

MINUTES OF REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY, HELD WEDNESDAY, MARCH 26, 1997 AT 6:00 PM, BRINSON BOARD ROOM, ADMINISTRATION BUILDING, 1701 W. CARROLL STREET, KISSIMMEE, FLORIDA

Present at the meeting were Chairman Hord, Assistant Secretary Lowenstein, Director Ralston, Mayor Attkisson, Attorney Brinson, President and General Manager Welsh, and Recording Secretary O'Rourke. Secretary Guthrie arrived at 6:30 p.m. and Vice-Chairman Walter was absent.

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

**B. AWARDS AND PRESENTATIONS**

**1. 15-YEAR SERVICE AWARD - EDITH BUCKMAN**

Mr. Welsh stated that Eddie started working in the Support Services division in 1982. Eddie now works in the Mapping & Drafting division of the Engineering department and Eddie has been influential in the direction the Mapping & Drafting division has progressed. Mr. Welsh stated Eddie works hard to get the job done accurately and in a timely manner. Mr. Welsh said Eddie continues to show dedication to the goals of her department and KUA as a whole.

Eddie was unable to attend the meeting, but her 15-year service award will be presented to her by her Department Director at a later date.

**2. EMPLOYEE OF THE MONTH - DAVID MANHARAN**

Mr. Welsh stated that Dave Manharan was here for a very special award tonight and that was the Employee of the Month award. Mr. Welsh said quiet efficiency would characterize Dave. It is a very pleasant fact that Dave and the Transportation division can keep more than a hundred vehicles running without any problem. Mr. Welsh said Dave makes sure the equipment is functioning efficiently and safely. Mr. Welsh stated Dave performs his functions on an even keel and Dave never loses his cool. Dave is a very pleasant, friendly and dependable employee. Mr. Welsh said Dave is well liked by his fellow workers and is very deserving of this award.

Dave was unable to attend the meeting, but the Employee of the Month plaque and a check will be presented to Dave by his Department Director at a later date. Dave will receive a special parking space for the month and a day off with pay.

**3. BRONZE QUILL AWARDS**

Mr. Welsh stated the KUA has received three awards from the Central Florida Chapter of the International Association of Business Communicators (IABC). KUA received the Award of Excellence for the 1996 Calendar of Energy Conservation and the KUA Morning Minute and an Award of Merit for the ALighting the Way ad campaign. Mr. Welsh stated all Bronze Quill entries are judged by

professional communicators from another IABC chapter outside of the Central Florida area. The judges based their decisions on the impact on the stated audience, professional production and the quality of communication.

Chairman Hord presented the three awards to Chris Gent, thanked Chris and told him to keep up the good work.

C. HEAR THE AUDIENCE - No comments

D. PUBLIC HEARING - No comments

E. INFORMATIONAL PRESENTATIONS (REQUIRING NO ACTION)

1. COMMUNITY VISION UPDATE - ATLEE MERCER, BOARD CHAIRMAN AND DONNA SINES, EXECUTIVE DIRECTOR

Mr. Atlee Mercer, Board Chairman of Community Vision, thanked KUA for their contribution to Community Vision last year, gave a very brief report on the progress of Community Vision and asked for support in the upcoming year.

Community Vision is a non-profit Osceola County organization, facilitating a grass-roots process designed to involve citizens in determining direction for a preferred Osceola County future and then turning shared goals into reality.

Five objectives were developed relating to key areas identified by area residents. They are:

1. Our community will be committed to the protection and preservation of Osceola County's natural resources.
2. Our citizens will have the education and training to be adequately prepared for the challenges of the 21st century.
3. Our community's quality of life will be maintained and enhanced through diligent growth management efforts.
4. Our community will provide improved career opportunities in a diversified economic environment.
5. Our community will earn a reputation as a welcoming, caring and united community.

