

MINUTES OF REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY, HELD WEDNESDAY, APRIL 24, 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, Assistant Secretary Guthrie, Director Hord, Vice-Mayor Dorsett, Attorney Brinson, President and General Manager Welsh, and Recording Secretary Scott. Director Lowenstein was absent.

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

A deviation from the meeting agenda was taken to dedicate the new board room at the Carroll Street facility. A proclamation was read by Chairman Gant dedicating the board room to Ed Brinson and naming the room the Brinson Board Room. A ceremonial ribbon was cut at the double door entrance to the Brinson Board Room and everyone saluted Mr. Brinson with a toast and applauded him for his years of service.

Mr. Welsh introduced Mr. Bob Bobroff, a former Board member, who shared with the audience the history of his friendship with Mr. Brinson. Mr. Bobroff said that we all know the importance of Ed's work and that when Ed advised the Board he was not selling a position, he was simply supplying information on the basis of law. He concluded by saying if he were to list the order of importance of KUA management, that he would list Jim Welsh and Ed Brinson at the top.

Mr. Welsh said that Mr. Brinson was a tremendous help and that his counsel and wisdom have always been a tremendous help to the Board and a personal help to him. He thanked Mr. Brinson for this help and congratulated him.

Mr. Brinson thanked everyone for this honor. He said that he had enjoyed very much working with the Board and staff. Mr. Brinson then told the audience a couple of humorous experiences he had shared with friends that he had the opportunity to work with over the past years. The audience gave a standing ovation to Mr. Brinson.

**B. AWARDS AND PRESENTATIONS**

**1. 10-YEAR SERVICE AWARD - RICHARD COPPEDGE**

Mr. Welsh said that we were here to celebrate ten years of service by Richard Coppedge, Meter Reader, in our Customer Relations department. Mr. Welsh said that Richard moved here from Pennsylvania in 1983 and started working for KUA in 1986. Mr. Welsh read what Richard's fellow employees had written. Richard has always been an accurate meter reader and very thorough in his work. He always finishes his route. He was commended on the accuracy and thoroughness of his work on his first review by Carl Wall and has continued to maintain this quality. Chairman Gant presented Richard with a hand-crafted mahogany box. The Board joined Dr. Gant in congratulating Richard on his ten years of service.

**2. EMPLOYEE OF THE MONTH - MARY JOHNS**

Mr. Welsh stated that Mary was here for a very special award tonight and that was the Employee of the Month award. Mr. Welsh said Mary started working at KUA a little over nine years ago and during that time she has done a great job for the utility. Mr. Welsh read what her fellow employees had written about her. They wrote that when a check was needed in a hurry for an urgent trip or was critical to the successful conclusion of a business proposition, Mary was there to do it and with a smile.

Chairman Gant congratulated Mary and presented her with a plaque. Director Guthrie presented Mary with a savings bond. Mary will receive a special parking space for the month and a day off with pay.

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

1. CITY OF KISSIMMEE RESOLUTION AUTHORIZES KUA TO PROVIDE DATA AND TELECOMMUNICATIONS SERVICES

Mr. Welsh stated there was no action to be taken here and that Mr. Ken Davis, Director of Engineering, would present the details on this. Mr. Davis said the City of Kissimmee adopted the resolution on April 16, 1996 which was required by the Charter in order for KUA to provide telecommunications services. He stated the primary points were the transfer of an initial amount of the gross revenues received from these services to the City with the percentage capped at 7.5%; that KUA is required to collect any taxes the City imposes; and that the City will be granted free use of the system. Mr. Davis said this essentially opens it up now for us to start looking into providing data communications to third parties and leasing fibers and services.

Mr. Welsh asked about the status of the request for proposal for the construction. Mr. Davis replied that proposals have been received for the consultant and are being evaluated now. This will be short listed and ready for the May Board meeting.

Chairman Gant asked if there were any comments or questions regarding this item. There were no comments.

2. TRIPARTITE AGREEMENT

Mr. Welsh said this agreement was entered into by the City, the County and the KUA about two to three years ago. In conjunction with the resolution adopted by the City, it was requested that the Tripartite Agreement be amended. The changes made were in Section 7, the wording or other reasons was deleted; Section 9, the wording unless one was changed to unless two of the parties to this agreement serves notice.

Chairman Gant asked if there were any questions. There were no questions.

**Director Guthrie made motion to approve the revised Tripartite Agreement between the City of Kissimmee, Kissimmee Utility Authority and Osceola County Commission and authorized the Chairman and the Secretary and President & General Manager to execute this Agreement; motion seconded by Director Hord.**

**Motion carried 4 - 0**

### **3. FUNDING FOR TOHO EXTENSION 69 KV LINE RELOCATION**

Mr. Welsh said this was in conjunction with the planned line relocation along Tohopekaliga Avenue and that Mr. Ken Davis, Director of Engineering, would make the presentation. Mr. Davis said that this was discussed in the past that the planned extension of Toho between Neptune Road and Oak Street is in conflict with the 69 kV line. He said there was still some discussion with the City as to KUA being reimbursed for this line relocation, but at this time nothing has been resolved. Mr. Davis said the project needed to be set up so that we can get some design work done and made a recommendation that funding in the amount \$400,000 be transferred and that the Board authorize Black & Veatch to proceed with the engineering work in a not-to-exceed amount of \$109,500.

