

MINUTES OF REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY, HELD
WEDNESDAY, AUGUST 26, 1992, AT 6:00 PM, ADMINISTRATION BUILDING,
KISSIMMEE, FLORIDA

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

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

B. AWARDS AND PRESENTATIONS

1. FMEA ANNUAL SAFETY AWARDS

Two Safety Award Certificates were received from FMEA for no lost-time accidents, one in Category IV and the other in Category I. They were presented by Chairman Hord to Ken Davis, Director/Engineering, and Ben Sharma, Director of Power Supply, respectively. The various departments represented under these categories were congratulated for no lost-time accidents.

2. 15-YEAR SERVICE AWARD - EARL SWEENOR

Earl Sweenor, System Load Dispatcher, was honored for his 15 years of service. Mr. Welsh introduced Earl to the Board members and gave some background work history. Earl began employment with the City and about eight years ago transferred to KUA's Dispatch Center at Marydia. His responsibilities include minute-by-minute and day-by-day observance of the economics and reliability of the system and handling emergencies during storms. Earl will move to the new Energy Control Center later this year. Mr. Welsh thanked him personally for all his help and contributions in achieving economies.

A thermometer plaque was presented to him by Chairman Hord with thanks and best wishes for another 15 years with KUA!

3. 15-YEAR SERVICE AWARD - SARAH TOMPKINS

Sarah Tompkins joined the City of Kissimmee on August 2, 1977 as night dispatcher, later became a meter reader and soon thereafter she became a Customer Service Rep. This was before there were in-house computers and when punch cards were used. In 1979 the City became computerized and Sarah became the Data Entry Clerk key punching every meter read--a tremendous amount of information into the Data Processing system. She was involved in the conversion from the 36 to 38 System and instrumental in the implementation of the ITRON System. Sarah is very dedicated and hard working and her efforts are indeed appreciated. We're happy to have you on board, Sarah!

Chairman Hord presented Sarah with two Crystal oil lamps with congratulations from the Board.

4. SEPTEMBER EMPLOYEE OF THE MONTH - LARRY MATTERN

Mr. Welsh gave a brief history of Larry Mattern's Apprentice Electrician position. Larry was spontaneously selected by his fellow employees, a tremendous honor. He was instrumental in helping install the new computer system in the Steam Plant control room. His job performance and enthusiasm are an indication of his giving that "extra measure".

An Employee of the Month plaque and a \$100 U.S. Savings Bond were presented to Larry. In addition, he will receive a day off with pay and a "reserved" parking space for October. These are tokens of his well-deserved recognition.

C. HEAR THE AUDIENCE - There was no audience response for comments.

D. PUBLIC HEARING

1. RESOLUTION NO. R92-7 AMENDING OUTDOOR LIGHTING RATES

Mr. Welsh stated that at an earlier meeting the Board concurred with the recommended rates. These were filed with the Public Service Commission, followed by a 30-day waiting period. The existing rates remain the same; this amendment merely offers some additional options for customers.

Joe Hostetler, Director/Finance, highlighted the purpose of the amendment. Staff is recommending the Board approve Resolution No. R92-7.

This was announced as a Public Hearing; however, there was no audience response.

Director Lowenstein moved to accept staff's recommendation for the approval of Resolution No. R92-7 amending KUA's Outdoor Lighting Rates. Seconded by Director Bobroff.

Director Gant was concerned that we are not addressing the true cost for the public lighting and that we should give a truer cost up front. Mr. Welsh explained this favorable rate is directed at the individual, but the City/County developer might be able to get this rate.

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

E. INFORMATIONAL PRESENTATIONS (REQUIRING NO ACTION)

1. CANE ISLAND PROJECT STATUS REPORT BY BLACK & VEATCH

A number of Black & Veatch (B&V) officials were present to update the members on this project:

Mr. Don Knighton, Acting Partner-in-Charge of KUA's B&V projects, introduced his successor and partner-in-charge, Don Schultz; soon-to-retire Earl Windisch; Project Manager on the Cane Island Project Hobart Jacobs; Licensing Manager David Lefebvre and Mike Simpson, of Orlando. A brief history was given on each consultant present. All have long-term impressive experience in their field of endeavor and have worked on countless KUA projects over the years.

