

MINUTES OF REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY, HELD
WEDNESDAY, MAY 27, 1992, AT 6:00 PM, ADMINISTRATION BUILDING,
KISSIMMEE, FLORIDA

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

A. MEETING CALLED TO ORDER at 6:10 PM by Chairman Hord.

B. AWARDS AND PRESENTATIONS

1. CERTIFIED GOVERNMENT FINANCE OFFICERS PROGRAM

Joe Hostetler, Director/Finance, was one of 10 Floridians who recently successfully passed a comprehensive examination in the Certified Government Finance Officer's program. On behalf of the members, Chairman Hord quoted the Certificate which conferred upon Joe his demonstrating a high level of confidence by successfully completing an examination and documenting professional and educational achievements prescribed by the Florida Government Finance Officers Association. Joe, we're proud of your achievement!

Joe was also recognized for his five years of service in the Finance Department. He went through the 10-Year Plan and the bonding issue. He and his department have accomplished much. Joe is hard working, dedicated and ensures he gets the job done, no matter what. Joe was also presented with a Cross pen service award.

2. 15-YEAR SERVICE AWARD - JIM FISHER

Mr. Welsh briefly characterized Jim Fisher's work history with the City and KUA. Jim began his career with the City on May 31, 1977 as Utility Worker, went to Community Development in '79, became Planning Technician in '79, Assistant Housing Administrator in '81, and then joined KUA as Energy Conservation Coordinator in '84. He was promoted to Support Services Manager in 1988. Jim has obtained his BS degree, supervises four divisions, is responsible for 56,000 meters being read monthly and ensures all initiates and terminates are completed in a timely manner. He is also in charge of the energy conservation and current diversion activities.

Mr. Fisher is a hard working, conscientious and dedicated employee who does not hesitate taking on any additional requests for assistance in emergencies or as the need arises. Your loyalty is exemplary and we're happy to have you on board, Jim!

Chairman Hord offered congratulations and presented Jim with a service award, a 7-piece beverage set of his choosing.

3. 5-YEAR SERVICE AWARD - JOE HOSTETLER

This award was presented to Joe earlier.

4. JUNE EMPLOYEE OF THE MONTH - JAY BUTTERS

Jay Butters, Power Plant Operator, joined KUA on August 4, 1984. Jay has been instrumental in installing computers throughout the plant and setting up operations reports onto those computers which has proven to be efficient and time and cost effective for KUA. He is a great asset to this organization and known for his pleasing disposition and willingness to help wherever he is needed.

Jay was unable to be present. He and his wife are expecting an addition to their family very soon - congratulations to you both! Jeff Ling, Manager of Production, accepted his plaque and a \$100 Savings Bond certificate on his behalf. Jay will also receive a day off with pay and a "reserved" parking space during June.

C. HEAR THE AUDIENCE

Jim Scott, BVL, asked what it costs KUA to rent the Waterfront Square building and why we don't buy it. Staff replied the rent is approximately \$25,000 per year; however, he was informed of our upcoming move to our new building on Carroll Street.

Tony Costanzo, BVL, inquired into the reason for a recent outage in his area. Mr. Welsh said this was due to a cable failure underground which burned out. He explained how the sectionalizers work in easily pinpointing certain outages compared to the old system which was very time consuming.

D. PUBLIC HEARING - None

E. INFORMATIONAL PRESENTATIONS (REQUIRING NO ACTION)

Tim Fierro, President of General Contractors, Inc., updated the construction progress of our new Administrative facility on Carroll Street. He said it should be 95% completed this week and hope to punch out within the next two weeks. At this juncture, he said they are 4-6 weeks behind but stated they will not jeopardize quality for speed and hope to meet the move-in deadline (June 26).

F. OLD BUSINESS

1. LOAD MANAGEMENT

At an earlier meeting the KUA Board had directed staff to bring back a report in terms of alternatives of the Load Management program and its implications.

Ray Brennick, Project Manager, made a presentation, via slides, on this program and reviewed KUA's project timeline since its inception. He outlined the control and program features which would be maximized to four hours per day during peak summer times and twice daily during certain winter months. Several departments are instrumental in putting this program together. Discussion took place on what the responsibilities and requirements are of both the customer and KUA, the costs associated with this, the tariffs and resolution filing with the PSC (Public Service Commission) and numerous other details. Discussions took place throughout the presentation. Presently, we are attempting to finalize the contract to purchase the LM equipment.

