

MINUTES OF REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY, HELD  
WEDNESDAY, APRIL 15, 1992, AT 6:35 PM, ADMINISTRATION BUILDING,  
KISSIMMEE, FLORIDA

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

A. MEETING CALLED TO ORDER at 6:35 PM by Chairman Hord.

B. AWARDS AND PRESENTATIONS

1. 15-YEAR SERVICE AWARD - JOHN THREADGILL

Following an introduction to Board members, John Threadgill, Line Foreman/Transmission & Distribution, was honored for 15 years of dedicated service to KUA. His career began with the City of Kissimmee in April 1977, with promotions to Apprentice Lineman in June, 1978, and Journeyman Lineman in October, 1981, then to his current position in June, 1991. John has experienced many changes within KUA and is noted for doing an exceptional job supervising his crew, handling voltage conversion and numerous other duties. This organization is fortunate in having such a dedicated, hard working employee on board.

John was presented with a thermometer plaque award of his choice and offered congratulations by the Board members.

2. 10-YEAR SERVICE AWARD - CLAIR KLINGER

Clair Klinger, Field Service Specialist/Support Services Division of Customer Relations, was unable to be present for this presentation. Chris Beck accepted an award of an oil lamp on his behalf, with the Board's appreciation to Clair.

3. MAY EMPLOYEE OF THE MONTH - GABE LASANTA

Gabe LaSanta joined KUA in August, 1988, and was selected May Employee of the Month by fellow employees. Being an outstanding employee it was not difficult to note his attributes in the Credit & Collections division in his day-to-day dealings with customers and maintaining a positive attitude. He has developed excellent customer service skills in his dealings with customers and employees alike. Gabe goes above and beyond what is expected of him in assisting others, displays professionalism and maintains perfect attendance. He is also active in several organizations.

Gabe was congratulated and presented with a plaque and a \$100 Savings Bond certificate. In addition, he will receive a day off with pay and a reserved parking space during May.

Mr. Welsh stated that a special ceremony was held by the Osceola School District for a state and national volunteer awards program at which KUA was recognized as being an outstanding business partner in the Mentor Program. Chairman Hord presented this plaque to Chris Beck, whose department was very involved in this program.

C. HEAR THE AUDIENCE

Norm Schultz, BVL (Beunaventura Lakes), had some questions on the SAVE Program and wanted to know why new house construction is mandated to have this Load Management.

Mr. Welsh explained that our program was modeled after Lakeland's Load Management program, how it works and why it is necessary. The construction phase is the most opportune and cost effective time to initiate it, do the wiring, assist us in our conservation efforts and reduce our need to install generators. Basically, this would hold down the overall cost of electricity. The mandatory part is that participation is at the minimum level for hot water heaters and heat/air conditioning.

Mr. Schultz objected to new construction being singled out and maintained that it be mandated for everyone to have it.

Chairman Hord explained the reasons for putting the program in place with new homes; existing homes could be retrofitted.

Mrs. Rose Schultz stated that, without having their new home wired for Load Management, they would be unable to receive KUA electricity and thereby would be refused a Certificate of Occupancy. They planned to move in during May, but the program would not be effective until August and they found this mandatory requirement unfair. Their objection was in not having a choice; they had to have it, whether or not they wanted or needed it. Mr. Schultz affirmed this by quoting from our LM brochure, "...participation in the SAVE Program at the lowest control level is required as a condition of service with KUA."

A great deal of discussion continued on the pros and cons of this program.

**Motion by Director Bobroff that we agenda this issue at this time to discuss and evaluate the Load Management Program in regard to new residents. Seconded by Director Lowenstein.**

**Motion carried 5 - 0**

Mr. Welsh explained many existing things are grand fathered in and new things oftentimes are put in for future use.

Director Bobroff said when he voted for this program some time back, he thought he was voting that the installation was mandatory, but not the use of it. Then the new homeowners would be sold on the need for it.

Director Jones was also under the assumption that the Load Management be installed in new construction but that participation in the program was not mandatory; however, he did feel this was a cost saving feature.

Mr. Welsh refreshed the memories of the Board in that late last year we had public hearings regarding the filing of the rate tariffs with the Public Service Commission prior to the Board's taking final action. These tariffs specified this program was mandatory for new construction as a condition of service, as well as stating the tampering penalties. To revise this would require holding a public hearing, revising the rates, giving 30-day notification to PSC, delaying implementation of the program, re-advertising in a new format, etc.

