

**MINUTES OF THE SPECIAL BOARD MEETING OF KISSIMMEE UTILITY
AUTHORITY, WEDNESDAY, JUNE 30, 2004, 5:55 P.M., BRINSON BOARDROOM,
ADMINISTRATION BUILDING, 1701 W. CARROLL STREET, KISSIMMEE, FLORIDA.**

Present were Vice-Chairman Nancy Gemske, Director Bill Hart, Director Domingo Toro, Director Fred Cumbie, Mayor Gant, Board Member Appointee Jim Kasper, General Manager James Welsh, Vice president and General Counsel Grant Lacerte and Recording Secretary Judy Ambrosi. Absent was Chairman Don Shearer.

A. MEETING CALLED TO ORDER at 5:55 p.m. by Vice-Chairman Gemske .

B. BUDGET REVIEW

**1. INTRODUCTION – JAMES C. WELSH, PRESIDENT & GENERAL
MANAGER**

Mr. Welsh gave a brief introduction of the budget. Mr. Welsh stated that this process is new because it includes a five year plan, rather than the traditional ten year plan. Mr. Welsh urged the board members to let him know if they like this new process.

Mr. Welsh stated that the budget will include a base rate change as well as a change in the procedure for calculating COPA. Mr. Welsh stated that capital items in the budget include BVL transformer additions and two substations. Items not included at present, but items that may be introduced later include additional personnel for Cane Island 4, the CIS software, high speed over electric lines, automatic meter reading and the possible Poinciana water and sewer take-over.

Mr. Welsh welcomed board member appointee, James Kasper and urged him to ask questions if he should have any.

**2. FINANCIAL OVERVIEW – JOE HOSTETLER, VICE PRESIDENT OF
FINANCE & RISK MANAGEMENT**

Joe Hostetler, Vice President of Finance & Risk Management gave a power point presentation highlighting the 2005 Budget. Mr. Hostetler noted that there are many proposed cuts in the \$196,000,000 budget. Mr. Hostetler pointed out that three positions have been frozen and that 2 ½ have been deleted. Director Cumbie asked why 15 ½ new positions are proposed, Mr. Hostetler stated that Mike Geraghty would address this issue but it is largely due to the Toho Water Authority take-over.

Mr. Hostetler also pointed out that the long term TWA contract is currently being negotiated. Dr. Gant stated that when negotiating the contract, staff should address the incremental costs to non-electric customers. Mr. Welsh noted that this contract should be given high priority.

Mr. Hostetler discussed ARP Capacity Credits as well as other credits included in the proposed budget. He then addressed proposed changes to miscellaneous charges such as forced collections, bad check charges, after hour connects and reconnect charges due to tampering. Other items discussed included a time line for the rate change as well as questions regarding bond issues.

**3. HUMAN RESOURCES OVERVIEW – WILBUR HILL, VICE
PRESIDENT, HUMAN RESOURCES**

Wilbur Hill, Vice President of Human Resources stated that the budget includes 307 equivalent positions. Mr. Hill discussed a salary study which showed a 3.4% overall difference in market level salaries. Mr. Hill then discussed the issue that the City of Kissimmee and Osceola County Government have eleven paid holidays per year while KUA provides ten. He stated that staff would like to recommend a 3% market level adjustment as well as the addition of the Veteran's Day holiday to the proposed budget.

There was a discussion regarding the benefits of proposing a Veteran's Day holiday rather than giving another floating holiday. Director Cumbie then asked what the cost involved in a holiday was. Mr. Hostetler stated that from a pay standpoint, not including benefits the cost is roughly \$47,000 or approximately \$50,000 with overtime.

ACTION: Director Hart made a motion, seconded by Director Toro to approve, for budget purposes, a 3% market level adjustment and the addition of the Veteran's Day holiday to the FY 2005 budget.

Motion carried 4-0

Vice Chairman Gemskie adjourned the meeting for a ten minute recess at 7:30 p.m.

Vice Chairman Gemskie reconvened the meeting at 7:40 p.m.

4. DEPARTMENTAL O&M AND CAPITAL BUDGETS

a. POWER SUPPLY – BEN SHARMA

Mr. Sharma gave an overview of his budget. He stated that two positions have been deleted, an electrician and a water quality supervisor. The position of Power Plant Supervisor has been frozen for now. Mr. Sharma then discussed many proposed reductions in the proposed budget.