Ken Lackey, Director/Transmission & Distribution, reviewed slides on the LM installation of the SAVE boxes in customers' homes. He said a light comes on when the system is in use. A checklist would alert the customer what to check for before calling a serviceman.

Director Jones asked if Mr. Sharma could hazard a guess as to our investment at the end of the program. Mr. Sharma estimated this to be about \$200,000 excluding equipment, wiring and man-hours. We have close to \$360,000 in Ken Lackey's department budget. Totally, we are looking at around \$600,000 for 2,400 installations.

Norman Schultz, BVL, asked whose responsibility it is to pay for the service charge if the light on the SAVE box burns out. Ken Davis said as soon as dispatch was called we can tell if we're controlling in that area. If we're not, it indicates the device is malfunctioning as the devices are designed to fail in the non-control mode.

Mrs. Rose Schultz, BVL, and an 8-year customer of KUA, questioned if they had to have the program itself turned on in order to occupy their new home. She said when Mr. Lawrence, of Lakeland, gave his presentation to KUA, he stressed the need for having an ordinance in place relating to the energy conservation and requirements of having an LM program. She said the County did not pass a County ordinance, but something similar to our resolution making it mandatory to put the wiring in the house. She indicated three Board members also interpreted it that way at an earlier meeting. She has no problem with having the wiring installed but that she should have the choice to decide whether they want to use it.

Chairman Hord asked the General Manager to express our exact position on this. Mr. Welsh said that new installations participate at the lowest level. Chairman Hord reiterated, as it was stated and approved by the Board, that KUA's new customers are required to have the house prewired and are required to participate in the program at the lowest level. KUA would supply the LM equipment once the house is wired. Mrs. Schultz again asked if it was mandatory for her to have the service. Mr. Welsh said it is a requirement of service.

Jim Scott asked why pool pumps aren't included. Mr. Welsh said that the two most effective devices are the hot water heater and air conditioning system. Director Jones added that pool pumps are generally not run during peak hours; therefore, are not that cost effective.

In response to Director Lowenstein, Mr. Sharma said we have between 750-800 customers signed up. We had budgeted for 2,400 for next year. Mr. Welsh gave the figures as 42C as condition of service customers and 262 voluntary for a total of 682.

Director Lowenstein suggested that customers who change addresses within the KUA service territory should also be required to go on the program to make the program pay for itself to help offset the monies invested in it and to make it work.

Chairman Hord said our choices are to leave it as it is today or change the resolution, if so desired.

Director Bobroff moved that we leave the Resolution R91-8 (adopted on December 18, 1991) in place, with no amendments at this time. Seconded by Director Lowenstein.

No action was taken on the original Resolution R91-8. It was the consensus of the Board to retain the Resolution in place as established, with no amendments at this time.

Director Gant said in the original Resolution referral was made to the rate schedule where the mandatory number of services is stated but was not included in this resolution. Mr. Welsh concurred. Attorney Ed Brinson referred to Section 5 of the Resolution.

In response to Director Gant, Mr. Welsh read the following excerpt from Section 5 of Resolution 92.5, "All new services having Load Management Equipment installed under this resolution shall be entitled to the rights, privileges and responsibilities as granted and bestowed under Rate Schedule 9.1.1 through Schedule 9.1.5". He also quoted the first two paragraphs under Terms and Conditions from Rate Schedule 9.1.2.

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

2. **KUA/FMPA JOINT PARTICIPATION AGREEMENTS FOR CANE ISLAND PROJECT**

Mr. Sharma briefly reviewed this agreement and stated it was a culmination of the framework agreement for the Cane Island project. It was staff's recommendation to have the Board approve this joint project, targeted for approval by the Executive Committee and the FMPA Board of Directors, giving us a fully executed agreement. Discussion followed on voting equality between the partners and ownership shares. Director Bobroff felt ownership shares should equate 50/50%; however, it was stated you need a majority to sustain the objection. Mr. Welsh explained how the voting rights work on this type of participation. In-depth discussion also covered various other topics of concern.

Attorney Brinson has reviewed the agreement in its present form.

Chairman Hord asked what our recourse would be in a continued sluggish economy and the need isn't there. Mr. Welsh said this is a firm commitment.

Mr. Rollins gave a brief update on load forecast and the economics of this project.

Robert Miller, Manager/Bulk System Planning, has participated with Black & Veatch and gave his observations and quality of analysis and conclusions.

Director Gant expressed concern whether the agreement contained anything that would be detrimental to KUA now or in the future. Both Mr. Sharma and Mr. Rollins agreed that, in fairness, nothing contained within the agreement would be detrimental.

