

MINUTES OF REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY, HELD  
WEDNESDAY, APRIL 27, 1994, 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 Walter, Attorney Brinson, President & General Manager Welsh, and Recording Secretary Scott. Mayor Pollet was absent.

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

B. AWARDS AND PRESENTATIONS

1. 20-YEAR SERVICE AWARD - GUS CERQUEIRA

Gus Cerqueira, Power Plant Operator, joined us as an Assistant Power Plant Operator, and was later promoted to Operator. Mr. Welsh reminisced about a night shift they had spent together about 11 years ago and expressed what a pleasure it was. Mr. Welsh thanked Gus for his 20 years of service to this utility and the community. Chairman Hord presented Gus with his service award and thanked him for 20 years of service.

2. 5-YEAR SERVICE AWARD - SHARON GACEK

Sharon Gacek, Information Records Specialist, was unable to attend to receive her award due to prior commitment. Her Department Director will make the presentation at the appropriate time.

3. EMPLOYEE OF THE MONTH - RICHARD HINDMAN

Richard Hindman, Assistant Power Plant Operator, was selected by his fellow employees as the employee most worthy of being honored as KUA's Employee of the Month for May. Mr. Hindman is currently attending Valencia Community College, working towards an Associates Degree in Electric Power Systems. Mr. Welsh stated Richard was very ambitious and commended him on it and also congratulated Richard on being honored by his peers.

Richard was presented with a plaque and a \$50 check. He will also receive one day off with pay and a reserved parking space during May.

4. DISTINGUISHED BUDGET PRESENTATION AWARD

Chairman Hord presented an award from the Government Finance Officers Association to Mr. Joe Hostetler, Director of Finance, on behalf of his department. Mr. Welsh stated this was the seventh year in a row KUA has received the Distinguished Budget Presentation Award. Chairman Hord expressed his appreciation for the great work. Mr. Welsh explained that the requirements of the association are not easy and they take a lot of attention, professionalism, and responsiveness to their stringent requirements which increase every year.

C. HEAR THE AUDIENCE - None

D. PUBLIC HEARING - None

E. INFORMATIONAL PRESENTATIONS (REQUIRING NO ACTION)

1. MONTHLY CONSTRUCTION PROGRESS REPORT OF CANE ISLAND PROJECT

KUA's owners Representative, Greg Harrington, presented an overhead which detailed the report card on the project. Greg explained there was a slippage of approximately two days due to the foundations for the Heat Recovery Steam Generator (HRSG) and the Generation Building, however, there would be no impact to the project.

Greg explained there was a slight rise in the safety percentage due to a loss-time accident of one of the pipeline contractor's employees.

Chairman Hord inquired as to when Patterson & Wilder were to start the horizontal boring. Greg reported the contractor mobilized last Monday and completed the work on Monday, April 25. Greg explained that the video would better show the work involved in the directional boring. Mr. Welsh explained there was quite a write-up on directional boring in *Scientific America* and that it is really a new technology which has opened up a number of things, including more efficient drilling of oil fields.

Greg showed slides indicating aerial photographs of the site taken in March and on April 8. He indicated that construction of the site is 77% complete.

Director Bobroff asked if there was a valve on the gas pipeline to provide gas to other utilities should they have the need. Greg indicated there is no valve, or any way for them to tap, although there could always be a tap placed in the line at a later date.

Greg indicated that to date the project was on schedule to support the July 29th start-up date for Unit 1. Overall Unit 2, including engineering and procurement, is approximately 59% complete.

Greg showed the video taken of the site and described different areas of progress. The video showed the length of the gas pipeline, approximately 2200 feet, and the equipment used for the directional boring.

Chairman Hord inquired as to how the boring was accomplished. Greg explained that the shaft length is extended by attaching shaft portions, "sticks", and shoving the pipe through the machine, similar to a big lathe. Antennae, black insulated wire, is laid on the ground on either side of the shaft; one is positive, the other negative which guide the shaft. The first step in the process is to go through the line with a pilot shaft taking the shaft to the other side, then pre-drill with smaller bit, then ream it with a bit about the same size as the pipe. At this point the pipe is attached and pulled back through. Mr. Welsh indicated he would send a copy of the article on directional boring to each Board member.

2. IMAGING AND OPTICAL STORAGE

Mr. Dennis Wick, Director of Information Systems, introduced Abby Roberts and Alan Wiessner of Integra Business Systems. Ms. Roberts gave a short demonstration on the Imaging and Optical Storage System, Docubase. Ms. Roberts explained that the data is stored to hard drive then moved to the permanent disk. The disk will hold 1.4 gigabytes of data, comparable to 500,000 sheets of computer generated paper and cost \$125 each. Director Bobroff asked about the speed of retrieving maps such as our CAD system. Mr. Wiessner indicated the speed would be determined by the hardware.

