

MINUTES OF REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY, HELD  
WEDNESDAY, FEBRUARY 28, 1996 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 Lowenstein, Assistant Secretary Guthrie, Director Hord, Vice-Mayor Dorsett, Attorney Starr, President and General Manager Welsh, and Recording Secretary O'Rourke.

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

**B. AWARDS AND PRESENTATIONS**

**1. 15-YEAR SERVICE AWARD - TERRY LUKE**

Terry Luke, Journeyman Lineman in the Transmission & Distribution Department, was unable to attend the meeting. Terry's 15-year service award will be presented to him by his department director at a later date.

**2. 15-YEAR SERVICE AWARD - VIRGIL MINSHEW**

Virgil Minshew, Journeyman Lineman in the Transmission & Distribution Department, was unable to attend the meeting. Virgil's 15-year service award will be presented to him by his department director at a later date.

**3. EMPLOYEE OF THE MONTH - PAUL BUDESHEIM**

Mr. Welsh stated that Paul Budesheim was here for a very special award tonight and that was the Employee of the Month award.

Mr. Welsh said Paul started working at KUA seven years ago as the Warehouse Manager. Mr. Welsh stated what a fantastic job Paul does and he always assists in anyway to get the job done. Mr. Welsh said to be selected by your fellow employees for this award is a special honor and Paul definitely deserves it.

Chairman Gant congratulated Paul and presented him with a plaque. Director Lowenstein presented Paul with a savings bond. Paul will receive a special parking space for the month and a day off with pay.

**4. GFOA DISTINGUISHED BUDGET PRESENTATION AWARD 1995**

Mr. Welsh stated the Government Finance Officers of the United States and Canada has granted the Kissimmee Utility Authority the award for Distinguished Budget Presentation for the development and publishing of the KUA Annual Budget for the fiscal year beginning October 1, 1995.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide, and as a communication device.

While the award is valid for a period of one year only, this is the ninth consecutive year that KUA has been presented this award.

Mr. Welsh stated what a tribute this is to the employees in the Finance Department and to the leadership of Mr. Joe Hostetler, Director of Finance.

Chairman Gant presented Mr. Hostetler with this award and the other Board members joined him in congratulating Mr. Hostetler.

**5. POPULAR ANNUAL FINANCIAL REPORT (PAFR) AWARD**

Mr. Welsh stated the Kissimmee Utility Authority has been awarded the Popular Annual Financial Report Award for its Annual Report for the fiscal year ended September 30, 1994.

This is the first time KUA has received this award. This award is valid for a period of one year.

Mr. Welsh said the recognition and honor of this award goes to many people, but the key employees are Mr. Chris Gent, Communications Manager and Mr. Joe Hostetler, Director of Finance.

Chairman Gant presented Mr. Gent and Mr. Hostetler with this award and the other Board members joined him in congratulating them.

**6. DEGREE ACHIEVEMENT RECOGNITION - GREG WOESSNER**

Mr. Welsh stated Greg Woessner, Lead Relay Technician in the Engineering Department, has done quite a bit in personal achievement. Greg began working with KUA in 1983 in the Power Supply Department and started to attend night classes at Valencia Community College in 1992 with the ultimate goal of receiving his Bachelor of Arts Degree. In December 1995, Greg completed the requirements for an Associate of Science Degree in Electronic Engineering Technology. Greg is now continuing his education toward receiving his Bachelor of Arts degree.

Mr. Welsh congratulated Greg for this outstanding achievement and wished him the best of luck in his continuing efforts.

Chairman Gant presented Greg with a plaque for this achievement and the other Board members joined him in congratulating him Greg.

- C. HEAR THE AUDIENCE - No comments.
- D. PUBLIC HEARING - No comments.
- E. INFORMATIONAL PRESENTATIONS (REQUIRING NO ACTION)
- F. OLD BUSINESS

1. LINE EXTENSION FEES - INCENTIVES FOR ECONOMIC DEVELOPMENT

Mr. Welsh stated that at the direction of the Board, Mr. Ken Davis, Director of Engineering, prepared a review of potential line extension policy changes which could be utilized as incentives for economic development.

