

MINUTES OF REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY, HELD WEDNESDAY, SEPTEMBER 26, 1990, AT 6:00 PM, BOARD ROOM ADMINISTRATION 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, and Recording Secretary Rundio. Vice-Mayor Pollet was present.

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

B. AWARDS AND PRESENTATIONS

Mr. Welsh said the following five employees have contributed a combined 50 years of service to KUA.

1. 5-YEAR SERVICE AWARD - JEAN DAWSON

Mr. Welsh introduced Jean Dawson, Accounting Technician II/Finance, who began as a Cashier with the City and later transferred into our Accounting branch. Aside from having an outgoing personality, Jean commands great respect and admiration from all KUA employees - she's the lady that processes our payrolls!

Chairman Hord congratulated Jean and presented her with a service award of her choice, a crystal oil lamp.

2. 5-YEAR SERVICE AWARD - ANTHONY HEY

Tony Hey, Meter Reader/Support Services, was unable to be present. However, his service award will be presented to him by Jim Fisher, Manager of Support Services.

3. 5-YEAR SERVICE AWARD - DOUGLAS TONER

Douglas Toner started as an Operator Trainee, progressed to Assistant Power Plant Operator in 1987, and to Operator in 1988. He plays an active part in the Employees' Organization Committee (EOC) and he is characterized as reliable, conscientious and a dedicated employee.

Doug also received a crystal oil lamp, along with the Board's appreciation and good wishes.

4. 15-YEAR SERVICE AWARD - HODGES NEWSOME

Hodges Newsome, Meter Technician/Planning & Engineering, started as a mechanic in the City garage in September, 1975.

In March, 1982 he transferred to the Meter Department and over the last eight years has assisted in handling many changes to keep up with community growth and meter reading technology. Hodges consistently gives 110%, is dedicated and always willing to assist others. He works at Marydia substation. A very attractive barometer plaque was presented to Hodges during a round of applause.

5. 20-YEAR SERVICE AWARD - ROYCE PAGE

A 20-year veteran with KUA, Royce Page, System Load Dispatcher, was unable to be present due to being on shift. He will be presented with his award privately by Ben Sharma.

6. OCTOBER EMPLOYEE OF THE MONTH - STEVE DEESE

Mr. Welsh said we have the distinct pleasure of honoring our Employee of the Month, Steve Deese, Meter Reader Trainee/Customer Service. He was nominated and elected by his fellow employees as being worthy of this honor because of his knowledge and willingness to work hard, assist others. Steve was noted as exemplifying and representing the ambassadorial qualities that KUA is looking for in its employees.

An Employee of the Month plaque was awarded to Steve by Chairman Hord, with the members' congratulations, and Director Bobroff presented him with a \$100 U.S. Savings Bond. Steve will also receive one day off with pay and a reserved parking space during October.

C. **HEAR THE AUDIENCE** - None

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

1. **AUTOMATED TELEPHONE SYSTEM**

Southeastern Business Communications representatives Steven L. Koller, Vice President, Sales & Marketing, and Kenneth E. Koller, General Manager, gave an in-depth presentation on their automated telephone system. This was the third of a series of four such presentations.

Ken Koller graphically and orally explained the Dytel Automated Attendant Exchange and the Voice Mail system and detailed the benefits of each and how it would apply to the KUA needs. This is a compact system the size of a microwave oven which can improve call handling, assist call routing inward and outward, improve customer service calls, enhance system efficiency and provides management information and awareness.

A handout was given the members following the presentation and questions were responded to by Ken Koller.

Director Lowenstein inquired into a ballpark cost of this system. Mr. Koller said the basic cost would be under \$20,000, with additional features like voice mail costing \$10,000, and voice response an additional \$18,000, with the total package ranging under \$50,000. A maintenance contract is available for the system on a yearly basis.

Chairman Hord thanked the Kollers for their presentation.

