

MINUTES OF REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY HELD
WEDNESDAY, FEBRUARY 22, 1995, AT 6:00 PM, BOARD ROOM, ADMINISTRATION
BUILDING, 1701 W. CARROLL STREET, KISSIMMEE, FLORIDA

Present at the meeting were Chairman Gant, Vice-Chairman Walter, Secretary Bobroff, Assistant Secretary Lowenstein, Director Guthrie, Mayor Pollet, Attorney Brinson, President & General Manager Welsh, and Recording Secretary Rundio. (Mayor Pollet arrived at 6:10 p.m.)

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

B. **AWARDS AND PRESENTATIONS**

1. **PROCLAMATION FOR AFRO-AMERICAN EMPLOYEES**

In honor of Black History Month, General Manager Welsh invited Rev. Harold Stallworth, Apprentice Lineman, T&D, to accept a special Proclamation on behalf of all KUA Afro-American employees. Rev. Stallworth was the first Afro-American electric power line worker at KUA, having been hired on July 11, 1983. February is Black History Month and Mr. Welsh read the text of the Proclamation which Chairman Gant presented to Rev. Stallworth. This Proclamation commended all KUA Afro-Americans who have contributed significantly to the Kissimmee Community through the years as well as to the KUA work force. Denese Dolphus and Ronnie Hardee were instrumental in this surprise presentation.

2. **25-YEAR SERVICE AWARD - RANDY LANIER**

Randy Lanier, Journeyman Lineman, T&D, a 25-year veteran with KUA is entitled to become a member of our Quarter Century Club! Randy began work with the City of Kissimmee's electric department in 1970 as Groundman and has progressed to his present position, the highest ranking line service worker. Randy is willing to do whatever it takes to get the job done. A life-long resident of Kissimmee, Randy has seen many changes along the way in this organization.

Randy received a mantle clock as his award and appreciation from the Board members for a job well done!

3. **10-YEAR SERVICE AWARD - KENNETH BEVILLE**

Unfortunately, our 10-year recipient, Ken Beville, Lead Drafting Technician, Engineering Department, was unable to be present for his award. This award will be presented to him at a later time by Department Director Ken Davis.

4. **5-YEAR SERVICE AWARD - JO ANN ROBSON**

JoAnn Robson, Meter Reader, Customer Service, was also unable to be in attendance for her presentation due to a previous commitment. Ms. Chris Beck will present her award of an oil lamp at an appropriate time.

5. **EMPLOYEE OF THE MONTH - DANA WILLIAMS**

Every month several KUA employees are nominated by their fellow employees for this honor. Only one is selected by the Employees Organization Committee and this month kudos go to Dana Williams, Customer Service Rep II. Her co-workers state that she constantly represents what a caring and dedicated employee should be, and that

she is always willing to go the extra mile to help customers with their problem. She exhibits the One-Stop Shopping idea which we promote within KUA. Dana is efficient, generous and loyal. Our appreciation goes to Dana for researching bad check histories and especially for having the knack of recognizing counterfeit bills! Dana also holds honors for the "hat trick" plus two, for having been chosen the fifth consecutive Employee of the Month from Customer Relations!

The Board presented Dana with a plaque and a \$50.00 check. Dana will also receive one day off with pay and a "reserved" parking space during the month of March.

C. HEAR THE AUDIENCE

D. PUBLIC HEARING

E. INFORMATIONAL PRESENTATIONS (REQUIRING NO ACTION)

1. MONTHLY CONSTRUCTION PROGRESS REPORT OF CANE ISLAND PROJECT

Mr. Greg Harrington, KUA's Owner's Rep, gave a very informative presentation on the progress at Cane Island. Through slides he highlighted all the most recent changes and ongoing work in accelerating the most recent synch of the steam turbine towards a March 1st due date. He commended Mike Goering and his staff for their additional manhours and effort in getting Unit 2 running. He also exhibited a new sound adjustable meter used in registering sound levels at Cane Island.