Mr. Davis discussed the six different potential policy changes that were developed.

Director Lowenstein questioned what the City of Kissimmee Water & Sewer Department was doing at this time as far as charging fees. Director Lowenstein stated this should be a coordinated effort between KUA and the City of Kissimmee.

Mr. Davis said he was told there was an inter-governmental type of meeting that the City of Kissimmee, Osceola County, City of St. Cloud and the school board attended. Mr. Davis said St. Cloud has a draft prepared for the type of incentives they would offer, the county has a policy statement, but have not developed any guidelines that would apply, and the city is working in this same direction. Mr. Davis said he heard it was mentioned at this meeting that KUA should be involved in this discussion.

Vice Mayor Dorsett said the City of Kissimmee, Osceola County and City of St. Cloud are forming a committee to discuss what type of incentives will be offered and what the qualifications will be.

Mr. Welsh stated KUA should try to piggyback on the criteria that is being set up, as long as KUA concurs with it.

Director Hord questioned if KUA waives line extension fees for qualified commercial/industrial customers, how would we make up for this source of income? Mr. Welsh stated this would not be that much and would be incremental, as far as attracting businesses that otherwise might not be here.

Director Walter suggested the staff work with the city and the county to set up qualifications so the Board can review them and make a policy to waive line extension fees, based on these qualifications.

**2. NEPTUNE ROAD RELOCATION PROJECT - REVISED PROJECT COST ESTIMATE**

Mr. Welsh stated Mr. Ken Davis, Director of Engineering, would highlight the plans for this project and that the actual cost is far above the estimated cost that was approved.

Mr. Davis explained in working with the City of Kissimmee, it appears the project will have a major impact on KUA facilities in two areas. Mr. Davis said we have defined two potential relocation options. Option 1 would involve relocating the transmission line from the south side of the road to the north side of the road, still within road right-of-way. This option would place some of the overhanging transmission lines very close to the existing homes. The cost estimate for this option is approximately \$461,000. Mr. Davis does not believe this is the best option.

Option 2 involves relocating the transmission line to the rear of the homes on the north side of Neptune Road along the old railroad right-of-way corridor. The cost estimate for this option is approximately \$595,000. Mr. Davis said it appears, at this time, that Option 2 will most likely be the preferred option. Mr. Davis also stated that the facilities in this area are within a KUA easement and not city or county right-of-way. Mr. Davis believes that KUA should be reimbursed for the full cost to relocate the facilities in this area.

Director Hord questioned why we hire outside contractors to do this work instead of KUA leasing the proper equipment needed and using KUA staff to do the work. Mr. Welsh stated this type of work is not very steady and to hire additional staff is not very cost effective. These employees would be under-utilized or potentially laid off because of the peaks and valleys of this type of work. Mr. Welsh said one of the things that KUA values very highly is job security and KUA has never had to lay anyone off.

Mr. Welsh stated that the Engineering and Transmission & Distribution departments would do an analysis on the cost effectiveness of hiring outside contractors versus hiring additional employees to do these projects.

**Director Guthrie made a motion to approve the revised project cost estimate for the Neptune Road relocation project in the amount of \$595,000 and authorize the transfer of an additional \$245,000 from the Reserve for Future Capital Outlay; seconded by Director Lowenstein.**

**Motion carried 5 - 0**

**G. NEW BUSINESS**

**1. BOARD MEMBER APPLICANT SELECTION 1996 SCHEDULE**

Mr. Welsh said the vacancy coming up on the Board is that of Chairman Gant. Chairman Gant's term will expire on September 30, 1996.

Mr. Welsh stated that the last sentence of the second paragraph in the advertisement is very confusing. This sentence reads, "This second term will expire September 30, 1996." Mr. Welsh recommended the advertisement be as presented to the Board with the elimination of that one sentence.