Don Schultz, assisted by Hobart Jacobs, made a short presentation regarding the services, schedule and cost of the Cane Island Unit 2 Project.

Via an overhead, David Lefebvre gave an update on the licensing status and their projected schedule for the existing permit applications filed for the development of the Cane Island site both for the 40 MW simple cycle unit and 120 MW combined cycle unit and the transmission line to the Clay Street substation. Some complications arose between the loop-in line between OUC's Taft/Lakeland line and the Corps of Engineers will require a new permit application to be filed for all three segments of the project: the site and gas pipeline, the substation transmission line and also for the new transmission line loop-in for the Taft/Lakeland line. Some delays will be experienced in key projects until the latter part of this year or early 1993, even though progress is being made in other areas.

Chairman Hord inquired what these delays would do to the timetable of our original project and requested that a discussion be had regarding this. Mr. Welsh said we should concentrate on the licensing of the project and other efforts should be stepped up at this time except for those necessary to move forward with the licensing. Until we get closer, an alternate recommendation would be made to the Board.

Brief discussion followed on the necessity of having an "expediter" to check on the required commitments and keep the project rolling to meet set time frames.

Chairman Hord referred to the contract we have on the generator on hold with General Electric and asked when the release date was. Mr. Welsh said it is on hold until we release it, somewhat indefinitely. Mr. Sharma stated that if we reactivate the contract by December, they could supply the generator by July 1993, but if it goes beyond December 1992, General Electric does not know the shipment schedule. Mr. Welsh suggested delaying this until we have further assurances. A penalty or escalation fee was discussed for going beyond due dates.

Mr. Lefebvre said the primary restriction we face is that Disney is leery of bringing anyone on site until after their South Florida Water Management permit application for their project, Celebration, is voted on by the Board on September 10th. B&V cannot bring any agency personnel onto that transmission line corridor as they are anxious and concerned we not disturb their plans.

Hobart Jacobs gave a presentation and update on the engineering project status. They are ready to start construction when permitting is in place. Most of the management documents have been completed which control the design. Among those listed was a project design manual which establishes controlling requirements, economic criteria, site information, codes, etc., for the various disciplines. Site and plan arrangements are completed; architectural design for the three major buildings to be on site (services building, water treatment and fire pump house) are underway. He listed many other things being processed and evaluated.

Chairman Hord asked if these issues will hold up the project. Mr. Jacobs said it won't keep them from starting early; however, the combined turbine may slow the process down.

The members stated to Black & Veatch that the Board can meet promptly whenever necessary for their approval of various entities by calling a Special Meeting within 24 hours in order to expedite the project.

Presentation continued and discussions followed. Chairman Hord expressed concern that certain phases may be delayed an excessive amount of time. He suggested going directly to the County Administrator early on to expedite any extensions required from the County.

Mike Simpsons, B&V of Orlando, gave a status report on the substation and transmission line. Essentially the design of the Clay Street substation is pretty well along. Major long lead time equipment is on order. Bids were received for the relay control packages. Bids will be coming in for the major substation structures and equipment shortly and evaluation will be completed soon. He highlighted other progress underway. One foreseeable problem might be the transmission line right-of-way.

Attorney Ed Brinson said the Board might have to pass a resolution for possible condemnation of the right-of-way. Ken Davis said surveys on the right-of-way are completed; we are in the process of doing appraisals within three weeks. Mr. Brinson said through quick-taking we could have the legal right to use the right-of-way.

