10:00 A.M., October 26th.

General Manager Welsh recommended that the Board authorize Attorney Brinson and himself to speak on behalf of KUA with the mediator and commit KUA to a definite amount.

Moved by Director Jones to authorize Attorney Brinson and General Manager to act on behalf of our best interest and to negotiate on our behalf with the mediator Seconded by Director Bobroff.

**Motion carried 4 - 0
Chairman Hord absent**

Regarding the easement for the Carl A. Wall Substation, Attorney Brinson indicated we are heading towards a quick-taking scheduled for November 13th. He said we are asking for authority from the Board to place in the registry of the Court \$19,547 and \$17,048 for the two parcels in question, with the proviso we put this money up to get the easement, giving us the right to proceed further on the question of value.

Moved by Director Bobroff authorizing the placement of \$19,547 with the registry of the Court for an easement on the Alford property and \$17,048 for an easement on the Johnson property. Seconded by Director Lowenstein.

**Motion carried 4 - 0
Chairman Hord absent**

Attorney Brinson is negotiating for the acquisition of a third easement (Judge property) consisting of approximately 5.29 acres for the Carl A. Wall Substation. He briefed the I members on our present position and the pros and cons of quick- I taking price-wise. Acting Chairman Gant suggested we might go with the courts, submit an offer, and take our chances on acquiring this property. Lengthy discussion continued.

Moved by Director Jones authorizing the General Manager and Attorney Brinson to negotiate on behalf of RUA and the Board to the best of their ability and judgment for the Judge property. Seconded by Director Lowenstein.

**Motion carried 4 - 0
Chairman Hord absent**

GENERAL MANAGER

Mr. Welsh indicated the results of bidding for medical insurance will be brought to the Board, hopefully, at the November 15th meeting. He briefly compared the old and escalated new rates by Metropolitan Life. In December we will have open enrollment for employees to select their option. The new policy chosen would be effective January 1, 1990.

On November 15th, a presentation will be made to the members on envelope billing. The General Manager suggested we defer the 5%

penalty for six months after the new envelope bill is in. We prefer to initiate positive feedback from our customers on the envelope billing to go out in January, 1990, and avoid confusing the process by imposing a penalty simultaneously.

Moved by Director Lowenstein to defer the 5% penalty on the envelope bill, to June 1, 1990. Seconded by Director Bobroff.

**Motion carried 4 - 0
Chairman Hord absent**

General Manager Welsh reported that negotiations with Southport Ranch are progressing well and that we may have a contract before the Board in the near future.

The Power Supply meetings will be held Wednesday and Thursday, November 1st and 2nd. A handout brochure, "System Dispatch and Operation Review", was given to the members for their review. Two contracts with Florida Power Corporation and a contract with Tampa Electric Company will be discussed at that time.

At the November meeting, Chairman Hord's Oath of Office, will be administered. Subject to all five members being present, election of officers will be held.

Mr. Welsh indicated that Director Lowenstein made a suggestion that a presentation be made to the Board on KUA's Disaster Plan. Ken Lackey, the author of our written plan, will highlight the plan.

The General Manager also alerted the members to an anticipated newspaper article regarding a Deborah Bell who, in early 1987, claims to have been injured on the arm by a fallen power line. The incident had been documented by KUA personnel at that time and it was turned over to our then insurance carrier, Gallagher & Bassett. On October 25, 1989, it was learned a lawsuit is being initiated against KUA in this incident.

DIRECTORS - None

I. ADJOURNMENT: Meeting adjourned at 9:04 P.M.



CHAIRMAN

ATTEST:



SECRETARY