

MINUTES OF REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY, HELD WEDNESDAY, MAY 30, 1990, AT 6:00 PM, ADMINISTRATIVE BUILDING, KISSIMMEE, FLORIDA

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

Also in attendance were representatives of Westinghouse Canada, Inc., Messrs. J.J. (Jim) Mayer, Regional Sales Manager, Power Generation Canadian Division, and Dan Smith, Sales Engineer.

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

B. **AWARDS AND PRESENTATIONS**

1. **EMPLOYEE OF THE MONTH - JOSEPHINE AHR**

Josie Ahr, Customer Service Rep II, was presented to the Board by General Manager Welsh as having been selected June Employee of the Month by her fellow employees. The previous month Josie was honored for five years of service. Josie's initiative, fairness and helpfulness makes for satisfied and well-informed customers. She continually strives for excellence and takes pride in her work. Josie was also honored for winning the "KUA" logo contest in 1985.

Congratulations were extended by the Board members. Chairman Hord presented her with an Employee of the Month plaque, and Director Bobroff handed her a \$50 U.S. Savings Bond. Josie will also receive one day off with pay and a "reserved" parking space during June.

C. **HEAR THE AUDIENCE** - None

D. **PUBLIC HEARING**

1. **RESOLUTION NO. R90-2 AMENDING ELECTRIC LIGHTING RATES AND MISCELLANEOUS PEES**

Joe Hostetler, Director/Finance, updated the members on the status of these rates. He said that at the May 9, 1990, meeting, the Board directed staff to bring back revised Tariff Sheets reflecting changes to the Lighting and Miscellaneous Fees. Staff recommended approval of Resolution R90-2 which amends KUA's Electric Lighting Rates (consistent with our Cost of Service Study) and Miscellaneous Fees. (The Residential Service (RS) class remains unchanged.)

Mr. Welsh clarified that the former reference to Street Lighting and Vapor Lighting will now be referred to as "Outdoor" Lighting regarding rates.

Mr. Hostetler went over the tariff sheets, indicating that the proposed change means the Street Lights and Vapor Lights would be at the same rate; the Residential class remains unchanged. The effect of changing the Street Light rate is \$14,774 for fiscal year 1991 revenue. He said we're in the midst of taking fiscal inventory of street lights and, based on this inventory, we will negotiate with the City of Kissimmee to incorporate a phase-in of all the street lights over a period of time depending on the inventory. He explained the rate schedule for Outdoor Lighting, effective October 1, 1990.

Moved by Director Bobroff requesting a continuance of this rate hearing. There was no second. The motion was out of order because public input was not sought.

Chairman Hord inquired if there was anyone in the audience who wished to speak to these proposed changes.

Ray Liggins, Assistant Director of Public Works, City of Kissimmee, referring to the rate structure, said he was present at the direction of George Mann, of the City's Engineering Department. Mr. Liggins asked that the Board postpone voting on this Resolution until the City personnel have had an opportunity to discuss this with the City Manager and their Board on these proposed rates. He explained the previous arrangement of the General Services Agreement between KUA and the City, and that these rates will affect their street light budget by 15-20%.

Mr. Welsh stated he had discussed these rates with Mark Durbin, City Manager, and that there was concern as to whether the City would have to pay up front costs. Mr. Welsh described the rate structure to him in detail: that if the developer installed the lights, they would be at the lower rate structure; if the light was installed at the City's request, it would be slightly higher, depending on the type of fixture and pole used. He said Mr. Durbin had no problem with the rates and would send a representative to the meeting.

Mayor Van Meter asked for a continuance of this rate hearing until the next Regular Meeting, June 20, 1990. He said the City Commission had not received these tariff sheets nor discussed the rates, which will cost the City money, and the Commission needs to give their Manager and staff input as to their position.

Attorney Brinson interjected that by asking for a continuance of this hearing it will be unnecessary to re-advertise a Public Hearing.

Mr. Welsh said, for the record, that "a new physical inventory of street lights will be taken prior to October 1, 1990. Any increase in Street Lights over \$14,774, as stated above, will be phased in over a period of time (based on the magnitude of the increase) by the number of street lights actually billed.)" He recommended to the Board that we phase in any potential increase over the \$14,774 over a period of time that would be more acceptable in a budgetary standpoint for the City, phasing it in not by having a difference in rate structure but by having a difference in the actual units built.

Chairman Hord said that the City will be dealing with two things: 1) a change in the rate, and 2) more lights than what was anticipated when this \$14,774 was figured. Mayor Van Meter added a third item, that he would like to go back and look at the original agreement. He wished to have the City attorney review all the agreements when KUA was transferred.