F. OLD BUSINESS

G. NEW BUSINESS

1. ENGINEERING SERVICES PROPOSAL FROM BLACK & VEATCH FOR THE CANE ISLAND COMBINED CYCLE UNIT 2

Mr. Sharma highlighted the status of the engineering services for Unit 2 (as stated in the agenda item), which was followed by a detailed account from Don Schultz on personnel in charge, scope of services, etc. A schedule of milestone dates was detailed, beginning with engineering start-up on September 1, 1992 and a completion date of January 1, 1995. Construction management was added to this project.

Staff is recommending that we do not authorize any of the expenses specified until the concept is agreed upon. In-depth discussion followed on the costs, anticipated delays, permits, deadlines on certain phases, etc.

Mr. Welsh capsulated this by saying the whole project needs to be analyzed and if there is one element requiring extra time and dollars, Black & Veatch may be able to move ahead and not lose time. If anything can be done up front we need to be kept informed and not get bogged down suddenly.

Staff recommends that the Board approve the Scope of Services in concept for the Combined Cycle Unit 2 but defer authorization of the spending of these funds until a later date. Staff also recommends that we employ Black & Veatch for the construction management services.

Director Bobroff moved to accept staff's recommendation for Option 3 to approve the total concept as presented by Black & Veatch for Unit 2 for both engineering and construction, and permitting and licensing, but NOT to proceed unauthorized on these at this time. Seconded by Director Lowenstein.

Director Gant commented he was saddened about the position in which we find ourselves, the Board in not being more assertive in directing staff and Black & Veatch and staff for not meeting the goals and guidelines they set for themselves. He was concerned we would not meet our dates now, that Black & Veatch would not accomplish the permitting process in order that we can make our decisions. He stressed we don't have the information and material necessary to make decisions. Had we gone into a single unit, in hindsight, it would have avoided these problems and delays. He said this project needs to move forward if we are to make decisions in providing Black & Veatch with revenue or income to make engineering provide the services for us. He hoped they would commit themselves to this project.

Motion carried 5 - 0

In response to Director Gant whether staff reviewed the costs contained in the Black & Veatch document, Mr. Welsh said that staff at all levels thoroughly reviewed it with Black & Veatch and negotiated on the scope of services. Our Internal Auditor has begun auditing professional services and will be auditing our accountants, our attorney, and others related to these projects.

Mr. Welsh said when staff comes back, we'll work quickly on what has been approved in concept.

**2. ESTABLISHMENT OF FUNDING SOURCE FOR CANE ISLAND UNIT 2
(COMBINED CYCLE UNIT)**

Mr. Sharma stated that following FMPA's (Florida Municipal Power Agency) decision to participate, the Board approved a budget of \$20,350,321 for the Cane Island Combined Cycle Unit in FY 1993. Out of this budget a working fund needs to be established immediately for the construction of Unit 2 at Cane Island and staff has asked that \$200,000 be transferred into the account from Future Capital Reserves. Mr. Sharma explained we have to separate all expenses for Unit 1 and Unit 2. Unit 2 expenses must be approved immediately for \$200,000. Discussion followed on expenses and cost savings.

Director Bobroff moved to approve the establishment of a project account for the construction of Unit 2 (combined cycle unit) at Cane Island and authorize the transfer of \$200,000 into the account from Future Capital Reserves. Seconded by Director Gant.

Motion carried 5 - 0

The meeting recessed from 8:00 to 8:10 p.m.

**3. CLAY STREET SUBSTATION AND ASSOCIATED TRANSMISSION LINES;
ADDITIONAL ENGINEERING AUTHORIZATION**

Ken Davis, Director/Engineering, addressed this agenda item. Originally when plans were put in motion for the Clay Street substation, we did not realize that basically they would be included as part of the overall permitting for the power plant site; therefore, some items have come up since. Black & Veatch has requested that \$40,000 be authorized for permitting in right-of-way assistance. It would also cover other expenses: evaluating two sites, permitting, cultural resource study, environmental assessment work for the transmission line, etc.