Discussion continued. Ken Lackey, Director/Transmission & Distribution, suggested that the homeowner wire their home and when we get the program in place, we will install the box and service can be had when desired.

Director Gant said he was not aware that participation in the program was mandatory, though he is in favor of the program. He also preferred having a choice.

Moved by Director Gant to ask staff to come back at the next regular meeting (May 27) with alternatives to remove the situation from being mandatory to optional for the usage, but mandatory for wiring. Seconded by Director Lowenstein.

Basically, the Board directed staff to bring back to them at the next regular meeting the procedure for changing from a mandatory to a voluntary Load Management program and also evaluate and advise them on the implications in making this change.

Motion carried 5 - 0

D. PUBLIC HEARING - None

E. INFORMATIONAL PRESENTATIONS (REQUIRING NO ACTION) - None

F. OLD BUSINESS

1. DIESEL UNIT NO. 9 AT HANSEL PLANT

Following a walk-through at the Power Plant by the Board members and Mr. Welsh prior to this meeting, it was the recommendation of staff to declare Unit No. 9 surplus.

Director Jones moved to accept recommendation of staff that Unit No. 9 be declared as surplus; and authorize staff to arrange for its disposal in the best interests of KUA. Seconded by Director Bobroff.

Motion carried 5 - 0

Moved by Director Jones to place a new item on the agenda presented at this meeting, "Fiber Optic Cable and Hardware Bid Award". Seconded by Director Bobroff.

Motion carried 5 - 0

2. FIBER OPTIC CABLE AND HARDWARE BID AWARD - IFB #023-92

Brief explanation and discussion was had on the use and workings of the cable, linking the Broadway and Carroll Street facilities, with Ken Davis, Director/Planning & Engineering, responding to questions.

This was a straightforward bid award to the low bidder, FiTel General in the amount of \$30,316.17.

Moved by Director Jones to authorize the award of bid for the fiber optic cable and hardware to FiTel General for a not-to-exceed price of \$30,316.17. Seconded by Director Bobroff.

Motion carried 5 - 0

G. NEW BUSINESS

1. METERING AND RELAY LAB RELOCATION

Following evaluation, it was the decision and recommendation of staff to relocate these functions to the Distribution Center, rather than to the new Administration Building. Ken Davis stated it was more practical and beneficial to have this Meter Shop and Lab relocated to the Distribution Center. Having the meters on the proposed Mezzanine with easy access to the loading facilities was more feasible.

Mr. Welsh stated that following approval of the Board, a detailed scope of services would be obtained from our architect and a recommendation for award of services to develop the full plan would be put out to bid. Board direction was asked for at this time.

A straw vote was taken, with all Board members agreeing to the Metering and Relay Lab being moved to the Distribution Center.

Chairman Hord suggested that if space should become a problem in the future, a second shift might be put in place.

2. INTERLOCAL AGREEMENT WITH CITY OF KISSIMMEE AND OSCEOLA COUNTY

General Manager Welsh stated that much work went into the Tripartite Agreement between the City of Kissimmee, Osceola County Commission and KUA which the parties felt was a fair and equitable compromise. Mr. Welsh reminded everyone that KUA in the last two years elected to transfer 50% of the equalization charge to Osceola County. The reason was that representatives from outside the City approached the City and KUA officials felt the equalization charge was not in their best interests and was unfair. Based on this, the KUA Board felt that, while this charge was legal, there was a cost differential charge for In-City and Out-of-City charges. An Engineering Study was done which showed that only one-half of the equalization charge was cost justified. The Board then cut the equalization charge in half. The Public Service Commission (PSC) said this was illegal; that the charge must be collected 100% for In-City and Out-of-City customers. A transfer was made to the County of 50% of the equalization charge. The City felt this was not justified in terms of what services they provide for customers in the unincorporated area.

This agreement is a compromise for all entities with the same amount of money being transferred from KUA; half would be administered by the City of Kissimmee for the benefit of our customers in Out-of-City areas in terms of services and recreational facilities. The other half would be administered by the Board of County Commissioners.

Mr. Welsh stated there were some last minute changes in the agreement, which he explained.

Director Bobroff handed out a list of Proposed Amendments.

**Director Bobroff moved for a postponement on any decision on this until the next regular meeting, giving the Board a chance to peruse this and understand the reason for such amendments. The motion died for lack of a second.**

The Board members read his amendments and discussion followed.

Chairman Hord preferred to take action on this as opposed to postponing it.

Chairman Hord stated, for the record, that the following comments are the opinion of Director Bobroff only and not necessarily those of the other Board members.