2. **ELECTRONIC METER READING EQUIPMENT**

Mr. William Waller, Regional Sales Manager, Itron, Rayville, Florida, gave a high-level overview and demonstration of their Electronic Meter Reading System and device. He described the device as extremely reliable, rugged, and weatherized for the collection of meter reading data. Mr. Waller explained its features and power system which offered a full range of capabilities, including: high-speed meter reading processing, enhanced memory options, simple manual or automatic loading and unloading, remote reading of encoded water meters, reduction in the number of rereads, and other applications.

The hand-held meter reading devices are manufactured in Spokane, Washington. Mr. Waller stated that St. Cloud Utilities, Florida Power & Light, and OUC have purchased these devices, to name a few.

Director Gant inquired into the cost of obtaining additional units at a later date, after the initial package purchase price. Chris Beck said the specs designated we could obtain the same single hand-held price for a 12-month period, with no price guarantee beyond that. Chris briefly highlighted an electronic meter reading implementation schedule indicating that following a training period, the system could be up and running in approximately 16 weeks.

Mr. Welsh asked the manner of their stability in pricing. Mr. Waller replied that they have no control over the price of some component parts. Discussion followed on the cost, with a package deal being available to facilitate the best price break upfront. Mr. Waller said the discount offered to KUA in the bid was not based on any component in the bid, but on the overall system. The price break is upwards of 50-60 units. Discussion continued.

The meeting recessed from 7:50 to 8:08 p.m.

3. MONTHLY PROGRESS REPORT ON ENGINEERING PROJECTS

Ken Davis, Director/Planning & Engineering, indicated that the Michigan Avenue Line Relocation-Phase II right-of-way acquisition will be completed in a few days. The County thought they had resolved the problem so we're not going to have to go to condemnation. A verbal agreement was reached; they are awaiting signing of the agreement. Mobilization of the contractor will commence upon receipt of written notification of such acquisition finalization.

Mr. Davis said that the system regulators (covered under the Consent Agenda) are being purchased for the substations. He explained the regulators are used to maintain certain voltage levels for the substations.

4. CONDENSED FINANCIAL REPORT

Mr. Welsh stated that the Finance Director, Joe Hostetler, was attending an APPA training course. He said the trends in the 11th month are quite similar to the previous two months' reports.

Chairman Hord inquired if the Other Income was the result of our investment of available cash. Mr. Welsh confirmed that, which is due to the cash flow being estimated conservatively throughout the year, as well as the interest earnings having been estimated low. The cash flow was significantly more favorable to that estimated; however, he said next year's budget was cut closer than in the past.

5. COST OF POWER ADJUSTMENT

Ben Sharma, Director of Power Supply, highlighted the COPA for August to be a positive \$4.01/1000 kWh. He stated that \$3.00 per 1000 kWh has been added to customers' bills as the actual COPA. Discussion followed on projections over the past three months.

Director Gant recommended that we go on a fluctuated month, not permitting KUA to get into a tremendous deficit because of the oil crisis, with possibly prices going much higher. If based on the actual rate and letting it fluctuate each month, we would be in line with that of several years ago before we set the rates. He wanted rates to remain level. Chairman Hord referred to it as leveled billing.

Mr. Welsh indicated that because of changes in the world economy, we anticipate fuel and purchase power costs which will be significantly higher.

It was the consensus of the Board to put this on the agenda as a public hearing for our October 17th meeting for COPA changes. Attorney Ed Brinson said we must give 10 days notice to advertise for a public hearing. It was decided to await the hearing next month and then decide how to progress the following month.

Mr. Welsh said we will have a few scenarios plus an updated projection for the next meeting on October 17th.

E. OLD BUSINESS

1. POWER PLANT YARD CLEANUP PROJECT

Ben Sharma confirmed his recommendation on this cleanup project to Director Bobroff, who made the motion. The Board had no objections.