Mr. Mercer stated the mission of Community Vision is to bring people and resources together to achieve the community's vision. In May 1997 Community Vision volunteer committees will begin the task of cementing relationships, soliciting grass-roots support and participation and developing partnerships to meet goals.

**F. OLD BUSINESS**

**G. NEW BUSINESS**

**1. CONTRIBUTIONS TO NON-PROFIT AGENCIES**

Mr. Richard Herring, 514 Verona Street, Kissimmee, Florida stated between the City of Kissimmee and Osceola County in excess of \$2 million is going to non-profit agencies. Mr. Herring said the City of Kissimmee gave \$245,000 last year, the county gave \$800,000 and the county's tourist development commission gave \$978,000. Mr. Herring said he hopes KUA would stay with what it is doing by keeping the rates steady and keeping the rates down. Mr. Herring hopes KUA stays with their policy of not giving money away and give the rate payer a stable base.

Mr. Welsh stated the Board did not want to support charitable institutions per se, but wanted a community support program. Mr. Welsh said getting your name and image out into the community is very important. As a community grows not everybody continually has the name in front of them in a positive way. Mr. Welsh stated the Board decided to take a conservative approach with specific guidelines in the neighborhood of \$500-\$1,000, with a cap of \$1,000.

Mr. Herring said he had no problem with the Board promoting itself with Little League or Boy Scouts, but not for non-profit agencies. Mr. Herring said he hopes KUA says no more will be given to non-profit agencies when the budget comes up.

Chairman Hord stated Orlando Utilities Commission (OUC) is a sponsor of Community Vision for Osceola County. Chairman Hord said he believes in marketing the KUA name with a defined number of dollars per year. Chairman Hord said KUA is trying not to spend the money, but yet is trying to market the KUA name.

**2. OPEN-ENDED CONTRACT WITH BLACK & VEATCH**

Mr. Herring stated that in November 1996 Black & Veatch made a proposal to KUA to do the 1997 Compliance Activities for \$102,000, which the Board passed. Mr. Herring said he is very concerned about KUA awarding engineering services to Black & Veatch without first obtaining a RFP (Request for Proposal). Mr. Herring stated Black & Veatch is an excellent company, but perhaps KUA could have gotten the job done cheaper by a different company. Mr. Herring said just because Black & Veatch has done a good job in the past does not mean KUA must continue with them.

Mr. Brinson stated the City of Kissimmee awarded a professional service contract to Black & Veatch and when KUA was formed, a transfer agreement was entered into between the City of Kissimmee and KUA. Mr. Brinson said in his opinion this transfers the rights under the Black & Veatch contract to KUA. KUA has by definition a continuing contract with Black & Veatch and KUA is permitted to authorize Black & Veatch to perform a professional service, provided that the service is of a specific nature as outlined in their service contract without going out for a RFP.

Mr. Ben Sharma, Director of Power Supply, stated continuity and establishing a good rapport with the same people were two important reasons why our recommendation was to proceed under the continuing contract with Black & Veatch. Mr. Sharma said KUA had used the scientist successfully before and the surveyor did the initial work and already had everything in his computer. It was easier this way because the surveyor had the points laid out already.

Chairman Hord asked if KUA did request a proposal. Mr. Welsh said Black & Veatch sent the letter at our request. Mr. Welsh said KUA uses Black & Veatch as an extension of its staff and this is an ongoing relationship.

Mr. Herring stated he would be filing a complaint with the Commission on Ethics with the State of Florida.

Chairman Hord asked Mr. Herring if KUA put a request in writing to document our files and wrote down all the specifications, would that be better. Mr. Herring said yes, it would. Chairman Hord stated this would be done by the staff.

**3. AGREEMENT WITH OSCEOLA COUNTY AND CITY OF KISSIMMEE FOR USE OF A PORTION OF THE REVENUES DERIVED FROM THE SURCHARGE IN COUNTY**

Mr. Herring stated this surcharge is a contribution which was well-meaning, but KUA has no authority to give any money to the county. KUA can give to the City of Kissimmee and if the City wants to give money to the county, so be it. Mr. Herring said to him this is just a contribution and he does not know how this can be construed as promoting utility service.