Director Walter asked if the \$109,500 was part of the total. Mr. Davis said that this amount was part of the \$400,000 project estimate.

**Director Walter made motion to authorize the establishment of the Toho Extension 69kV Line Relocation Project with initial funding in the amount of \$400,000, to be transferred from the Reserve for Future Capital Outlay; and authorize Black & Veatch to proceed with the engineering work for this project for a not to exceed amount of \$109,500; motion seconded by Director Guthrie.**

Chairman Gant asked Mr. Davis if the \$109,500 was a fair price for engineering consultant fees and pointed out that it was more than 25% of the total project estimate. Mr. Davis said that this amount included all subcontract work such as the soil boring and the construction management, it was not just for design engineering.

Director Hord asked how do we determine the cost, and asked if it was based on a certain amount per mile or location. Mr. Davis said we look at the man-hours used on this size and kind of project. In the study for this relocation we looked at some numbers that other utilities were getting from other consultants on similar type work. He said relocation projects are very difficult to sit down and say Ax@ amount of dollars per mile. Mr. Davis added that out of the \$109,500 approximately \$45,000 is for construction management--having someone out there everyday which we have found to be very important.

Mr. Davis introduced Mr. Randy Grass, Project Manager with Black & Veatch. Mr. Grass said the Construction Manager, Mr. Jim Dunham, has done a lot of the recent work for KUA. He said

that Mr. Dunham handles the transmission lines and the substations and has a good background on the civil side and the electrical side. Mr. Grass explained that these smaller projects cost more per mile because you still have to go through the same specification and procurement procedures as you would a larger project.

Director Walter explained that his firm has not done any work for KUA on this, but in the past has done some surveying on the expansion of Toho for the City and asked Mr. Brinson if this presented a conflict of interest. Mr. Brinson said there was not conflict of interest.

**Motion carried 4 - 0**

Director Hord said that this project is representative of ongoing projects and that perhaps we should be accruing monies and showing it as an annual expenditure to take out some of the peaks and valleys of this, somewhat like we are handling the annual maintenance of the power plants. Mr. Welsh said he thought it would be a very prudent thing to do and that it would be a little difficult to be completely accurately, but would be a better plan than we have now. He said that right now we have Reserves for Future Capital Outlay to cover this and a multitude of other things but the more things you can tag and plan for, the more likely you are not going to forget about these needs when it comes time to use the funds for potentially other things.

Director Hord asked if there was some way to know that these things will occur in the fiscal year. Director Walter said the five and ten year capital improvement plan for road improvement is available and that research by the staff into some of the road improvements could prove to be helpful in getting a time frame on what may need to be relocated.

Mr. Welsh said staff would bring some recommendations to the Board during the budget process.

#### **H. STAFF REPORTS**

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

Mr. Welsh said that no verbal presentation was planned, however, Mr. Ken Davis was available for any questions or comments you may have.

Director Guthrie said that number five of the report can be updated since it was reported that HTE would make the move to Heathrow instead of Osceola Parkway area. Mr. Welsh said he had spoken to a representative of HTE who said they were sorry it did not work out the way it might have and that the bottom line was about a one million dollar differential from their perspective. He explained that HTE had planned building a larger facility than needed currently, for future growth, which would be subleased until needed and that the Heathrow offered a less riskier subleasing market, coupled with the fact a majority of employee residences were in this area.

Chairman Gant said this was not an unsuccessful venture. He said that Jobs 2000 went through an \$80,000 study and what came out of that study suggested pretty much what we did here. The study was done ten or fifteen years ago but we have not been following the findings. He commended Mr. Welsh on his efforts to working this out by getting all the agencies involved. Mr. Welsh said that as a community, we have learned a lot about mobilizing our best efforts.

## **2. QUARTERLY CONDENSED FINANCIAL REPORT - MARCH 31, 1996**

Mr. Joe Hostetler, Director of Finance, gave a brief presentation on the quarterly financial report. He went over the sales graph and explained that we have had positive sales for every month except for the month of December and are at 5% above the budgeted sales through the first six months of the year. He said that we are reporting positive variances on the O&M for all departments with the exception of Personnel excess of professional services. He said the net reinvested earnings was \$3.7 million or \$1.6 million positive variance for the first six months and the debt service ratio is currently at 2.55.

Chairman Gant asked if there were any questions. Director Guthrie suggested a change in the wording of footnote 11 for clarification purposes. Mr. Hostetler said it would be changed for the next reporting period.

Chairman Gant asked what software was used for this presentation. Mr. Hostetler said the spreadsheet was done in Excel and then pulled into a software package called Envoy. Chairman Gant asked if he could lock the titles. Mr. Hostetler said that with this package he could not, but could with Excel and is looking into that.

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

Director Hord asked what is the sign-in activity for load management since the change in the rebate. Mr. Ben Sharma, Director of Power Supply, said that Chris Beck reported to him that since we changed the rebate the sign-ins have reduced tremendously.