Moved by Director Bobroff, seconded by Director Lowenstein, to approve the recommended action by staff giving authorization to proceed with the project and engage ERC (Earth Resources Corporation) to perform the following phases of the project at this time.

- 1) Initial Site Assessment at a cost of ... \$6,500.00
- 2) Initial Remedial Action (based on an estimated volume of 550 cu. yds. of contaminated soil)

Removal	\$ 6,299.15	
Hauling	3,267.00	
Disposal	26,455.00	
Back Fill	<u>7,829.25</u>	43,850.40

- 3) Contamination Assessment
Quality Assurance Project Plan 2,000.00

GRAND TOTAL OF THE THREE TASKS \$52,350.40

After completion of the above mentioned tasks and upon acquiring the reimbursement from DER, fresh approval from the Board will be sought before embarking upon the subsequent phases of the project.

Discussion followed on the lack of bidders, which was due to bidders' backed up workloads and limited bid period given and other factors. Mr. Sharma said that our plan is to revert the money received from the Department of Environmental Regulations (DER) back into the project and continue the remedial work to their satisfaction.

Motion carried 5 - 0

F. NEW BUSINESS

1. AGREEMENT FOR WHEELING THROUGH COMBINED TRANSMISSION SYSTEM OF LAKELAND & OUC

Mr. Welsh indicated that this contract will save KUA some wheeling dollars and enables bidding due to the formation of the FMPP (Florida Municipal Power Pool), giving us one entity to deal with rather than two (Lakeland and OUC).

Ben Sharma explained, through an overhead, the alternate wheeling paths from TECO to KUA via different interconnections, showing the cost savings to us.

Director Bobroff asked, for the record, whether by doing this we are not precluding our using FPC. In other words, we have two routes to follow. Mr. Sharma said no to the first query, and explained we have other routes open to us.

Moved by Director Lowenstein authorizing staff to approve the agreement with Lakeland/OUC for wheeling KUA's purchased power from TECO through their common transmission system and authorize the Chairman and the Secretary to execute the same. Seconded by Director Gant.

Motion carried 5 - 0

2. ADVERTISEMENT FOR PROPERTY - BOGGY CREEK AND OVERTOAKS SUBSTATIONS

KUA will require property for two new substations, one in the Overoaks area (6 acres), the other on East Boggy Creek Road (3 acres). To avoid complications as previously experienced in purchasing substation property, Mr. Davis said it would be beneficial for us to attempt to locate potential willing sellers through advertising in local newspapers detailing our requirements.

Briefly, Mr. Welsh explained our desire to advertise for these limited parcels and evaluate from an engineering and cost standpoint the proposals received. A recommendation would then be made to the Board, asking for direction to act on it or not act on it. At this time, staff asked for the Board's direction to proceed with the advertising.

The time frame on these two facilities, Ken Davis said, is a 1993/94 completion date. The construction period would be approximately 18 months; design must be done up front, site specific.

Discussion followed on various ways to ascertain who owns certain property, for instance checking the Public Records in the Court House, and perhaps approaching those individuals direct. Director Gant suggested checking some areas under foreclosure. The time period for advertising on these properties is between 45-60 days.

Moved by Director Lowenstein to approve staff's recommendation for advertising for property for the East Boggy Creek Road and the Overoaks substations. Seconded by Director Gant.

Motion carried 5 - 0

3. CONTINUATION OF ADDISON LEASE, CANE ISLAND

General Manager Welsh indicated that Mr. Tom Addison, Sr., is currently holding a hunting lease through May 1, 1991, on the Cane Island site which KUA is in the process of purchasing. Staff indicated that the seller must be informed if we wish this lease to come with the title to the land, or let it terminate 60 days from now. Mr. Welsh recommends that we continue this lease as it is currently in place, expiring May 1, 1991, to maintain good community relations and obtain some money from it.