**Director Walter made a motion to approve the advertisement as amended and also the schedule for the selection process; seconded by Director Guthrie.**

**Motion carried 5 - 0**

Chairman Gant stated that Mr. Welsh requested a second item be put on the Agenda under New Business for the Carroll Street Building Project.

**Director Walter made a motion to add this item to the agenda; seconded by Director Hord.**

**Motion carried 5 - 0**

**2. CARROLL STREET BUILDING PROJECT**  
**PURCHASE OF TELECOMMUNICATIONS EQUIPMENT AND SERVICES**

Mr. Welsh stated it was realized the day before that this would have to be brought before the Board and that Mr. Ken Davis, Director of Engineering, would explain the extent of the project.

Mr. Davis said the original estimate for this project was \$36,000. However, this was at the very preliminary stages of the planning process and the detailed requirements of each department and the required system upgrades had not been determined at that time. Mr. Davis stated once the requirements were defined and finalized, the final cost estimate for this work from Sprint totals approximately \$94,000. Mr. Davis recommends that this item be sole source to Sprint/United in order to maintain the integrity of the existing system.

**Director Lowenstein made a motion to authorize the purchase of telecommunications equipment and services from Sprint/United Telephone for the expansion of the Carroll Street building in the amount of \$94,000, and authorize the transfer of \$58,000 from the Reserve for Future Capital Outlay; seconded by Director Hord.**

**Motion carried 5 - 0**

**H. STAFF REPORTS**

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

Mr. Welsh said Mr. Ken Davis would give an update on the HTE Building Project. Mr. Welsh stated that Dennis Harward of HTE had a meeting with Pizzuti and HTE's intention was to tell Pizzuti they would not relocate to Lake Mary. HTE would still work with Pizzuti, but would be in Osceola County or some other location more suitable.

Mr. Davis stated HTE is trying to get a two year extension on their lease. This would allow KUA more time and flexibility to evaluate the feasibility of this building project.

Mr. Davis said he met with the Architect of Johnson Engineers about the location of the parking lot at the Carroll Street building. Mr. Davis thinks the plans will be revised to locate the new parking lot in the rear of the building.

**2. CONDENSED FINANCIAL REPORT - JANUARY 1996**

Mr. Welsh stated this was the first time we were using the abbreviated Condensed Financial Report that the Board approved at the Ten Year Plan meeting.

Mr. Joe Hostetler, Director of Finance, gave a brief presentation and stated January was a real good month and we are in good shape. Mr. Hostetler stated there was a question on the explanation for COPA. Mr. Hostetler said what occurred is in the past several months we have had negative billed COPA, while in the last month we had an increase in fuel costs that will be passed on in the following months. At the end of every month we take whatever we billed out as COPA to the customer and adjust the revenues up or down. Even though we had a negative COPA balance, we had positive COPA revenues because of the increase in fuel costs. Mr. Hostetler said the COPA dollar amount to the customers will be increasing in the next month.

Director Hord questioned why on Year-To-Date we are behind in Personnel & Risk Management. Mr. Hostetler explained we have professional services budgeted at a certain dollar amount and we are over that due to union negotiations with our labor attorney.

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

Mr. Ben Sharma, Director of Power Supply, gave an updated report on the superheater change-out. Mr. Sharma stated that ever since Unit 2 at Cane Island was placed under commercial operation on June 1, 1995, we have had several tube leaks. The latest leaks occurred on January 8, 1996 and again on February 1, 1996.

Mr. Sharma stated that Nooter/Eriksen, the manufacturer of the boiler, made the decision to completely replace the superheater. The new superheater would be a full circuit design instead of a half circuit. Work towards replacing the superheater has already begun. The schedule calls for the heat recovery boiler to be ready for operation by June 1, 1996. Nooter/Eriksen is replacing the boiler without any cost to KUA. It will cost Nooter/Eriksen approximately \$1 million to make these repairs.

Mr. Jeff Ling, Manager of Production, played a video showing the change-out of the superheater and the actual hardware involved.