Ms. Roberts explained the background of Integra Business Systems.

Director Walter asked about the cost of the total system. Mr. Wick indicated the software was \$14,000 and the hardware would be approximately another \$15,000. He indicated that KUA has researched optical systems for close to three years now and found there is no one in the market who offers the cold storage and the imaging system at this price.

Director Gant asked about the use of CD ROM versus the Optical Storage System. Mr. Wiessner indicated that the optical system is much more sophisticated, more reliable and faster than CD. Director Gant pointed out that this technology is changing rapidly and the cost of the systems is decreasing. Mr. Wick offered to provide a cost comparison which was declined. Mr. Welsh stated that this is an approved budgeted project and that without different direction from the Board that the procedure would be for staff to evaluate the most cost effective system and to proceed directly with its acquisition.

#### **F. OLD BUSINESS**

##### **1. APPROVAL OF FLORIDA POWER CORPORATION'S (FPC) PROPOSAL FOR THE MAINTENANCE OPERATOR TRAINING PROGRAM**

Mr. Welsh indicated that this program is in conjunction with the staffing of Cane Island which will take place over the next three budget years. The participants in the training program will be those we feel qualified and can benefit from the program. It is a voluntary program.

Mr. Ben Sharma, Director of Power Supply, mentioned that the conception of the Maintenance Operator position and the training required were discussed during the meetings in January and March. Mr. Sharma stated the success of the Maintenance Operation concept depends on the training; it is custom made for the existing people and new hires. Mr. Sharma indicated that the Transmission and Distribution Department has been utilizing Florida Power for the training of linemen and other T&D personnel.

Mr. Sam D'Avico, Manager of Power Production Training for Florida Power Corporation, has been working with Mr. Jeff Ling, Manager of Power Production, to customize the training to the caliber of the employee. Mr. Sharma indicated that if the training was not meeting our requirements we could stop at any time. He explained that the cost is \$200 per student per day plus an estimated 17% adder for expenses.

Director Lowenstein asked if FPC was the only company giving this training. Mr. Sharma indicated as far as he knew they were the only one in the State of Florida. Director Bobroff inquired about the tie of the cost of training with the money matters of Cane Island. Mr. Welsh explained the expense would be shared equally with our partner, Florida Municipal Power Agency (FMPPA).

Mr. Sharma said that on Page 2 of the agenda item he indicated that it had been ascertained by the Finance Department that the training expenses could be capitalized, however, that will not be determined until we talk to FERC (Federal Energy Regulatory Commission) personnel. Mr. Sharma stated the cost of the training could come out of the construction fund meaning half of the expense would be paid by FMPPA.

**Motion was made by Director Bobroff to approve Florida Power Corporation's proposal No. PPT-PR-940003 dated March 16, '94 for the training of twenty-four (24) existing KUA operation personnel converting them into Maintenance Operators for a not-to-exceed fee of \$261,846. Seconded by Director Walter.**

April 27, 1994  
Page 1224

Chairman Hord commented that working the numbers backwards, it looks like the program is about nine weeks for each employee. Mr. Sharma said it would not be nine weeks for each employee; some will need more training than others. Mr. D'Avico added that would be

correct if everybody got the exact same training and the exact same number of courses. The program has been tailored to each individual's need so it depends on the number of days a person would attend and the number of courses taken as to the exact dollars and length of time that would be associated.

Chairman Hord asked if FPC had exact or similar equipment as what we'll be using for the training system. Mr. D'Avico stated the equipment is identical. Mr. Welsh asked if there would be a point when we would be able to train our own employees. Mr. D'Avico indicated that was correct and commented that as Mr. Sharma said at the beginning of the presentation you can stop this program at any time you want and when you feel your people are at a level to function as Mechanic Operators, then that's it, the end of the program.

**Motion carried 5 - 0**

## **2. FIBER OPTIC INSTALLATION AND MAINTENANCE AGREEMENTS**

Mr. Welsh explained that we will be exploring the possibility of a fiber, optic network and how we would want to operate that, and the legal ramifications of such. He stated one element that we would want to have is the ability to have somebody contract with us to put in fiber at their expense for us to add to the fiber network, giving us 18 of the fibers and them taking any additional amounts. He indicated the recommendation to the Board is that we have the ability to write fiber optic extension contracts similar to the way we write line extension contracts for any entity that would approach us with the same deal that would add to our network.