Mr. Herring said in 1988 KUA went to the Public Service Commission (PSC) to reduce the surcharge, but the PSC said no we could not reduce the surcharge. The city could have dropped the surcharge 100% and not charge it in the county at all, but that would eliminate the 8% surcharge to the utility so they just decided to keep the 8% in the county and 8% in the city. Mr. Herring thinks this should stop.

Chairman Hord said KUA was approached by some members of the county as to why we are charging a surcharge in the county. KUA went to the PSC and the answer came back that it was an equalization thing and if it was charged in the city, then an equal amount had to be charged throughout the service territory.

Mr. Brinson stated if KUA decides to charge a surcharge it must be equal to the utility tax within the city. Mr. Brinson said the utility does not have the power to tax, but does have the authority to charge a surcharge. The city can charge up to 10% as a utility tax because the legislature gave them that authority. Mr. Brinson said the city decided to charge only 8%.

Mr. Brinson said KUA, the county and the city entered into a Tripartite Agreement which is an inter-local agreement because KUA tried to lower the surcharge to 4%. It was decided it could not be lowered to 4% and would continue charging 8%, but through the

Tripartite Agreement would give back 25% of the 4% to the city and 25% of the 4% to the county.

Director Lowenstein asked what would happen if the City of Kissimmee would lower the rate. Director Lowenstein said KUA would gain by it and so would the customer. Mr. Welsh stated the City of Kissimmee would be losing \$500,000 in revenue, which the city is dependent upon.

Chairman Hord stated the revenue that KUA gives the county under the Tripartite Agreement is specifically between the City of Kissimmee, the county and KUA. Chairman Hord said some part of the money would be used to improve the parks and recreation facilities within the county.

Mr. Herring said the Charter is specific about how KUA can use its money. Mr. Herring wanted to know where does it allow KUA to give money to Osceola County.

Chairman Hord stated KUA does not give money to the county. In a sense KUA gives it because the state says we have to collect it. KUA gives all the money to the city and KUA agrees with the city that some part can go to the county. Chairman Hord wanted to know what did KUA do with the money collected from the county. Mr. Welsh said it was used for the general fund.

Mr. Brinson stated the surcharge is not mandatory. It is either on or off, but must be equal. Mr. Welsh stated the Tripartite Agreement is a five year agreement and continues until two parties decide to change it.

The meeting recessed at 7:50 p.m. for about ten minutes.

**4. PERSONAL CELLULAR SERVICE (PCS) MASTER AGREEMENT**

This item was pulled from the agenda.

**5. SAFETY MISSION STATEMENT**

Mr. Mike Womick, Environmental & Safety Administrator, gave a brief presentation on the Safety Mission Statement for KUA. Mr. Womick stated a primary goal of this utility is to eliminate or control both known and potential safety and health hazards which our employees face on the job.

**Director Lowenstein made a motion to approve the Safety Mission Statement; seconded by Director Ralston.**

**Motion carried 4 - 0**

**H. STAFF REPORTS**

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

Mr. Welsh said no verbal presentation was planned. Mr. Ken Davis, Director of Engineering, was available for any questions or comments.

Director Lowenstein asked for an update on fiber optics. Mr. Davis stated staff has completed the system print which identifies our current fiber network and the location of potential users. An initial list of seventeen potential users has been selected and will be contacted to arrange meetings to discuss their interest in the fiber network.

Mr. Davis gave an update on the senate bill that would impose three new taxes on local governments that offer telecommunications services to their citizens. These new taxes are 1) ad valorem (property tax), 2) intangibles tax and 3) sales tax on telecommunications equipment.