2. CANE ISLAND PROJECT REPORT BY BLACK & VEATCH

Mr. Don Schultz, Partner, Black & Veatch, gave an update on Unit 2 scheduled for a March 1st synchronization though it's a tight schedule. The steam blow has been completed and General Electric is getting the steam turbine ready for operation. He capsuled the various phases of work still required; transmission is ready. Licensing for the percolation pond relocation is still pending, as well as other work which needs to be completed after March 1st. There is no problem with the drinking water. Today Fru-Con mobilized the site finishing contractor. Mr. Schultz noted that the licensing activities outweigh the engineering activities, but they're continuing.

F. OLD BUSINESS

1. JOBS 2000

Mr. Welsh stated that, as directed by the Board, he made a few modifications to the two pages (p. 35, 36) concerning KUA in the Jobs 2000 report. He tried to capture what he sensed was the feeling of the Board. Except for two areas, he felt that we would go along with it and felt we would support Jobs 2000. Mr. Welsh read the text of the Mission Statement and priorities set out for KUA on those two pages, with amended wording.

Chairman Gant questioned whether KUA wanted to use the word "develop" (third paragraph). Mr. Welsh rephrased it to read "work with the appropriate empowered agencies to 'develop'...".

Director Walter added, "within our existing service area".

Director Bobroff wanted the words, "or merging" deleted from the fourth paragraph. He preferred that we will do our own merging.

Motion by Director Bobroff, seconded by Director Lowenstein, to delete the words, "or merging" (fourth paragraph, page 35).

**Motion carried 4 - 1
Director Walter voted no**

Motion by Director Walter, seconded by Director Lowenstein, to approve the document, as amended.

Director Guthrie asked for a clarification of "cooperative ventures with other utility providers in the area". Mr. Welsh stated that we are in a cooperative venture with FMPA, OUC, in the Stanton plant. He did not see anything in that other than what we're already doing.

Chairman Gant felt that the writer of that document saw KUA as taking on this entire County in organizing the other utilities into one agency to develop a coordinated effort to support industry. It's a good idea; however, it would be difficult for us to accomplish.

Director Guthrie questioned the need for the word 'but' in "and recognize that the regional electrical grid is 'but' one of the infrastructure elements...". Mr. Welsh replied that we're saying it's 'one' of the infrastructure elements essential to sound economic development policy. Not the only one, but one. Director Guthrie said it implies it's the only one we recognize. The members agreed to delete the word 'but' and have it read, "the electrical grid is one of the infrastructure elements...". Brief discussion continued.

Motion carried 5 - 0

2. PROJECT ESTABLISHMENT AND ARCHITECTURAL SERVICES FOR WAREHOUSE/TRAINING FACILITY AT CANE ISLAND

The proposed new facility will serve two purposes: training and having some storage space for hardware and computers, etc. The planning phase should last a month and the approval for funding of the preliminary services is expected at this meeting. In March the final project budget and schedule will be presented.

Director of Supply, Ben Sharma, said we had asked Architect Chuck Parsons for the initial design at a cost of \$2,500. He briefly covered the costs and services for the entire project and explained the purpose of the training room.

Motion by Director Walter, seconded by Director Lowenstein, authorizing the establishment for the Warehouse/Training Facility at Cane Island; and authorize initial project funding of \$10,000. Further, authorizing Chuck Parsons to proceed with preliminary architectural services for a not-to-exceed fee of \$2,500.

Motion carried 5 - 0

G. NEW BUSINESS

1. CANE ISLAND GAS LINE MAINTENANCE AGREEMENT/FLORIDA GAS TRANSMISSION

This is an agreement with Florida Gas Transmission for the purpose of maintaining the gas line that we constructed. It would cover ongoing maintenance and for any emergency operations which may be required.

Director of Transmission & Distribution, Ken Lackey, is responsible for researching and negotiating the contract.

Director Bobroff asked about the response time in shutting off the gas line in an emergency. Staff stated that there are numerous automatic cut-off valves with sensors which would cut off immediately due to a sudden drop in pressure.

Chairman Gant questioned which is the way to go when you write a new contract on a new project and how it might function after it's in operation. If something should malfunction they would bill us back for all the services, time, etc. He asked if Florida Gas Transmission has the manpower to do the routine maintenance themselves, or will they contract it out. The agreement states they have the right to hire outside people to do the service. He was concerned about the cost effectiveness of going this route.