Mr. Ken Davis, Director of Engineering, indicated this was an outgrowth of discussions with the City and County regarding the fiber that we are putting in for the radio communications. The City expressed an interest in getting fiber run to various locations. We have discussed with the City how we would install this fiber and how we would structure the pricing. He further stated the City would pay an estimated amount, and then we would charge them actual cost. Mr. Davis explained what KUA would gain out of this is the start to building an infrastructure of fiber and there would be a significant savings for the City since we would be able to use existing pole routes and poles to attach this to, instead of running it underground which would be required if the City used an independent contractor.

**Motion made by Director Bobroff, seconded by Director Walter to approve the concept of installing fiber optic circuit. for other organizations per the Fiber optic Installation and Maintenance Agreement, and authorize the President and General Manager to execute such agreements.**

Chairman Hord asked if the cost to be borne by those requesting the service included labor and materials. Mr. Davis indicated that was correct and that we would be using standard Transmission and Distribution costs. He added there would be a minimal amount of outside contract work to actually do the splicing of the fibers because of the cost of the equipment. This cost is included in the \$56,226.

Director Gant asked if this was a sharing of ownership of the fiber to which Mr. Welsh explained that KUA would get 18 of the fibers and any other party would pay for additional fibers as they required. He added that in the future, with the 18 fibers creating the fiber optic network, that we could actually have other parties utilize the

April 27, 1994

Page 1225

system by being on a ring, not a devoted fiber, or by developing a rate and fee schedule for putting information through the system.

Director Lowenstein asked if the network would support the automated meter reading devices. Mr. Welsh explained that at some

point in the future fiber to every household would enable things such as direct meter reading without a meter reader going out. Director Lowenstein inquired if the 18 fibers would be adequate to support the meter reading process. Mr. Welsh commented the 18 fibers would more than likely be more than adequate.

Motion carried 5 - 0

**3. AUTHORIZATION OF ADDITIONAL FUNDS FOR BLACK & VEATCH'S CONSTRUCTION MANAGEMENT (CM) SERVICES**

Mr. Welsh explained that Black & Veatch (B&V) could not enter into a not-to-exceed contract for Construction Management as they normally do for their engineering design services because of the uncertainty of the construction process itself.

Mr. Sharma explained the contracts for Construction Management of Unit 1 and Unit 2 were entered into in October, 1990 and August, 1992, respectively. He stated that construction management services are always estimated based on the projected manhours and relocation costs of the people to be on the site. Due to some overlaps of the construction management work, the Unit 1 costs increased where Unit 2 have decreased. The increased costs are primarily due to the delay in the permitting process and the soil conditions requiring ground modification. Two specialists had to be brought in for 45 days which constituted \$65,000 out of the \$100,000. Now that we have a compressed time frame to complete both Unit 1 and Unit 2, B&V have two people more than originally projected. The ground modification work was applicable to Unit 1, Unit 2, and the switchyard, however, the expense came out of the Unit 1 budget.

Director Gant asked if the staff felt these fees were appropriate. Mr. Welsh indicated there was a lot of discussion with staff and with the Owner's Representative and determined the costs were very cost effectively made.

Director Gant asked why we would want to limit the second contract now, it will run at least a year and a half. Mr. Welsh explained we have the best estimate as of right now as to what the cost will be and that billing will be on a cost as incurred basis.

Mr. Don Schultz, Partner-In-Charge from Black & Veatch, explained the overrun on Unit 1 was because B&V has squeezed the schedules and put them one on top of each other. At the time B&V proposal, there were 30 months of construction scheduled, with Unit 1 being completed and Unit 2 following. He further explained that they have reduced that to 21 months now, so when that reduction came about B&V brought on more people for Unit 1. B&V has been able to utilize those people on Unit 2 as the work has progressed. There has been overtime on this project which could affect the total cost of the construction management. The construction people only get paid straight-time when they work overtime and only work if the contractor works overtime. Chairman Hord commented that the estimates on Unit 1 should be very close with the operational date four months away. Mr. Welsh added that the staff felt this was the best estimate at this time.

**Motion made by Director Walter to approve an additional amount of \$100,589 for Black & Veatch's Construction Management Services for Units 1 and 2 and the reorganization of the CM costs. Seconded by Director Gant.**

Motion carried 5 - 0

**G. NEW BUSINESS**

**1. APPROVAL OF ACCELERATED HIRING FOR THE MAINTENANCE/OPERATIONS SUPERVISOR**

Mr. Welsh indicated the hiring of the Maintenance/Operations Supervisor had been discussed at the goals and objectives meeting and this position was approved for the 1995 budget. Mr. Welsh explained the request was to accelerate the hiring of the Maintenance/Operations Supervisor to August 1994.