**2. MONTHLY FINANCIAL REPORT - FEBRUARY 28, 1997**

Mr. Joe Hostetler, Director of Finance, gave a brief presentation on the monthly financial report. Mr. Hostetler stated we are 7% below the budgeted sales for the month of February and year to date we are 9% below budget. Mr. Hostetler said for the month we were \$540,000 above the budget for reinvested earnings and for the year we were \$1.5 million over the budget on reinvested earnings. The debt service coverage ratio was 2.65 versus a budgeted 2.43.

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

Mr. Ben Sharma, Director of Power Supply, gave an update on the Prepaid Gas Supply Project (GSAP). Mr. Sharma stated with natural gas prices coming down to acceptable levels in recent weeks, the GSAP is being revived. The sixteen different participants met on March 10, 1997. At that meeting the FGU Executive Committee was authorized to go forward with closing the deal whenever the all-in cost of gas drops below \$1.90/MMBtu. Mr. Sharma said then the all-in cost of gas went up to \$2.02/MMBtu and it was not a good time to lock in at that price. As of today, the all-in cost is \$1.98/MMBtu.

**4. DISCUSSION OF PRODUCTION COSTING MODEL RESULTS USED IN TEN YEAR PLAN**

Mr. Robert Miller, Manager of Bulk System Planning, gave a general introduction to production costing to bring everyone up to date on some of the issues faced on a daily basis. The Production Costing Model is a computer program utilized by the utility industry in developing future production costs of energy and to interpret the results of such a program.

Mr. Miller stated during the Ten Year Plan presentation some discussion took place regarding certain old generating units at the Hansel plant which were included in the list of resources, but

which were not shown to produce any energy and consume no fuel after a few years in the future. Mr. Miller said it was mentioned that currently there was no retirement schedule for any of the Hansel units, but actually the Production Costing Model did assume Hansel unit 8 to retire in 1998 and units 14 through 18 to retire in 2002.

**5. SELECTED DEPARTMENT HIGHLIGHTS - MATERIALS MANAGEMENT**

Mr. Jim Tillman, Director of Materials Management, gave a brief presentation on purchasing breakdowns, inventory values, electrical distribution inventory, total inventory and issues out of small buildings.

**I. CONSENT AGENDA**

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

Director Lowenstein made a motion to approve the consent agenda; seconded by Director Guthrie.

1. APPROVAL OF MINUTES OF FEBRUARY 26, 1997 REGULAR MEETING
2. APPROVAL OF MINUTES OF MARCH 5, 1997 SPECIAL MEETING
3. COMMUNITY ORGANIZATIONS/EVENTS SPONSORSHIP - COMMUNITY VISION, INC.
4. AWARD OF CONTRACT FOR REPLACEMENT OF THE MOTOR CONTROL CENTER IFB# 012-97
5. AMENDMENT NO. 2 TO THE CONTRACT FOR INTERCHANGE SERVICE BETWEEN FLORIDA POWER CORPORATION AND KUA

Motion carried 4 - 0

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

**GENERAL MANAGER**

Mr. Welsh apologized again to Director Guthrie for forgetting to pick him up for the meeting.

**ATTORNEY** - No comments.

**DIRECTORS**

Director Lowenstein stated KUA's commercial rate is not compatible with Orlando Utilities Commission (OUC). Director Lowenstein said KUA needs to look at Lakeland, Florida Power Corporation and OUC because KUA needs to be in the same area and spectrum as them to be competitive. Mr. Welsh said the Cost of Service Study will be brought before the Board at budget time.

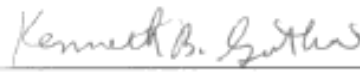
Chairman Hord stated last Tuesday and Wednesday him, Bill Ralston and Jim Welsh went to Tallahassee for the FMEA legislative trip. The two big issues being raised were the fiber optics taxing bill and deregulation. Chairman Hord said the legislators made no commitment one way or the other on deregulations, but reading

between the lines whatever is done will be done by the state and not federal.

K. **ADJOURNMENT:** Meeting adjourned at 9:35 p.m.

  
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CHAIRMAN

ATTEST:

  
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SECRETARY