Mr. Welsh that we not only changed the rebate but the mandatory requirement, and this has influenced the number of sign-ins. Director Walter asked how many customers wanted off the program. Mr. Welsh said less than half a dozen to date.

Mr. Sharma gave an update to item number five of his report that the Cane Island Unit 2 Superheater, scheduled to be completed on June 1 now has a revised date of May 6 for completion.

Director Hord asked what the warranty would be on this new superheater. Mr. Sharma said he did not have the paperwork with him, but that he thought it was twelve months and would include this information in his report for next month.

## **4. SELECTED DEPARTMENT HIGHLIGHTS - MATERIALS MANAGEMENT**

Mr. Jim Tillman, Director of Materials Management, gave a brief presentation on the inventory operations for the first six months of the year.

Director Hord asked in reference to our earlier discussion on load management, if the purchase of load management equipment had been reduced. Mr. Tillman said it had and the problem was that we were a little heavy in inventory to begin with. Director Hord asked if these were returnable to the vendor. Mr. Tillman said that they have tried to do that as well as to sell them to other utilities, but other utilities are finding themselves in the same position. Director Hord said he thought this was possibly dead inventory and asked the General Manager to reconsider our position by looking at taking something on the dollar.

Director Hord asked how much have we reduced our inventory. Mr. Tillman said the min-max system has really helped and that we are right geared to our usage. He added we are however, using more of certain types of inventory and adding certain types of inventory. The inventory has increased but the overall efficiency has also increased using the min-max system.

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

Chairman Gant asked if there were any questions or comments on any item from the Consent Agenda or if anything needed to be removed. Chairman Hord said he had questions on item 3.

**Director Walter made motion to approve items 1, 2, 4, and 5; seconded by Director Guthrie.**

- 1. APPROVAL OF MINUTES OF MARCH 20, 1996 SPECIAL MEETING**
- 2. APPROVAL OF MINUTES OF MARCH 27, 1996 REGULAR MEETING**
- 4. IFB #015-96 TWO-YEAR REQUIREMENT POLEMOUNT/PADMOUNT TRANSFORMERS**
- 5. IFB #016-96 SUBSTATION POWER AND CONTROL CABLE**

**Motion carried 4-0**

#### **3. IFB #014-96 FAIRLAWN MANOR SUBDIVISION CONVERSION**

Director Hord asked if there was something wrong with this project since only one out of 23 responded to the bid. Mr. Welsh said he had asked Mr. Lackey about this and that we have found that it is getting to be a sellers market in construction.

Mr. Ken Lackey, Director of Transmission and Distribution, said that during the pre-bid conference there were several contractors who actively participated in the conference and inspected the site. He said that one of our local contractors said he just forgot to bid and that others simply did not have the time to do the job at this point. Mr. Lackey added that with the directional bore under the sidewalks and driveways, it is going to be a time-consuming job and there are other big jobs going on right now.

Director Hord asked if we thought this was a fair price we have received from the one bidder. Mr. Lackey said he thought it was a reasonable price and that if the bid had not included the road work, boring, retrofit, and meter installations, perhaps it would not be, but that he thought it was a fair bid.

**Motion made by Director Hord, seconded by Director Walter, to approve Consent Agenda item 3.**

**Motion carried 4 - 0**

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

**GENERAL MANAGER**

Mr. Welsh invited the Board and their families to the Annual Picnic on June 8th, 9:30 a.m.-8:00 p.m. at Water Mania with lunch served from 12:30-2:00 p.m.

Mr. Welsh said that on May 9th we are going to have a Ribbon Cutting for our Warehouse at Cane Island. This will be an Open House for our employees from 2:00-4:00 p.m.

Mr. Welsh invited the Board to the dedication of Shelby Cox Park in Intercession City on May 11th. This is a renaming and dedication of the existing park which our contractors were very instrumental in upgrading. One of our employees, Dave Thomas, suggested the park be dedicated to Shelby Cox. This was then presented to the family, people in the community and County Commission who thought it was a good idea and proceeded to have the park named for the little girl who lost her life.

Mr. Welsh handed out the 1995 KUA Annual Report to each Board member.

Mr. Welsh said that it was brought to his attention that we were not following the bylaws that this Board passed in August, 1985. Director Guthrie discovered a few things, that as the years have gone by, we have grown away from the way it was established to be done. Director Guthrie said these were items of a technical nature. Mr. Welsh said he had spoken with Director Guthrie and Director Guthrie agreed that after making mutually discussed changes, he would edit them and then it could be brought back to the Board at a later meeting.

Mr. Welsh explained the target date for completely digitizing the packet material is August, but we have a first prototype. It is a rough prototype of this month's packet. He stated the presentation made by Mr. Hostetler used the viewing software that is contained on this CD along with the data contained in the packet.

Director Guthrie asked if this would be on our Home Page. Mr. Welsh replied that it would not.

**ATTORNEY** - No comments.

**DIRECTORS** - No comments.

K. **ADJOURNMENT:** Meeting adjourned at 7:30 p.m.

  
CHAIRMAN

ATTEST:

  
SECRETARY