Director Jones expressed great concern over this deal because of the "hold harmless" clause and the repercussions that could come of it in the future, that Mr. Addison wishes it for his immediate family without benefiting anyone but him. He feels we should purchase the land free of any encumbrances and the risk is not worth it, leaving us open for criticism by leasing it to only one person when there may be numerous individuals wanting to lease it.

Attorney Brinson read a clause in the lease on the cancellation rights of the Lessor by giving 60-days' written notice to cancel this lease. Pros and cons of

Concern was expressed on what the effects of canceling this lease would have on Mr. Addison, who is 89 years of age, and having access to this property has been such a great part of his life for personal pleasure and hunting for some 22 years.

Director Jones brought up the fact that the legal aspects in the form of a lawsuit, due to a possible accident to someone other than Mr. Addison's immediate family, might have great repercussions from a liability standpoint should an accident occur. Lengthy discussion continued on insurance coverage and who should carry the insurance, etc.

Moved by Director Gant to allow Tom Addison, Sr.'s hunting lease to continue through its termination date of May 1, 1991. Seconded by Director Bobroff.

**Motion carried 4 - 1
Director Jones opposed**

G. CONSENT AGENDA

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

Motion carried 5 - 0

1. APPROVAL OF MINUTES OF AUGUST 22, 1990, SPECIAL MEETING
2. APPROVAL OF MINUTES OF SEPTEMBER 12, 1990, SPECIAL MEETING

3. APPROVAL OF MINUTES OF SEPTEMBER 13, 1990, SPECIAL MEETING
1. ENGINEERING SERVICES - FIBER OPTIC COMMUNICATION LINK
2. VOLTAGE REGULATORS BID, IFB # 90-030
3. IFB 190-027, POLEMOUNT & PADMOUNT TRANSFORMERS
4. IFB 190-028, PADMOUNT JUNCTION BOXES
5. TREE TRIMMING ANNUAL BID, IFB X90-0-31

H. HEAR GENERAL MANAGER, ATTORNEY, DIRECTORS

GENERAL MANAGER

Mr. Welsh informed the Board that the Conservation plan we had submitted to the Public Service Commission (PSC) has been accepted. They require that we develop a standard offer contract for qualifying facilities (for small power producers) and we must develop and avoid cost for capacity and energy and we will be utilizing our Planning Engineers to accomplish this.

At the request of Director Gant, Mr. Welsh read into the record the recommendation from the report that the Black & Veatch consultants discussed at our September 13th meeting, "Kissimmee Utility Authority, Executive Summary Additional Investigations at Cane Island Site, September 11, 1990". The recommendation was contained in Section 3, page 3-11, as follows: "Some environmental mitigation costs appear to be inevitable with the Cane Island site. While it is impossible to warrant the licensability of a site, it appears that the Cane Island Site is licensable and that the cost of mitigation will be less than \$2 million evaluated cost savings over the Imperial Site. Black & Veatch therefore recommends that KUA proceed with the purchase and attempted development of the Cane Island Site."

Mr. Welsh brought up the issue of the \$700,000 Surcharge donated to the County and to find a way to square this situation away and satisfy to some extent the parties on both sides, the City and the County. He made a recommended motion for the Board's consideration to clear up the uncertainty or confusion as to the uses of the funds, beginning in the next budget year 1991/92. He passed out a written recommended motion for the Board's review. Mr. Welsh stated that while attending a City Commission meeting recently, it was observed that the City Commission had a question as to the legality of our action. What was directed by action of the City Commission was that they directed the City Attorney to investigate the legality of the action we took.