Mr. Welsh stated this agreement is strictly for normal maintenance and covers only about 6.75 miles of line. He felt they (FGT) would be responsible and did have the manpower since they cover over 1,000 miles of line. A list of routine maintenance was attached to the contract.

Discussion on other issues ensued and questions by the Board were responded to by Staff.

Motion by Director Lowenstein, seconded by Director Walter, approving the Maintenance Agreement with Florida Gas Transmission; and authorizing the Chairman and Secretary to execute this Gas Line Maintenance Agreement.

Motion carried 5 - 0

2. RESOLUTION 95-2 - PURCHASING LIMITATIONS

Director Guthrie had suggested at last month's meeting that we explore changing the General Manager's approval of purchasing limitations, that the current \$25,000 limit be increased to a \$50,000 limit. Limits in other categories have also been changed. Discussion followed.

Director Bobroff questioned the Purchase Order limitations of our obtaining three documented telephone quotations with an increased limit to \$400 to \$10,000. Mr. Welsh explained that the Purchasing Department feels comfortable with this limit, and that these quotations can be faxed or verified in writing, and still maintain control. It was decided to leave it at \$400 to \$5,000. Anything over \$50,000 would require Board approval.

Mr. Tillman, Director of Materials Management, briefly highlighted the procedure of obtaining quotations in writing, etc. There is a pretty tight control over price quotations, which are confidential. No vendor is allowed to know anyone else's price until after the award of purchase order, whether it's by telephone or written.

Chairman Gant stated that in dealing with public money it is a good idea to have written documents as backup.

Chairman Gant was reluctant for us to include "Section 2. Adjustments", but would like to recommend to have it reviewed at Budget or on a periodic basis and re-address the issue. He preferred not to attach it to the Consumers Price Index (CPI).

It was the consensus to delete "Section 2. Adjustments" from Resolution 95-2. Section 3 would now become Section 2.

The last bullet item would be deleted.

Motion by Director Lowenstein, seconded by Director Walter, to approve Resolution 95-2, Purchasing Limitation, but requested that this be reviewed in six months, with all limits remaining as originally presented in the Agenda Item, with the exception of deleting "Section 2. Adjustments", and changing Section 3 to Section 2. Further, to authorize the Chairman and Secretary to execute the Resolution.

Motion carried 5 - 0

3. HIGHLIGHTS OF CONFERENCE PAPERS ON CANE ISLAND

Mr. Sharma had presented Conference Papers at several Conferences and gave a brief overview of those presentations, backed up by overheads of Cane Island. Some issues included environmental highlights, project impacts, mitigation, upland and wetlands management, required burns done in the area, etc. Mr. Sharma distributed a Black & Veatch brochure entitled, "The Cane Island Project--A Partnership With The Environment" dated December 7-9, 1994. This was an informational item.

4. NEGOTIATED SETTLEMENT OF CLAIMS WITH FRU-CON CANE ISLAND UNIT 2 MECHANICAL/ELECTRICAL CONTRACTOR

This has been an ongoing issue with Fru-Con and finally we feel that a negotiated settlement has been reached. Mr. Sharma stated that Fru-Con's claim originated in August, 1994. A series of delays during the construction period, Fru-Con stated, affected their ability to complete the project with the original contract schedule. The gas pipeline expansion project was also delayed, with completion date being February 15th, rather than in December.

Since September, a series of negotiations took place between KUA/B&V/ER3/Fru-Con. Counter-offers were made which each found unacceptable. Further delays ensued, tying up Units 1 and 2. Finally a three-day meeting on January 24-26, 1995 resulted in a resolution of the entire claim issue. Mr. Sharma compared the dollar claim settlement with Fru-Con's original claim. Mr. Sharma was pleased to inform the Board that a settlement has been reached with Fru-Con. Two representatives of Fru-Con were in attendance.