**Motion made by Director Bobroff to approve the hiring of the Maintenance/Operations Supervisor in the Production Division of the Power Supply Department to be on board by August 1, 1994. Seconded by Director Walter.**

**Motion carried 5 - 0**

**2. LEASE AGREEMENT FOR VACANT SECOND FLOOR SPACE AT 8 BROADWAY**

Mr. Welsh indicated the City has approached us and asked that we give consideration to their need of some immediate space. Mr. Welsh commented the City would be a very compatible tenant and that we also would be able to realize approximately \$30,000 per year out of the vacant space. The lease price is \$10 per square foot for the approximately 3000 square foot space. He indicated the City is looking at a space planning study and one of the elements of that study is acquiring the 8 Broadway building.

**Motion made by Director Lowenstein for approval to lease the vacant office space on the second floor of 8 Broadway to the City of Kissimmee and authorize President and General Manager to execute lease agreement. Seconded by Director Bobroff.**

Director Walter commented that \$10 per square foot is the normal leasing rate, but it usually does not include water and electric. Mr. Welsh explained the building was currently being air conditioned and although there would be more body heat generated by being occupied, he did not feel the incremental cost of supplying electric would be as great as if it were turned off at this point, which it is not.

**Motion carried 5 - 0**

**H. STAFF REPORTS**

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

Director Gant commented that it would be helpful to have videos from time to time on the progress of the substations and other engineering projects. Mr. Ken Davis gave an update on the various engineering projects. He indicated the transmission line Cane Island to Clay street was completed, with the exception of punch list items. The Clay Street substation is near completion and it is planned to have all of the check-outs and start-up testing done by June 1st. The start-up for the Cane Island substation Unit 1 equipment is also targeted for June 1 and the remaining part of the substation equipment related to Unit 2 will arrive in 4 to 6 weeks of the completion of Unit 1. Work on the Carroll Street substation has just started with the preparation of the foundations for the transformers.

Mr. Davis indicated the requirements for potential right-of-way for the line between Airport and Carroll Street and Carroll Street to Marydia are nearing completion. Arrangements are currently being made for the use of easement for the line between Carroll Street and

Marydia with the Osceola Corporate Center, part of Dart Industry property. There are sections where we may have to have aerial easements from some of the adjoining properties.

Mr. Ken Lackey, Director of Transmission and Distribution, indicated a sign is being designed which reads "Future Site Of Kissimmee Utility Authority Boggy Creek Substation". Mr. Lackey added we are trying to notify the public that we are going to build a substation.

**3. CONDENSED FINANCIAL REPORT**

Mr. Joe Hostetler, Director of Finance, gave a presentation on this report and responded to members' questions.

He indicated that there was discussion last month about the Cane Island budget not being prorated, so this month the current month and year-to-date fuel budget has been prorated over the other fuel sources so that you can see the variance on COPA (Cost of Power Adjustment).

Mr. Hostetler explained that the positive variance showing in Other Operating Departments is partially due to the fact we issue purchase orders against a lot of the costs that are going to be accumulated within the departments, but are not shown here because purchase orders are not a recordable event in accounting. They are a legal requirement that we have to ensure the supplier meets their end of the agreement. Mr. Hostetler further explained it is not until we receive the goods or services that we can record it as an expense, therefore, the 6.5% favorable variance in operating costs is actually only about 4.5%.

In reference to a question on the surcharge revenue that we give the City and the County asked at the last meeting, Mr. Hostetler distributed reports received from them. Director Lowenstein pointed out that items 1 and 4 of the County's report was outside of our service district. Mr. Welsh said he would remind the County Manager of our agreement and make sure that it is corrected for this year.

Director Lowenstein complemented Mr. Joe Hostetler and Mr. Chris Gent, Media Specialist, on the excellent job done on the annual report.

Director Lowenstein inquired as to the status of additional accounting requirements for Cane Island. Mr. Welsh indicated the Finance Department was in the process of writing a white paper which would be completed this quarter and that we were very much ahead of schedule including auditing procedures.

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

Mr. Sharma indicated the spring overhaul was completed on the combined cycle unit one week ahead of time and it has been on line since Monday morning.