Mayor Pollet arrived at 7:30 p.m.

Director Bobroff moved to approve the KUA/FMPA Joint Participation Agreement for the Cane Island project; and authorize the Chairman and the Secretary to execute the same. Seconded by Director Jones.

Motion carried 5 - 0

Director Bobroff complimented Myron Rollins, Black & Veatch, for compiling such a professional, detailed agreement with his and our staff.

3. **KUA/FMPA/DDC NEGOTIATIONS UPDATE**

Ken Davis, Director/Engineering, highlighted the status on the outcome of the May 20, 1992 tripartite negotiations.

Mr. Davis said we were unable to come to the Board this month with a draft agreement due to ongoing negotiations. The final day for approval is approximately July 12-15 with Orlando Utility Commission's part of the agreement. A final agreement would be brought to the Board at the June meeting.

Mr. Davis gave an overview of current activities on the transmission line in question. He indicated approximate costs involved and savings to KUA by going this route with other participants.

The meeting recessed from 7:48 to 8:00 p.m.

G. NEW BUSINESS

1. STAFF RESPONSE TO HARTFORD STEAM BOILER INSURANCE COMPANY'S INSPECTION REPORT

Mr. Sharma and Mr. Ling, portraying portions of KUA's power plant facilities via video, highlighted some recommendations by Hartford Steam Boiler (HSB) and staff's responses. Brief discussions were held regarding what changes were feasible and necessary and which were inappropriate and, frankly, not required. Implementation of any or all of the recommendations would have no effect on KUA's insurance premiums; HSB offered no reductions. Mr. Sharma said a fire retaining wall would be set up according to specifications to contain any possible fire hazard.

Director Jones moved to approve staff's position in regards to each of the recommendations contained in the Hartford Steam Boiler Insurance Company's (HSB) report; and authorized staff to implement those recommendations that are deemed appropriate. Seconded by Director Bobroff.

Chairman Hord suggested having parallel actuators, i.e., an inside as well as an outside manual actuator (as opposed to only having one inside or out) to operate the dry chemical extinguishing systems, thereby appeasing the fire insurance company's requirements and also benefiting KUA. Staff concurred this was a good option.

Mr. Welsh suggested that an amended motion be made to accept the recommendation on the actuators and direct staff to have parallel actuators on the combined cycle and diesel units.

Director Jones moved to amend the above motion, seconded by Director Bobroff, as follows:

Director Jones moved to approve staff's position in regards to each of the recommendations contained in the Hartford Steam Boiler report; and accept staff's recommendation with the exception that we will put in parallel systems for the actuators internally and externally in both the diesel and combined cycle plants. Also, authorize staff to implement those recommendations that are deemed appropriate. Seconded by Director Bobroff.

Motion carried 5 - 0

2. ARCHITECT SCOPE OF WORK FOR METER SHOP

Project Manager, Ken Davis, stated that following the Board's approval at an earlier meeting, plans were put in motion to relocate the Meter Shop and relaying divisions to the second floor of the Bermuda Avenue complex. Architectural and engineering plans are to be performed by Chuck Parsons under our current Continuing Services Contract for a 6% fee of the actual construction cost. Discussion followed on the various costs for this construction and possible advantages of paying a fixed fee rather than a percentage.

Chairman Hord stated that on some previous projects we had paid on a per hour rate as opposed to a percentage. He expressed concern as to the cost of the project. Mr. Welsh said this 6-8% is an acceptable standard throughout the industry for architects, allowing for flexibility. Director Gant felt a flat fee was possible. Ken Davis explained that one of Mr. Parsons' concerns about going on a fixed fee basis in previous projects was that Mr. Parsons needs to make commitment to his engineering firms, typically based on a percentage schedule.

When the bids came in lower, the fee went down. Discussion continued. Mr. Welsh suggested, if the members are concerned, that a motion be made to authorize the establishment of the project, as stated, but authorize the architect to proceed with architectural services for a project fee of a flat \$5,400 for the scope of work.

Director Gant was willing to go along with staff's recommendation, but with a "not-to-exceed \$5,000" clause. The Board agreed.

Director Gant moved to authorize establishment of the project for the Meter Shop relocation and establish a project budget of \$100,000 to be transferred from the Reserve for Future Capital Outlay. Also, authorize Chuck Parsons to proceed with the Architectural/Engineering Services for this project for a fee of 6% of the actual construction cost, but that the architectural fees not exceed \$5,000. Seconded by Director Lowenstein.