Motion by Director Walter, seconded by Director Bobroff, approving the proposed settlement with Fru-Con, as explained in the Agenda Item; and authorizing the President & General Manager to execute the Change Order for \$364,000 to Fru-Con; and further authorizing the spending of up to \$227,000 as the premium portion of the overtime to complete the project as scheduled.

Chairman Gant inquired why, in lieu of the delays, we agreed to pay the overtime when the project was scheduled for completion March 1st.

Mr. Welsh stated this is a settlement. We are not absolutely convinced the overtime is justified. This is a negotiated settlement to resolve the issue. Back charges will be pursued.

Motion carried 5 - 0

5. SCHEDULING OF PUBLIC MEETING RICHARD L. HORD SUBSTATION TRANSMISSION LINE

Mr. Welsh said we wish to schedule a Public Meeting at the next Regular Meeting on March 22nd regarding construction of this transmission line. It is in the public's interest and we want their input before finalizing our direction on this project. This is a Public Meeting (where no action will be taken), rather than a Public Hearing.

Motion by Director Walter, seconded by Director Guthrie, to approve the advertising for a Public Meeting on the Richard L. Mord Substation Transmission Line Project for March 22, 1995.

In response to Director Guthrie's query, Mr. Welsh stated that all routing considerations will take place before we finalize the construction, it's just a matter of where it will be built.

Mr. Ken Davis, Director of Engineering, said that the steel structures could be held off, but we anticipate minor changes and are looking for the most feasible route for setting the poles.

Motion carried 5 - 0

H. STAFF REPORTS

1. MONTHLY PROGRESS REPORT ON ENGINEERING PROJECTS

The report was accepted as submitted.

2. CONDENSED FINANCIAL REPORT - JANUARY, 1995

Mr. Joseph Hostetler, Director of Finance, gave a current update on this report stating we were very close on budget both in fuel and sales. He highlighted comparisons and variances.

Several questions by members were answered by Staff.

We are still analyzing the possible cash defeasance and will bring that back to the Board at the March meeting.

At the April meeting Mr. Hostetler desires to have a presentation on our investments policy, actual investments made, etc. Mr. Welsh stated that this presentation would expand upon our quarterly investment activities. A thorough review of our current investment profile, which is pretty conservative, would be covered.

Our external auditors, Coopers & Lybrand, expressed some concerns that they may not have been as responsive as they should have been in terms of what they are seeing and how it relates to our financial picture. Mr. Mike Barrett, Partner associated with this account, would be willing to give the members a two hour presentation on the Auditors' Review of the Industry in early April. Staff stated that this might be a worthwhile meeting, highlighting what is happening in the industry in a financial sense, which would be related to our current financial structure.

The members approved having a Special Meeting on April 5th, at 6:00 p.m., for Mr. Barrett to highlight this Review.

3. MONTHLY REPORT ON POWER SUPPLY DEPARTMENT PROJECTS

Mr. Sharma responded to several questions by the Board on natural gas issues and gave a brief overview of this subject.

In response to Director Guthrie on when we will have word from the DCA (Department of Community Affairs) on our conservation goals, Mr. Sharma stated that some final determinations need to be negotiated in hopes of avoiding a hearing.

4. SELECTED DEPARTMENT HIGHLIGHTS - TRANSMISSION & DISTRIBUTION

Mr. Ken Lackey, Director of Transmission & Distribution Department, gave a very informative presentation, via overheads and charts, on the operational highlights for various areas for the last six months. Brief discussion ensued.

I. CONSENT AGENDA

Motion by Director Guthrie, seconded by Director Walter, to approve items 1 through 7, with the exception of item #4 pulled by General Manager Welsh.

1. APPROVAL OF MINUTES OF JANUARY 25, 1995, REGULAR MEETING
2. APPROVAL OF MINUTES OF FEBRUARY 1, 1995, SPECIAL MEETING
3. AWARD OF CONTRACT - ANNUAL REQUIREMENT FOR DISTRIBUTION LINE MATERIALS, IFB #012-95
5. AWARD OF BID IFB #002-95 - TRANSMISSION LINE STRUCTURES RICHARD L HORD SUBSTATION PROJECT
6. AUTHORIZATION FOR BLACK & VEATCH TO CONDUCT CERTAIN POST LICENSING ACTIVITIES AT CANE ISLAND
7. AWARD OF CONTRACT - 69 KV TRANSMISSION LINE CONDUCTOR, IFB #009-95

Motion carried 5 - 0

4. CANE ISLAND UNIT 2 PROPERTY INSURANCE

This item was placed on the Consent Agenda in error. We did not have a final recommendation to the Board on this item, but we do at this time.