**I. CONSENT AGENDA**

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

1. APPROVAL OF MINUTES OF MARCH 23, 1994, REGULAR MEETING
2. APPROVAL OF MINUTES OF MARCH 24, 1994, SPECIAL MEETING
3. APPROVAL OF MINUTES OF APRIL 7, 1994, SPECIAL MEETING

4. ADOPTION OF ENVIRONMENTAL POLICY STATEMENT
5. APPROVAL OF CHANGE ORDER TO NOOTER/ERIKSEN'8 HEAT RECOVERY STEAM GENERATOR (HRSG) CONTRACT
6. CHANGE ORDER NO. 1 TO PURCHASE ORDER NO. 004150 FOR WESTINGHOUSE ELECTRIC CORPORATION
7. CHANGE ORDER TO THE UNIT 2 CONTROL VALVE SUPPLY CONTRACT WITH COPEX-VULCAN
8. CHANGE ORDER TO THE UNIT 2 COMBUSTION TURBINE SUPPLY CONTRACT WITH GENERAL ELECTRIC
9. CHANGE ORDER - CANE ISLAND UNIT 2 STEP-UP TRANSFORMER STRUCTURES AND EQUIPMENT
10. AWARD OF CONTRACT - ANNUAL REQUIREMENT FOR JUNCTION BOXES, IFB #027-94
11. AWARD OF CONTRACT - TWO YEAR REQUIREMENT FOR PADMOUNT/POLEMOUNT TRANSFORMERS - IFB #028-94
12. AWARD OF CONTRACT - ANNUAL REQUIREMENT FOR PADMOUNTED SWITCHES - IFB #029-94
13. AUTHORIZATION OF ADDITIONAL WORK FOR METRIC CONSTRUCTORS IN THE UNIT 2 SUBSTRUCTURE CONSTRUCTION CONTRACT

Mr. Welsh explained that the members do not get a chance to see the negative change orders so thought it would be good to point out some of those, since there are times when the scope of the work for the contract is less. Mr. Sharma indicated that there are negative change orders which the members may not be aware of some of which included one for Metric Constructors of \$150,105, one for Hungerford & Terry for \$89,450, one for Patterson & Wilder Construction for \$38,376.05, one for General Electric for \$103,600; those presented totaled approximately \$400,000.

**Motion carried 5 - 0**

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

**GENERAL MANAGER**

Mr. Welsh said we are in process of evaluating a request for proposal by us to the City of St. Cloud to provide them with maintenance on their T&D equipment. The maintenance would be done at our facilities which may give us an opportunity to achieve greater utilization of our facilities and benefit St. Cloud as well. He further explained the proposal is for repair and maintenance of hydraulic equipment and would not cause us hardship in our day to day activities. Mr. Welsh indicated there is a possibility that staff may have to be added, but this would be determined when a firm commitment was made from the City of St. Cloud.

Director Bobroff commended Mr. Welsh on the completion of his MBA as well as having received a leadership award. He added this achievement shows he is a leader not only here but elsewhere.

Mr. Welsh informed the Board that the budget meetings are scheduled for June 1 and 2, and there is a conflict in that there are a lot of graduations on these two days and asked if the meeting on June 1 could start earlier, perhaps 4:00 or 4:30 or review the budgets of these departments at the meeting on May 25. After discussion, it was decided to start the budget meeting at 4:30 p.m. On June 1.



Mr. Welsh invited the members to the KUA Spring Picnic to be held on Saturday, April 30th at the Elks Club on Kings Highway.

Mr. Welsh reminded members of the meetings of May 11 and 12 [if needed] for selecting a new Board member. He announced that two outstanding citizens who request to be considered, were in the audience, Mr. Bill Ralston and Mr. Ken Guthrie.

**ATTORNEY** - No comments

**DIRECTORS**

Director Lowenstein asked the status of the arrival of the gas turbines. Mr. Welsh indicated Unit 1 was due in Tuesday with the generator coming in today. Unit 2 is due in tomorrow and the generator is to follow on Friday. The transport company and GE are having some problems in obtaining final approval through the Department of Transportation, so at this point we do not know exactly when they will be delivered.

Director Gant expressed that it is unfortunate that we could not work something out to mutual benefit of KUA and the City of St. Cloud in either supply or management areas. Mr. Welsh said he would continue to meet with the City Commissioners and City Manager and plans to invite them to Cane Island and our other facilities to basically let them know were here if they would like to do anything further.

K. **ADJOURNMENT**: Meeting adjourned at 9:00 p.m.

  
CHAIRMAN

ATTEST:

  
SECRETARY