Motion carried 5 - 0

Mr. Welsh said final plans will be brought to the Board prior to their going out for bid. Director Gant stressed the need that staff go over the specifications very thoroughly.

3. RIGHT-OF-WAY ACQUISITION FOR TRANSMISSION LINE, CANE ISLAND TO CLAY STREET

The Board heard a report from Mr. Davis on the status of negotiations for right-of-way acquisition for the centerline for the transmission line between Cane Island and Clay Street. This will be followed by appraisals on parcels being acquired. Negotiations are being accelerated with the property owners. At this time direction is needed from the Board on the leeway available to negotiate settlements with the property owners. He said often it is more prudent to settle on the first try. Mr. Davis wished to revise the earlier recommendation to negotiate up to the appraised amount plus 10%. This is due to some small parcels being involved. He preferred the recommendation read, "that staff could negotiate for the appraised amount plus 10%, or appraised amount plus \$2,000, whichever is higher."

Director Bobroff moved to authorize staff and the right-of-way acquisition firm to negotiate for the right-of-way purchase for a not-to-exceed price of the appraised amount plus 10%, or, in some special cases, the appraised amount plus an additional \$2,000 if the situation warrants it.- Seconded by Director Lowenstein.

Motion carried 5 - 0

In reference to the above, Attorney Brinson updated the Board on the Bill Lyng property. He said that his associate has done lengthy title work on this and is prepared to issue title commitment on all of the lots, except Lots 9 and 22 of Block F. He elaborated on the procedures being followed and what course of action can be taken to resolve this. These two lots require a quiet title suit and under our contract we are in a position to advise the owner of such action. They would have 90-120 days to clear any defects in the title. These lots, according to our engineers, are essential to the development of the substation. It's an acceptable risk to close on the lots and escrow the money on Lots 9 and 22 on some pro rata basis as an incentive to get the quiet title suit settled. This is an action that the owner, having claim to ownership, files a suit, advertises in the newspapers to all the known/unknown heirs, etc. If there is no response, then the judge enters the order that they no longer have a claim. Attorney Brinson recommended holding sufficient escrow monies on these two lots.

Chairman Hord suggested that staff bring this back to the Board at the June 3 Special Meeting for a further update.

Attorney Brinson stated we need to have title by October 1, 1992. It was suggested we try to work out the details with the owners. The members agreed it was the responsibility of Bill Lyng to clear the title. Licensing is still incomplete and, should this fail, it would give us the opportunity to back out. Attorney Brinson will pursue negotiations with Mr. Lyng.

4. EXERCISING DELAY/CANCELLATION OPTIONS ON THE GENERAL ELECTRIC (GE) LM 6000 UNIT

Mr. Welsh highlighted the licensing and some possible problems with this and, to avoid any risk, some delay/cancellation provisions by GE were included in the contract.

Mr. Sharma detailed the two options in our contract specifically regarding permitting. By June 1, 1992 KUA may either:

- 1) cancel the contract altogether; or
- 2) temporarily stop General Electric from doing any further work until KUA perceives a satisfactory conclusion of the permitting process.

Following in-depth discussion, staff recommended Option No. 2.

Ziggy Biernacki, General Electric, Tampa, was in attendance to make comments and answer any questions of the Board. Hobart Jacobs and David Lefebvre, Black & Veatch, Kansas City, and Mike Simpson of B&V, Orlando, were also on hand to provide back-up information.

Director Bobroff moved, based on staff's recommendations, to accept Option No. 2 which is to inform GE (General Electric) by June 1, 1992 to delay any further work on the LM 6000 unit until KUA decides to revive the contract and reinitiate the fabrication activities. Seconded by Director Lowenstein.

In-depth discussion centered on the LM 6000, whether they are made to order, lead times, the timetable to have them built, payments and penalty costs on the unit, postponing purchasing this unit and picking up the next one, and numerous other issues. Clarification was made on delaying the unit, deferring payment, possible delivery dates, permitting requirements and status on the permit obligations.

Mr. David Lefebvre, Black & Veatch, briefly highlighted the permitting requirements and process. The permits may not be in-hand until the end of the year. It is important that the permitting agency knows the geographical location of substation and path of the transmission line to expedite the licensing, etc. Discussion continued on target dates of the licensing, purchasing power from other utilities if we're delayed, etc.

Director Bobroff inquired of GE storage capabilities to hold this unit for us, and also if we have expeditors to push the agencies into faster action. Mr. Biernacki said it was possible to store the unit but that storage costs were fairly high. B&V said we do not use expeditors but do continue to work closely and follow up frequently with the agencies.