#### **4. GAS RESERVE ACQUISITION AND TRANSPORTATION PLANNING**

Mr. Sharma stated that during the past couple of years, Board members have questioned the feasibility of KUA pursuing the acquisition of gas reserves to ensure availability and steady prices of the natural gas fuel for KUA's generating units.

Mr. Sharma made an oral presentation on the current status of the investigation. Mr. Sharma stated that while working under the umbrella of Florida Gas Utility (FGU), this issue has been under investigation for more than a year.

Mr. Sharma also discussed the recommendations made to the FGU Executive Committee by the FGU Long Range Planning Task Force, of which Mr. Sharma acted as the Chairman.

#### **5. SELECTED DEPARTMENT HIGHLIGHTS - INFORMATION SYSTEMS**

Mr. Dennis Wick, Director of Information Systems, gave a brief presentation on the release of the Version 3 of IBM's OS/400 Operating System. Mr. Wick stated this is a definite statement of IBM's direction and commitment to the AS/400.

Mr. Wick said that IBM's statement of direction proves that the AS/400 is the right system for KUA, today and into the future.

#### **I. CONSENT AGENDA**

Chairman Gant asked if there were any questions or comments on either item from the Consent Agenda or if anything needed to be removed.

**1. APPROVAL OF MINUTES OF JANUARY 24, 1996 REGULAR MEETING**

Mr. Welsh stated he would like to remove item #1. Mr. Welsh said that Director Guthrie pointed out two things that need to be corrected. Mr. Welsh stated that on the first page of the minutes, in the top heading, it states a special meeting. This was not a special meeting, but a regular meeting. Mr. Welsh also stated that on page 1532 under Hear the Directors, it states Director Guthrie in the first paragraph and it should be Director Hord.

Mr. Welsh recommended to the Board to approve the minutes with these two corrections.

**Motion made by Director Walter, seconded by Director Guthrie, to approve the minutes as amended.**

**Motion carried 5 - 0**

**2. AWARD FOR CONTRACT - 2-YEAR REQUIREMENT FOR DISTRIBUTION LINE MATERIAL, IFB #008-96**

Director Hord stated he would like to remove item #2. Director Hord questioned Mr. Jim Tillman, Director of Materials Management, on some of the items which we didn't get any bids on. Director Hord inquired how they are bought, if we didn't get a bid.

Mr. Tillman stated we never received any bids on these items, therefore, we spot buy them whenever we need them.

Director Hord questioned Mr. Tillman if we write a two year contract at fixed prices and then draw it as we need it. Mr. Tillman said that is correct.

**Motion made by Director Hord, seconded by Director Lowenstein, to approve item #2 on Consent Agenda.**

**Motion carried 5 - 0**

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

**GENERAL MANAGER**

Mr. Welsh reminded everyone of the next special meeting on March 20, 1996 at 6:00 p.m. This meeting will be with Ken Medlin who heads up AT&T in Central Florida and will be a round table discussion on deregulation.

Mr. Welsh stated he sent a letter to the Board members on the FMEA Workshop on Competition. This will be held in Orlando on March 20, 1996 from 9:00 a.m. to 4:00 p.m. Mr. Welsh said if any of the Board members could possibly attend this meeting, it would make a good backdrop for the evening meeting on deregulation.

Mr. Welsh said the last item he had was on KUA letterhead. Mr. Welsh would like to change the letterhead to include the Board members names on it. Mr. Welsh said it could become a little bit of a cost factor due to the inventory problem of changing Board members. Mr. Welsh stated it would only be on the letterhead for his signature or anything with the Board's signatures.

The consensus of the Board was to proceed with putting their names on KUA letterhead.

**ATTORNEY** - No comments.

**DIRECTORS**

Chairman Gant commented on the FMFA and how people from Georgia helped the founders of the FMFA. Chairman Gant stated that people from Georgia visited with us many times when we were discussing the formation of the FMFA.

K. **ADJOURNMENT:** Meeting adjourned at 8:35 p.m.

ATTEST:

  
SECRETARY

  
CHAIRMAN