Attorney Brinson said that he did some research and contacted two other Utilities. He cited a previous case where a trial Judge agreed that OUC could make a voluntary payment to Orange County in lieu of taxes. It went to the Court of Appeals in Daytona, with an extension opinion being written, upholding the Judge. The case then went to the Supreme Court of Florida, which would be the last word, and a hearing was denied, letting the Court of Appeals decision stand. This is definitely the law of the Fifth Circuit, of which we are a member. Any Judge would have to follow the law unless the Supreme Court overruled it which it elected not to. Basically, it is not an uncommon practice in other States for tax-exempt **Utilities** to make tax equivalent payments to local government bodies providing them with valuable services. Even in the absence of a State law or a County Ordinance requiring it in the form of a franchise fee, it certainly is legal for a Utility that is tax exempt to make a voluntary contribution to a government in turn for such services as police protection, use of right-of-ways, etc. He said that the Attorney for OUC concurs that OUC pays a franchise tax to the City of Orlando, as well as contribution in lieu of taxes to Orange County. Attorney Brinson added that he talked to Mr. Tom Nason, Finance Director

in charge at Vero Beach and they do the same with contributions. Therefore, we have legal precedent but also cases from other Utilities. If the Osceola County should elect to become a Chartered County, then they could require us to pay a franchise fee. Discussion followed.

Director Bobroff said if the County wanted social and human services, it should take in everything, including recreation.

Chairman Hord said he was perplexed when we donated services to the County and were then chastised for giving it to them, and that we should not direct how the funds are used.

Vice-Mayor Pollet said the Commission members were upset by this, probably more so at the way it happened than that it happened. Had they been approached with KUA's intent and purpose first, they would have had some input. He expressed concern that KUA rates are almost the highest in the state, but then we turned around and gave \$700,000 to the County, with whom they are at odds.

Chairman Hord said that Mayor Van Meter was aware of our actions in this respect. He said the monies are an income in lieu of sales tax or property tax. Discussion continued.

Vice-Mayor Pollet said that giving the money to the County gives the County people a reason not to want to annex, to a point.

Director Lowenstein inquired if this was setting a precedent and whether St. Cloud does this. The response was that St. Cloud does not.

Mr. Welsh recommended the following motion, which he said he had discussed with the County Administrator and Budget Director and Assistant Budget Director of the County. He wanted to clarify what the understanding is in the event there is future funding.

"In future budget years (1991/92 and later) monies from the KUA to the County (per the one-half of the equalization charge formulation) are understood to be to augment the County's funding of recreation, social/human services and/or related activities in the unincorporated areas of RUA service territory."

Following some discussion, it was the consensus of the Board to remove the wording, "unincorporated areas of" RUA service territory. This had been suggested by Vice-Mayor Pollet in order to give flexibility in case a joint City/County project was undertaken in the future.

Moved by Director Jones, seconded by Director Lowenstein, to agenda the above Surcharge item.

Motion carried 5 - 0

Moved by Director Jones to approve the suggested recommendation, as amended, to read:

"In future budget years (1991/92 and later) monies from the KUA to the County (per the one-half of the equalization charge formulation) are understood to be to augment the County's funding of recreation, social/human services and/or related activities in the KUA service territory." Seconded by Director Lowenstein.

Motion carried 5 - 0

Mr. Welsh reminded the members of KUA's 5th Birthday Party on Monday, 9:00 A.M., October 1st, and passed out a schedule of events covering the day-long festivities at the various centers.

ATTORNEY - None

DIRECTORS

Director Gant stated that someone in town sells fault detectors over lines on the system and asked if we were using them. He said he would check on this for possible use at KUA.

Chairman Hord asked Attorney Brinson, if we purchase property for substations, could Attorney Brinson buy it as a "Trustee" without divulging the name of the buyer. Attorney Brinson said it would give him more authority to let sellers know he represents a governmental body that has powers of condemnation rather than purchasing it as a private individual. Legally he said he could do it. Chairman Hord suggested he think about this strategy and bring it back to the Board at the next meeting.

In response to Chairman Hord's query, Mr. Welsh said we would have Election of Officers at the October 17th meeting.

I. **ADJOURNMENT:** Meeting adjourned at 9:40 P.M.



CHAIRMAN

ATTEST:



SECRETARY