The original General Services Agreement referred to included the City's providing some general services, including rights of management contracts, etc.

Motion by Director Lowenstein, seconded by Director Bobroff, authorizing a continuance of his hearing for rate changes under Resolution R90-2 until the next Regular Meeting, June 20, 1990, at 6:00 P.M.

**Motion carried 3 - 0
Directors Gant and Jones absent**

E. INFORMATIONAL REPORTS (REQUIRING NO ACTION)

1. GAS TURBINE PRODUCTS PRESENTATION BY WESTINGHOUSE

Ben Sharma, Manager of Power Supply, introduced Mr. J.J. (Jim) Mayer, Regional Sales Manager, Westinghouse Canada, Inc. This was the last presentation made by the gas turbine manufacturers. Mr. Mayer handed out a brochure on the CW251 Gas Turbine to the Board.

Mr. Mayer enlightened the members and staff with slides and overheads on their headquarters offices, manufacturing centers and maintenance facilities. They have two satellite offices to provide further expansion and four manufacturing plants. He explained the 45 MW CW2 51 Gas Turbine in which KUA showed interest, the various facets of it, fuel flexibility, gas/oil capabilities, reliability, and maintenance aspects. He pointed out service and maintainability which would come out of Orlando, even though it is manufactured in Hamilton, Canada. Delivery time was said to be between 12-18 months, depending on parts, etc. General Electric, he said, is their greatest competitor.

Mr. Mayer said, in summary, that the package they offer is called an "Econopac", a totally operable power plant, including the combustion turbine, the generator, inlet exhaust system, etc.

Chairman Hord thanked Mr. Mayer for his presentation.

2. MONTHLY PROGRESS REPORT ON ENGINEERING PROJECTS

Ken Davis, Manager/Planning & Engineering, highlighted his Department's ongoing projects. He indicated one section of bus and one transformer at the Lake Cecile Substation was energized May 21st. We are awaiting final testing on the Carl A. Wall Substation for energizing the bus and transformer.

Phase I of the Michigan Avenue Line Relocation is completed; Phase II was addressed as a separate agenda item.

The Marydia transformer repairs are nearing completion and the unit is being prepared for testing through June 5th. A trip was scheduled by the Board and staff for June 1st to inspect the unit. It is anticipated the transformer will be reconnected at the substation and energized prior to June 30th.

Further analysis for the Distribution System Regulators is being undertaken before recommendation is made on award for bid.

Work on the Transmission System Planning Study is continuing regarding the proposed locations of the new power plant.

3. CONDENSED FINANCIAL REPORT

Mr. Hostetler highlighted the Comparison of Budget and Actual and the Balance Sheet, responding to questions by the members.

Director Bobroff questioned item F89101 of the Project Activity Report for Furniture & Equipment for \$146,422.30. Mr. Hostetler stated it covered some furniture and miscellaneous items for the Finance Department upon moving to the new building, but was primarily for computer peripherals.

Chairman Hord asked that staff mail to the Board a detailed report on the major items only included in the above \$146,422.30.

4. COST OF POWER ADJUSTMENT (COPA)

Ben Sharma, Manager of Power Supply, indicated the Cost of Power Adjustment (COPA) for April, 1990, to be \$3.50 per 1000 kWh. Since the actual COPA billing remained at \$0.000/ kWh during April, the COPA account balance was reduced to \$20,823.88 by the end of the month.

CR-3 was off-line during April and Stanton 1 was partially off-line in April and, as a result, Schedule "D" energy prices were higher than usual. The prices should return to normal when the units are brought back on line after maintenance.

Mayor Van Meter suggested KUA run public ads, in advance of any anticipated emergency, to encourage our customers to conserve energy during critical months because of some plants within the State being down due to maintenance. Mr. Welsh said KUA will be placing inserts on conservation in customers' bills in the very near future. Mr. Welsh stated he had considered approaching Orlando Utilities Commission to go in on a joint venture for public awareness of energy conservation.

F. OLD BUSINESS

1. MANAGEMENT LETTER COMMENT RESPONSES

Joe Hostetler more fully explained responses to the Management Letter submitted in April as to what has been accomplished to date, our plans to resolve problems and completion of our plans. A revised, more detailed report had been sent to the Board for this agenda item. All but two comments (contingency plan and work order unit property records) will be resolved by September 30, 1990. The critical part of the contingency plan is in place; however, the implementation of a comprehensive contingency plan and the work order unit property record system will occur during fiscal year 1991.