Director Bobroff expressed concern that KUA should not have been a part of this agreement and this should have been handled solely by the City and County. Money had been given to the County without our knowing how it would be utilized.

Using his proposed system, the money would remain in our treasury earning interest for KUA and the projects would be paid for in a timely manner, avoiding any delays for County projects. Before pledging or spending any money, he said, we should ensure it is fiscally sound and compatible with our budgets and not be made pro forma. Each year should be handled individually because of the uncertainty of our fiscal position in the future. Director Bobroff noted the Health Department is not mentioned in item 3. He said education is and asked why the School Board was not involved. His intent was to protect the goals of the agreement and have KUA operate this in a fiscally-sound manner for the purposes it was originally started.

Director Gant stated this program was started due to some franchise areas which were subject to significant fees if some program was not initiated. He said "social services" should be removed in item 3 since they are already funded. Recreation is preferable. Should the County initiate a franchise fee, the program should be discontinued. Included should be a clause stating that, in the event KUA was in a losing situation, it would free us of this obligation and this program should be somewhat restricted, especially the social services portion.

Mayor Pollet elaborated on the inception of this agreement between the three top officials. Originally, he said, there were no restrictions by KUA on how and where the money was to be spent. The City imposed these restrictions to assist the agencies of both entities. The agreement was passed in a 3-2 vote by the City Commission and he feels the County Commission will also approve it.

Director Gant said KUA might direct this money be used for recreation, if we chose to do so.

Attorney Ed Brinson stated he had discussions with Attorney Fred Bryant and others. If we adopt item 10, the equalization charge is set for 10 years and must be renewed or terminated in the 9th year. If in the future the County decided to impose a franchise fee on us, that would take 25% of the equivalency charge and the money would all go to the City. He was concerned that in the event the County decided they would impose a utility tax on the Out-of-City customers, could we then eliminate the equalization charge. Fred Bryant did not feel we needed to. Contractually, if we go with the County's language, we could if we wanted to because we have a contract. Mr. Brinson said the utility bills would show an equivalency charge, a franchise fee and utility tax. This would foreclose doing that.

Mr. Brinson said the County would probably never impose a tax on the Out-of-City customer as long as they are receiving an equivalency charge.

Chairman Hord said KUA is not charged taxes by the City for its properties. He felt there is an ethical obligation wherein the County stated they would not impose a franchise fee and charge right-of-way fees, etc. All these things fit into our plans for future generation plants, etc.

A great deal of discussion followed on the advantages and disadvantages of this agreement and the ramifications of it on both the City and County in the utilization of these funds.

Chairman Hord referred to item 4, that there would be an audit report. He asked why item 10 of the original agreement, "Termination of this agreement shall only be by consent of at least two parties to the agreement." was changed in the Amended Agreement. Mayor Pollet said the City made the changes, saying the County viewed the terminology "two parties" meaning the City and KUA, leaving them out; therefore, item 10 was changed.

Discussion continued regarding KUA's condition 10 years hence and possible financial problems arising which would affect this donation. Mr. Jim Scott, Beunaventure Lakes (BVL) felt a 5-year contract would be sufficient, with renewals as desired.

**Moved by Director Gant to accept the proposed agreement between the City of Kissimmee, Osceola County Commission and Kissimmee Utility Authority, with the deletion of the terms referring to "social services...in all paragraphs and change, in item 10, the words "ten" and "tenth" to read "five years" and "fifth year". Seconded by Director Lowenstein.**

Discussion followed. The 10-year clause was for budgeting purposes which was preferable by the County. The 5 years is more beneficial to KUA. Director Jones stated we don't have a "bail-out" clause if KUA is financially strapped in the future. Chairman Hord was in favor of accepting the agreement, as amended.

**Moved by Director Bobroff to amend the above motion, presently on the floor by Director Gant and seconded by Director Lowenstein, that items 1, 3 and 4 of the Proposed Amendments, presented by him, be included in the agreement on the basis of their being in accordance with the KUA Charter and on general principles. Seconded by Director Jones.**

Mayor Pollet said that including these three items would completely ruin the agreement.

**Motion Failed 3-2  
Chairman Hord Opposed  
Director Lowenstein Opposed  
Director Gant Opposed**

Director Gant's original motion was repeated, with amendments.

**Moved by Director Gant that the Tripartite Agreement be approved by the Board and authorize the Chairman and Secretary to execute same, with all references to "social services" in the Agreement being deleted; and also that, in item 10, the references to a "ten year" time frame be changed to a "five year" time frame. Seconded by Director Lowenstein.**

**Motion carried 4 - 1  
Director Bobroff Opposed**

Meeting recessed from 8:37 to 8:45 p.m. Director Bobroff left the meeting at 8:45 p.m.