Mike Simpson updated the Board on the permitting and highlighted some meetings which have been held with the DER (Department of Environmental Regulation) and other agencies. He said B&V underestimated the additional work and costs involved in permitting for two potential sites (Suhl and Lyng properties). Some discussion followed.

Director Bobroff moved to authorize an additional \$40,000 to Black & Veatch for right-of-way and permitting assistance for the Clay Street substation and the associated transmission line project. Seconded by Director Lowenstein.

Motion carried 5 - 0

**4. TAFT/LAKELAND/CANE ISLAND TRANSMISSION LINE ENGINEERING
SERVICE**

Mr. Davis said there are seven tasks under this project. Engineering costs total \$730,000 out of an overall project budget estimated at \$6,700,000 based on the line route along the Disney canal. We are required to do the permitting for this line, including soil boring work and other work. Staff is requesting authorization for Black & Veatch to proceed with these four tasks for a not-to-exceed total of \$265,000 (detailed in the agenda item). The Board asked about markups on subcontracted services (Tasks 2 and 3) and were told there is no markup on subcontractor services. Tonight approval is being sought for approval of scope of services to establish the project.

Director Bobroff moved to approve authorization for Black & Veatch to proceed with Tasks 1, 2, 3 and 4 and for the establishment of a not-to-exceed project fund in the amount of \$265,000; and further authorize the transfer of funds from the Reserve for Future Capital Outlay. Seconded by Director Lowenstein.

Motion carried 5 - 0

Mr. Welsh also asked the Board to approve Tasks 5, 6 and 7 of the Engineering Proposal at this time in concept only but that no authorization be included here. Mr. Davis said all the tasks, except 5 and 7, are based on estimated fees.

Director Gant moved that the Board authorize the approval of the overall Scope of Services for Engineering Services for Tasks 5, 6 and 7 in concept only but not in terms of dollar authorization. Seconded by Director Jones.

Motion carried 5 - 0

5. PRODUCTION COSTING SOFTWARE

Brief presentation and discussion was had on three types of computer software packages for the Bulk System Planning Division. Of the three (POWERPRO, ENPRO and PROSYM) researched by Robert Miller, Manager of this Division, it was the recommendation of staff for the Board to approve the purchase of the PROSYM production computer package as having the most desirable features. Discussion followed on the pros and cons of these three packages.

Director Jones moved to approve authorization to purchase the PROSYM production computer package for a not-to-exceed amount of \$32,500. Seconded by Director Lowenstein.

Motion carried 5 - 0

6. JOINT OWNERS OVERSIGHT PROJECT AGREEMENT

Joe Hostetler briefly highlighted the auditing service agreements for OUC's (Orlando Utilities Commission) Stanton Unit 1, OUC's Indian River Combustion Turbine Units A & B; and FPC's (Florida Power Corporation) Crystal River Unit 3 Nuclear Plant, better known as the Joint Owners Oversight Project Agreement which FMPA oversees for the participants. Mr. Hostetler felt the contract is cost effective on all three plants. To date the contracts have saved KUA \$96,000 on CR 3 (Crystal River) and FMPA estimates a savings of \$374,537 in the future based on their audit findings due to changes in allocations by FPC, to our benefit.

Director Gant moved for approval of the Joint Owners Oversight Project Agreement and for the Chairman and Secretary to execute said contracts. Seconded by Director Bobroff.

Motion carried 5 - 0

7. CARROLL STREET BUILDING PROJECT - CONSTRUCTION CONTRACT CLOSEOUT

Ken Davis gave a verbal report on the closeout of the construction contract. He addressed the original contract for \$2,235,535 with a completion date of March 23, 1992 and with 14 Change Orders (CO's) totaling \$100,145. The City will reimburse KUA for \$22,011 for a water main crossing Carroll Street, bringing the total Change Orders to \$78,000 for the project. \$66,000 of the CO's were directly related to an upgrade in our sprinkler system (at the request of our insurance company), with the balance going to various areas. The contract ran 65 days over to a substantial completion date of July 5, 1992 (including several extensions

granted). A damage clause of \$250 per day equated to \$16,250 liquidated damages.