If we delay this LM 6000 unit contract, it would cost us the remaining price on the contract. Mr. Biernacki stated that our payment schedule would be reestablished and it would take us past the established window. Going with the second unit to be manufactured next on-line would be subject to prior sale. Storing the unit would cost roughly \$25,000 per month and still allow us to maintain our schedule.

Motion carried 5 - 0

5. DONATION OF SURPLUS VEHICLE TO KISSIMMEE FIRE DEPARTMENT

At the request of Fire Chief, Larry K. Bell, and discussions between KUA staff, staff recommended that a 1970 surplus truck in the Transmission/Distribution Department, being replaced in the proposed 1993 Budget, be donated to the Kissimmee Fire Department to be used to transport and store various materials and equipment needed in the containment and clean-up of hazardous chemicals.

Director Jones moved to accept staff's recommendation that a 1970 Chevrolet cab and chassis be donated to the Kissimmee Fire Department, subject to budgetary replacement approval. Seconded by Director Gant.

Motion carried 5 - 0

Mayor Pollet left the meeting at 9:55 pm.

H. STAFF REPORTS

1. MONTHLY PROGRESS REPORT ON ENGINEERING PROJECTS

Report accepted as written.

2. CONDENSED FINANCIAL REPORT

Mr. Hostetler highlighted this report and indicated we are down in sales and answered questions of the Board.

3. MONTHLY REPORT ON POWER SUPPLY DEPARTMENT PROJECTS

Report accepted as written.

4. ELECTRICAL MAINTENANCE WORKSHOP/WAREHOUSE MEZZANINE

Brief discussion was had on the fire sprinkler system and insurance provisions.

5. FISCAL POLICY

Mr. Hostetler stated that under this new Fiscal Policy we are moving from one accepted accounting method to another accepted method in developing the 1993 budget. He explained this new methodology.

Mr. Welsh said that, per the Board's request, this is a simplified operating cash flow statement and that our Condensed Financials would be presented in this form monthly to keep track of where we are at versus the budget. We need to focus on available funds for current year operations and how well that covers what we're expending.

Director Bobroff expressed concern that changing bookkeeping methods would change the bottom line. He was assured it would not. Clarification was given on how the new system works.

I. CONSENT AGENDA

Director Bobroff moved to approve the Consent Agenda, as submitted. Seconded by Director Lowenstein.

Motion carried 5 - 0

1. APPROVAL OF MINUTES OF APRIL 15, 1992, MEETING

2. APPROVAL OF MINUTES OF APRIL 22, 1992, SPECIAL MEETING

3. APPROVAL OF MINUTES OF APRIL 28, 1992, SPECIAL MEETING
4. APPROVAL OF MINUTES OF MAY 7, 1992, SPECIAL MEETING
5. ANNUAL REQUIREMENT FOR JUNCTION BOXES AND CONNECTORS, IFB #017-92
6. AMENDED INTERLOCAL AGREEMENT
7. BUDGET AMENDMENT
8. 230 KV CIRCUIT BREAK BID AWARD - IFB #019-92
9. 69 KV CIRCUIT BREAKER BID AWARD - IFB #019-92
10. SINGLE AND THREE PHASE DISTRIBUTION RECLOSERS, IFB #020-92

J. HEAR GENERAL MANAGER, ATTORNEY, DIRECTORS

GENERAL MANAGER

Mr. Welsh invited the members to an Appreciation Luncheon to be held Thursday Noon, May 28th, provided by Customer Service employees to honor several local agencies involved in assisting KUA customers pay their utility bills in emergency situations.

Mr. Welsh said that Director Lowenstein was confirmed by the City Commission for a second term and extended congratulations.

ATTORNEY - No comments.

DIRECTORS

Director Lowenstein thanked staff, the Board and City Commission for a second-term appointment starting October 1, 1992.

Director Bobroff noted that the bond coverage is now at 2.21, which seems to be the lowest rate to date.

Regarding Load Management, Director Gant stated that the Resolution passed does not appear to say it is mandatory to participate in the lowest rate of service. He stated that the excerpt read earlier did not clarify it and said the language should be cleared up. Brief discussion followed.

Chairman Hord reminded the members of the Budget Review meetings next Wednesday and Thursday, June 3 and 4, 1992, at 6:00 p.m. The Budgets will be delivered Friday, May 29th.

K. ADJOURNMENT: Meeting adjourned at 10:30 p.m.



CHAIRMAN

ATTEST:



SECRETARY