The Board and staff discussed the manner of billing the City for uncollectible accounts and reimbursement to KUA. Also, lengthy discussion continued on long standing debts on the books, definitely not collectible at this time, and whether it would be more cost effective to use an outside agency to collect the debts, or hire a professional, aggressive in-house collections employee or staff. We are obligated to try to collect the bad debts, which have not been written off, as part of our contractual agreement with the City.

Chairman Hord said that the City staff is aware of this situation and they will take it to their Commissioners to take stock of what they have and how they want to address the billings and collections of water, sewer and garbage revenues. It must be presented to the City Commissioners. Mayor Van Meter felt confident that Mark Durbin, City Manager, would place this issue before the Commission and it will be brought back to us.

The current size of the uncollectibles was reviewed by the Board. They compared this to total revenues (less than 1/2 of 1%). They also compared potential recoverable amounts of these uncollectibles with the cost of a major gearing up of personnel on an in-house basis to pursue this more vigorously. Based on these reflections, it was the general consensus of the Board that staff continue in their current direction to develop an in-house program to pursue these uncollectibles more vigorously and initially to attempt to do this without any increase in staff or budget.

Under discussion were the HTE Warehousing and Work Order Unit Property Record System which will be implemented for listing property, plant and equipment.

Moved by Director Bobroff, seconded by Director Lowenstein, that we accept staff's recommendations as stated in this report.

**Motion carried 3 - 0
Directors Gant and Jones absent**

The meeting recessed from 8:13 - 8:30 P.M.

F. NEW BUSINESS

**1. ENVIRONMENTAL CLEANUP PROJECT OF HANSEL POWER STATION
YARD**

Mr. Sharma updated the Board on the status of the cleanup project at the Hansel Plant first initiated in the fall of 1988, explaining

some contamination of an unidentified source having been detected. At that time, work on anticipated paving was halted. Upon conferring with the Florida Department of Environmental Regulation (FDER), they determined KUA was eligible for State cleanup at the State's expense. However, it entailed a 2-3 year waiting period.

On April 23, 1990, at KUA's request, we received FDER's approval to perform the cleanup through a certified contractor and receive reimbursement from FDER. It was determined that KUA will be reimbursed by the state for this cleanup expense, using our own administrative staff and that we will not use an outside contractor.

Moved by Director Lowenstein authorizing staff to 1) establish a project for the Initial Remedial Action to perform the cleanup; 2) approve the estimated amount of \$65,000 for the project and authorize the sum to be transferred from Reserve for Future Capital Projects; and 3) authorize staff to proceed with the project. Seconded by Director Bobroff.

**Motion carried 3 - 0
Directors Gant and Jones absent**

2. POLICY ON PURCHASE OF RECYCLED PRODUCTS

Jim Tillman, Manager/Materials Management, gave a presentation on statistics of purchasing recycled products and recycling of refuse materials (paper, glass, plastics, and aluminum). He explained the statutes applicable within the state and the cost of recycled products versus products produced.

Mr. Welsh asked the Board's direction on proceeding with the policy and the reasons for it. Discussion followed.

Moved by Director Lowenstein authorizing staff to approve the Policy for Purchase of Recycled Products to be in accordance with Florida Statute 403.7065 and further stipulating price reasonableness to be within 50% of the lowest available price for that product, when the annual cost estimate for KUA's expenditure for this product at the lowest available price is \$2,000 or less. Any excess over \$2,000 but less than \$10,000 would be allowed only up to 10% mark-up. Seconded by Director Bobroff.

**Motion carried 3 - 0
Directors Gant and Jones absent**

3. MICHIGAN AVENUE - PHASE II

Ken Davis said we are finalizing plans for Phase II of the Michigan Avenue Line Relocation project, estimated to cost \$250,000. Examination is being made to upgrade the distribution circuit which is underbuilt on the transmission structures in conjunction with the relocation project. Prior to requesting bids for materials, staff recommended that a fund be allocated for Phase II in the amount of \$250,000, plus a 10% contingency of \$25,000, totaling \$275,000. Ken elaborated on the present status and said we need to get those bids out.

Moved by Director Bobroff, seconded by Director Lowenstein, authorizing approval to establish project for Phase II of the Michigan Avenue Line Relocation; and authorizing transfer of funds in the amount of \$275,000 from the Reserve for Future Capital Outlay.