#### **H. STAFF REPORTS**

##### **1. MONTHLY PROGRESS REPORT ON ENGINEERING PROJECTS**

A question arose as to the time frame the new Administration facility would be completed and ready for move-in. Quality workmanship demanded priority over any completion deadline. It was thought best not to pursue the penalty clause, but use it as leverage at closing time.

Mr. Davis gave an update on the total progress. He said the contractor was having difficulty getting the glass and window frames and had to change suppliers causing a delay. The manufacturer shipped two loads which were not according to specifications and were returned. Current delivery time is projected to be 10 days. Completion is scheduled for 30 days; moving date to the new facility is scheduled for June 26th, possibly somewhat later.

**2. CONDENSED FINANCIAL REPORT**

Direction was asked from the Board to have a budget amendment to more closely reflect current changes and status. Following discussion, it was the consensus of the Board to keep the original and amended budget columns, but changing the amended budget column to reflect the new rates.

Joe Hostetler, Director/Finance, gave a brief explanation on handling the above changes. He preferred using an amended budget because many projections are based on an amended rather than the original budget.

A budget amendment procedure would be followed and appropriate action would be taken at the next Board meeting.

Discussion followed on other portions of the financial report.

**3. MONTHLY REPORT ON POWER SUPPLY DEPARTMENT PROJECTS**

Brief discussion took place on the COPA calculations.

Florida Power Corporation (FPC) has filed with the Federal Energy Regulatory Commission (FERC) for a rate increase. This would raise their rates to us 25%. Fortunately, this would impact our customers by less than 2%. This is due to the fact that we are not heavily dependent on this outside source of power supply. Additionally, we plan to review these contracts economically to minimize even further the effects of FPC's rate increase. Also, we are planning to intervene on any FERC rate case in conjunction with FMPA to reduce this increase, if possible.

**4. ELECTRICAL MAINTENANCE WORKSHOP/WAREHOUSE MEZZANINE**

Report accepted as written.

**I. CONSENT AGENDA**

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

1. APPROVAL OF MINUTES OF MARCH 25, 1992, MEETING
2. APPROVAL OF MINUTES OF MARCH 26, 1992, SPECIAL MEETING
3. RENEWAL OF ANNUAL REQUIREMENT FOR CONCRETE MOUNTING PADS, IFB Y91-030

Motion carried 4 - 0  
Director Bobroff absent

**J. HEAR GENERAL MANAGER, ATTORNEY, DIRECTORS**

**GENERAL MANAGER**

Mr. Welsh said that at the last meeting the Board asked staff to come back with proposals for an overall fiscal policy. Also to be discussed in more detail by Coopers & Lybrand would be the FASB-71 (Financial Accounting Standards Board) changes in the accounting system.

The Board approved scheduling a meeting for June 25, at 6:00 p.m., to discuss the fiscal policy and FASB-71. The Auditors would be present.

For the benefit of Director Gant, who was not present for the walk-through, Mr. Welsh said there was a small oil spill from an engine at the Power Plant. Clean-up is in progress and appropriate officials have been notified.

Stanton II bond validation with FMPA has taken place and the bonds are now validated for financing SEC II.

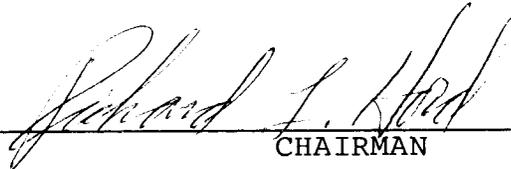
Load Management changes will be brought back at a later date. The proposed changes would give customers an option to go on the program voluntarily, rather than it being mandatory.

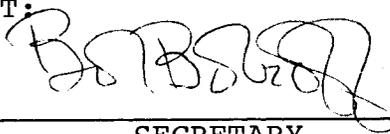
**ATTORNEY** - No comments

**DIRECTORS**

Mayor Pollet noted concern of some residents at having KUA bucket trucks parked in their residential area. Mr. Lackey said this would be resolved. It was suggested that no bucket trucks be parked in any residential areas. If its not in the deed restriction, Mr. Lackey said, an employee should not be limited to park such trucks at their residence.

K. **ADJOURNMENT:** Meeting adjourned at 9:45 PM.

  
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CHAIRMAN

ATTEST:  
  
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SECRETARY