Staff is recommending that we not pursue the liquidated damages. GCI, Inc. did do everything possible to bring the contract to a timely conclusion; however, carpet and window deliveries did cause delays. Discussion followed on our leased premises at Waterfront Square, what it cost KUA monthly for those quarters and the urgency to move. Chairman Hord felt it did cost KUA approximately \$4,000 while waiting those additional days to move into the new building due to construction delays. Mr. Davis pointed out that the phone and computer hookups were delayed up until our move-in and would have necessitated our continuing our lease at Waterfront Square even if the new building had been completed earlier. The Board and staff early on had stressed the importance of not jeopardizing quality for speed in completing the project. Final papers and affidavits were received from GCI per the contract.

Mr. Tim Fierro, addressed the contract closing and the requested liquidated damages of \$16,250 towards the end of the contract which he felt GCI was entitled to. Mr. Fierro declared he has documentation of delays and reasons for them. He stated two subcontractors had gone bankrupt, for which GCI had to pay twice for their services and costs, costing them an approximate \$52,000 overrun on the project. He expressed concern in doing the right thing for his client and subcontractors and keeping his good business reputation intact; therefore, he had to absorb a tremendous loss. He said he could not jeopardize quality near the end and wanted to produce a quality job.

Mayor Pollet had no problem with the job; however, he was concerned that we had a contract with GCI (with liquidated damages clause) and if we could not justify the additional days, GCI should pay the damage. This was a regular business transaction and our not being able to move in was beside the point; GCI received justifiable extensions but that we do not agree to an additional 30-40 days. He felt they should pay the damages, and not have KUA hand him what is perceived to be a "bonus" for a job he was expected to perform.

Director Jones inquired if we are setting a legal precedent if we forgive these charges. Attorney Brinson said it is more of a compromise rather than a precedent.

Mr. Welsh stated that the Board and staff emphasized to Mr. Fierro early on that we were interested in quality of the project and not rush, towards the end, and sacrifice quality. Mr. Welsh had said that he could not assure Mr. Fierro the liquidation damages since the Board makes that decision; however, it would be his recommendation to the Board that because of his performance to date that we not seek liquidated damages. He further pointed out that Mr. Fierro will want to negotiate.

Mr. Fierro said if KUA pursues the damages, he can get his documentation on his delays and could apply for general extended conditions and costs for supervision. In the long run, he said, it would cost KUA a lot more money. He did not request these costs because of his favorable rapport with staff. Discussion continued. The punch list is completed except for the changeover of the front door lock and minimal grading out back. KUA held back \$250,000 for a 30-day period pending completion.

Mr. Welsh's recommendation, based on the performance of the contract and effort of staff and attorney if we don't settle at this point, is that we not pursue the liquidation damages and the consider the contract closed out.

Director Bobroff moved that we accept staff's recommendation and close out the contract on the Carroll Street building, with no delay/liquidation damages. Seconded by Director Jones.

Director Bobroff felt the contractor did a favorable job in order to get the best building possible.

Director Jones was concerned as to the legality. Mr. Brinson said no recourse could be held against us if we approve this recommendation. A precedent has not been established in this respect. Director Jones said that if this recommendation is approved tonight, that for the record GCI should substantiate their liquidation damages versus cost overruns. Mr. Brinson said this could lead to mediation or court action, with considerable time and expense expended on both sides and he suggested a compromise as a solution. Staff's recommendation is based largely on business consideration and it's possibly not being cost effective to pursue the damages.

Motion carried 4 - 1
Chairman Hord Opposed

H. STAFF REPORTS

1. MONTHLY PROGRESS REPORT ON ENGINEERING PROJECTS

Report accepted as written.