Mr. Sharma addressed board concerns in reference to the scheduling of inspections at both Cane Island and Hansel.

b. INFORMATION TECHNOLOGY – JEF GRAY

Jef Gray, Vice president of Information Technology discussed personnel issues including the addition of one programmer architect. Mr. Gray also discussed capital projects including converting to CITRIX, new application development tools and the BPL project studies. He then stated that Sparks has now generated over 1,800 phone customers, and discussed advances in e-billing including the addition of payment centers at 7-11 stores.

c. ENGINEERING & OPERATIONS – KEN DAVIS

Ken Davis, Vice President of Engineering & Operations presented his organizational chart. Mr. Davis stated that two First Class Linemen positions have been frozen and no new positions have been proposed for this year.

Mr. Davis noted that capital items include the convention center and Pleasant Hill Road substations, line extensions, equipment and transformer replacements at the BVL substation. Director Gemskie asked would there still be a need for a substation if the convention center was not built; Mr. Davis stated that it would still be needed, but not as quickly.

d. CUSTOMER SERVICE & MARKETING, MIKE GERAGHTY

Mike Geraghty, Vice President of Customer Service and Marketing highlighted his organizational chart. Mr. Geraghty proposed the addition of a clerical assistant in the power diversion area because of the high percentage of tampering cases that this area deals with. He also addressed concerns about the need for more phone bank and customer service representatives to attain a goal of a minimum 30 second wait, maximum 2 minute wait for phone customers.

Capital items addressed include a call center expansion, the replacement of carpeting and office furniture. Mr. Geraghty stated that the carpet is worn in some areas creating what could be a safety hazard.

f. FINANCE & GENERAL MANAGEMENT – JOE HOSTETLER

Joe Hostetler, Vice President of Finance & Risk Management reviewed his department's organizational chart. He noted that no positions have been changed. Mr. Hostetler then stated that his department made cuts in both consulting and travel and training funds.

Mr. Hostetler mentioned that the mission and vision statements may be reviewed and revised later this year. Director Hart asked if he could be included in this process as a member of the board. Mr. Welsh stated that staff would contact him to schedule this meeting.

Mr. Hostetler then reviewed the Executive Office and Board budgets. He stated that there are no changes in personnel and then reviewed the budget for travel and training.

g. HUMAN RESOURCES – WILBUR HILL

Wilbur Hill, Vice President of Human Resources stated that the only minor change in personnel services is the deletion of a part-time television production intern.

Chris Gent, Manager of Corporate Communications highlighted the budget line items for community support activities. He pointed out that there is \$10,000 in the budget for new events and sponsorships which may be requested this year. Director Cumbie asked about the criteria for these sponsorships. Mr. Gent stated that requests go through set criteria, with final approval by both himself and James Welsh.

Director Hart asked if there will be a 25% increase in health insurance premiums. Mr. Hill stated that there will be a significant increase but as of this time, this is a cushioned estimate in the increase.

Mr. Welsh stated that a public hearing on the proposed budget is scheduled for the July 21, 2004 meeting, but there may not be a quorum present at this meeting. The Board agreed to change the July 21, 2004 regular meeting to Wednesday, July 14, 2004 at 4:30 p.m. Mr. Hostetler stated that due to time constraints, the rate change portion of the budget may have to be brought back at a later date if this item could not be prepared in time.

D. **OTHER** - none

E. **HEAR ATTORNEY, INTERNAL AUDIT, GENERAL MANAGER, DIRECTORS**

Algertha Diggs, Manager of Internal Audit had no items to discuss.

Grant Lacerte, Vice president and General Counsel briefed the board on the status of the railroad accident case, an EPA visit to the Lackey Center which could result in changes and a change in the policy on the acceptance of gifts in the Personnel Policies and Procedures.

General Manager Welsh reminded the Board about the change in meeting dates to July 14 at 4:30 p.m. He then noted that the FMEA Conference is scheduled for July 27 through July 29 and the August meeting is scheduled for August 25, 2004.

The Board members welcomed Jim Kasper and thanked staff for the hard work they did in preparing the budget. Directors Hart and Cumbie expressed that they were pleased with the smoothness of the five year plan budget process. Mayor Gant briefly discussed Fiber Optics with Ken Davis, Vice President of Engineering and Operations.

F. **ADJOURNMENT**

Meeting adjourned at 9:20 p.m.

Vice-Chairman

Secretary