Mr. Turner, Director of Personnel & Risk Management, and Mr. Sam Lupfer have been trying to resolve the issues. Two of three proposals were evaluated by us and the basic difference between the two was HSB and Cigna. Cigna's deductible is \$100,000 and HSB's was \$50,000. He showed slides on breaking down the premium costs for Units 1 and 2. Two recommendations were made by Bill Brown on exclusion #7. He highlighted discussions made this afternoon for going ahead with this insurance. Negotiation will continue with Mr. Lupfer on that one item, a 50/50 chance.

Staff is recommending approval for the Cane Island property insurance effective March 1, 1995 and the approval of \$64,000 for the remainder of this budget year to be taken from the contingency fund. We may or not get that one item resolved, but insurance is required on the equipment before March 1st.

Motion by Director Bobroff, seconded by Director Lowenstein, to approve the recommendation of Staff, as stated above, subsequent to the final negotiations with Lupfer-Frakes and Hartford Steam Boiler on this. Also, to arrange a new policy for the Cane Island project effective with the proposed March 1, 1995 acceptance date of Unit 2. The amount of \$64,000 is to be funded from the Contingency Fund. (FMPA will be required to reimburse RUA for half the cost.)

Motion carried 5 - 0

Mr. Turner will report back to the Board on the results of final negotiations.

J. HEAR GENERAL MANAGER, ATTORNEY, DIRECTORS

GENERAL MANAGER

Due to a conflict with the APPA meeting, the Board approved rescheduling the June 29 Regular Meeting to **June 21**.

For the Board's information, KUA will be receiving a National Award at the APPA meeting. KUA was chosen nationally as the utility to receive the 1995 APPA-USA Service Award for our involvement throughout the community with programs such as the Good Neighbor Program, School programs, charities, etc.

Regarding the settlement of Fru-Con, Mr. Welsh recognized the involvement of ER3, Black & Veatch, Fru-Con and Mr. Sharma and his Staff in making this happen. He especially commended Mr. Don Schultz for his constant attention and diligence to this process.

At Director Guthrie's suggestion, Mr. Welsh stated that Staff is considering monitors attached to the dais and hooked into the computer system for convenience during meetings. The cost effectiveness of this would be explored.

Also a large-screen projection and large monitors for the audience will be explored. An overhead ceiling camera is another idea we will look into. A good scanner would be required.

It would be appropriate to look into these things ahead of schedule since we are considering relocating the Board Room to the third floor of this building in a year or so.

ATTORNEY

Attorney Ed Brinson updated the members on meetings and discussions with seven other attorneys, besides himself, and Mr. Turner concerning the Cane Island train accident. The personal injury cases will be consolidated in the Federal Court, Orlando. Our insurance carrier has added another attorney on the case to assist him. The case is getting to a manageable level, scheduled for trial sometime next year.

DIRECTORS

Director Walter addressed our residential and commercial rates--that they're getting closer to bottom of the list.

Chairman Gant referred to E. Vine Street near the new Valencia College area, and suggested it might be good planning setting back the tree line to avoid problems in the future and to improve the aesthetics of that highway. He suggested the City might want to continue addressing the idea of planting oak trees for this purpose.

Mr. Welsh stated the entrance to the College will be from the rear and that it may be necessary to rebuild that front line somehow, depending on how the feeders work.

Chairman Gant inquired on the status of Homestead. Mr. Brinson said a good meeting was held and a draft of the agreement was prepared. The Homestead agreement is targeted to be brought to the Board at the March 22nd Regular Meeting.

K. ADJOURNMENT: Meeting adjourned at 8:45 p.m.


CHAIRMAN

ATTEST: 
SECRETARY