2. NEPTUNE ROAD LINE RELOCATION DESIGN CONSIDERATIONS

Mr. Davis agreed with the Board that we be more proactive in the future when relocating poles. He showed several overheads indicating where the changes had been made on Neptune Road.

3. CONDENSED FINANCIAL REPORT

Mr. Hostetler stated that we had a very good month in July. The megawatt hour sales estimate was exceeded as shown in our favorable variance of revenues for July of almost \$1 million. He highlighted the favorable/unfavorable variances in the different categories. The bottom line is we had \$247,000 excess revenues over the estimate for July. Questions were responded to by staff on delay of the Work Order System due to some problems with software and the upgrade of the AS-400.

4. MONTHLY REPORT ON POWER SUPPLY DEPARTMENT PROJECTS

Report accepted as written.

5. ELECTRICAL MAINTENANCE WORKSHOP/WAREHOUSE MEZZANINE

Ken Lackey, Director/Transmission & Distribution, said the project is complete with the exception of one punch list item.

I. CONSENT AGENDA

Moved by Director Jones, seconded by Director Bobroff, to accept the Consent Agenda as presented.

1. APPROVAL OF MINUTES OF JULY 22, 1992, MEETING
2. ANNUAL REQUIREMENT FOR OVERHEAD/UNDERGROUND WIRE, IFB #030-92
3. ANNUAL REQUIREMENT FOR TREE TRIMMING, IFB #032-92
4. REMOVE/REPLACE UNIT 8 STACK SILENCER, IFB #038-92

Motion carried 5 - 0

J. HEAR GENERAL MANAGER, ATTORNEY, DIRECTORS

GENERAL MANAGER

Mr. Welsh informed the Board that an Open House and dedication ceremony is scheduled for Thursday, September 3rd, between 10:00 - 2:00 p.m. for the public and the Board was invited.

On September 13, 2:00 p.m., a Bureaucratic Bash (softball tournament) between the City, St. Cloud, County, School Board, Sheriff's Department and KUA is being held. Mr. Welsh invited the members to play on this United Way fund raiser team.

The next KUA/City Commission meeting will be held Monday evening, October 19th, 6:00 p.m., in the KUA Board Room at 1701 West Carroll Street.

At the suggestion of the General Manager, and following a brief discussion, the Board agreed that a letter be sent to Mr. Tim Fierro, GCI, commending him for a quality job in the construction of this Administrative facility.

Director Bobroff wanted it stated for the record how KUA pitched in to help the devastated areas caused by Hurricane Andrew recently. Mr. Welsh read off a list of equipment and crews sent to Homestead, Florida, by Transmission & Distribution on August 26th to assist in restoring power. This is under our mutual aid agreement with other utilities in Florida.

ATTORNEY - No comments

DIRECTORS

Director Lowenstein was impressed with and commended staff on the Closing on August 25, 1992 for the Cane Island Project by KUA/FMPA which should be a good partnership for both parties.

Director Gant commented that during a Chamber of Commerce meeting, Project 2000 (a program set up to bring industry into the community) felt that a study needs to be done for the County which would evaluate the position of its needs, potential and resources and what types of businesses might be approached to come into the County. The Chamber will control the program and will approach the City and County and he felt it would be appropriate for KUA and the School Board to participate. It is a worthwhile program and he suggested having this on the agenda at the next meeting.

Chairman Hord added that a professional demographics analyzer might be hired to look at Osceola County to see the good and bad market potential. A business that, for example, employs people is a great marketing idea for adding customers.

Chairman Hord asked if the members were aware that FPMA's share of Cane Island is \$3 million. Mr. Welsh said it will be a substantial savings throughout the life of the project both in the operating costs and capital costs.

There is a Chamber of Commerce Breakfast from 7:30 to 9:00 a.m. on September 2nd. Directors Bobroff and Lowenstein planned to attend.

K. ADJOURNMENT: Meeting adjourned at 10:35 p.m.



CHAIRMAN

ATTEST:



SECRETARY