**Motion carried 3 - 0
Directors Gant and Jones absent**

G. CONSENT AGENDA

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

Motion carried 3 - 0
Directors Gant and Jones absent

1. **APPROVAL OF MINUTES OF APRIL 18, 1990, SPECIAL MEETING**
2. **APPROVAL OF MINUTES OF APRIL 25, 1990, MEETING**
3. **APPROVAL OF MINUTES OF MAY 9, 1990, SPECIAL MEETING**
4. **BUDGET AMENDMENT**
5. **AWARD OF RFQ #9-053, JUNCTION BOX - 3 PHASE PADMOUNT**

Approved: To award the 3 Phase Padmount Junction Boxes to the lowest bidders as indicated, totaling \$26,929, to be purchased from the Electrical Inventory funds.

6. **AWARD OF IFB #90-017 PADMOUNT & POLEMOUNT TRANSFORMERS**

Approved: To award the Polemount & Padmount Transformers I to the lowest bidders as indicated, totaling \$32,987, to be purchased from Electrical Inventory funds.

H. HEAR GENERAL MANAGER, ATTORNEY, DIRECTORS

GENERAL MANAGER

Due to conflicting dates of several members, the Board re-scheduled the June 6th and 7th meetings, as follows:

Budget Review Special Meeting - July 11th

Budget Review Special Meeting (if needed) - July 12th

The AM/FM (Automated Mapping/Facilities Management & Load Flow) demonstration was re-scheduled to June 20th, at 5:30 P. M.

The Ohio Transformer trip to Palmetto, Florida, was confirmed for 8:00 A.M., Friday, June 1st.

Mr. Welsh stated that on the Stanton Energy Center, OUC has informed us that they will sell up to 110 MW of that facility on a first-come first served basis, with priority given to existing owners. Our proportionate share would guarantee us about 17 MW.

Mr. Welsh handed out copies of the "Report on Operations", dated October 1, 1985 to September 30, 1989, by Black & Veatch. They gave us a clean bill of health in terms of what our bond holders require as to reporting.

Voting is scheduled for a 1% sales tax in this County and Mr. Welsh encouraged everyone to vote their choice.

Mr. Welsh reminded the Board of the SCADA Meeting to be held at 6:00 P.M., Thursday, May 31st, with some important decisions to be made.

ATTORNEY

Attorney Ed Brinson updated the Board and staff on the current status of the Cane Island property and appraisal. He felt we should obtain an appraisal from Bill Morse. Attorney Brinson prepared a contract for Sam Ackley, realtor, offering \$5,000 for an option, which was rejected. Mr. Ackley proposed \$25,000 at no risk on a 90-day offer. Attorney Brinson elaborated on all the problems he encountered in trying to negotiate for this property. He finally received a contract from Mr. Ackley, only to find that it contained at least seven title exceptions, mostly dealing with oil and mineral rights.

Attorney Brinson suggested we might be able to obtain a 90-day, "look-see" agreement at no risk. If, at the end of | 90 days, we give them written notice that we don't wish to take the property, then the \$25,000 will be returned. If we don't give written notice, we'll be expected to put up \$175,000. Attorney Brinson has sealed the deal and hopes to have an appraisal; he will have to negotiate further on the contract.

A straw vote was taken on the Board's preference. Director Lowenstein said he preferred the other site (Imperial). Director Bobroff said he did not like the other site (Imperial), but that he preferred it to Cane Island because he felt that section should be made into a public park by the City or County. Chairman Hord was not interested (in Cane Island). (Directors Gant and Jones were not present.) Mr. Welsh desired to keep our options open at this time. Director Lowenstein suggested we await recommendations from Black & Veatch. Chairman Hord said we should wait until Bill Morse's appraisal is received Thursday, May 31st.

Director Bobroff moved that we initiate a 90-day "look-see" agreement for \$25,000, refundable if we change our minds. Seconded by Director Lowenstein. This was tabled until an appraisal is received Thursday from Bill Morse.

Further discussions followed.

Attorney Brinson updated the Board on Palm State. Our negotiations are still too far apart. Attorney Brinson requested Board authorization to make an Offer of Judgment for \$80,000 for the property. He needed to go to mediation on this. If this is rejected by Palm State, we could go to a jury trial. Mr. Welsh graphically showed how the property lies in conjunction with Osceola Boulevard.

Chairman Hord preferred that we not set a precedent, which can be quite costly. Mayor Van Meter agreed with him.

Moved by Director Bobroff to place this item on the Agenda. Seconded by Director Lowenstein.

**Motion carried 3 - 0
Directors Gant and Jones absent**

Moved by Director Bobroff authorizing staff to go to a total of \$100,000, including all fees. Seconded by Director Lowenstein.

**Motion failed 2 - 1
Chairman Hord voted No
Directors Gant and Jones absent**

I. **ADJOURNMENT**: Meeting adjourned at 10:12 P.M.



CHAIRMAN

ATTEST:



SECRETARY