
MINUTES OF SPECIAL MEETING OF KISSIMMEE UTILITY AUTHORITY, HELD
THURSDAY, AUGUST 12, 1993, AT 6:00 PM, BOARD ROOM, ADMINISTRATION
BUILDING, 1701 W. CARROLL STREET, KISSIMMEE, FLORIDA

Present at the meeting were Chairman Hord, Vice-Chairman Gant, Secretary Bobroff, Assistant Secretary Lowenstein, Director Jones, Attorney Brinson, President & General Manager Welsh, and Recording Secretary Rundio. Mayor Pollet was not present.

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

B. AWARD OF CONTRACT - GENERAL CONSTRUCTION OF CANE ISLAND UNIT NO. 1
- IFB #032-93

Mr. Welsh indicated that this was a straightforward evaluation process and that Ben Sharma, Director of Power Supply, would submit a detailed report. Some Black & Veatch (B&V) representatives were present to answer any questions.

Mr. Sharma stated that only four out of seven qualified contractors submitted bids, as shown in the Agenda Item. The evaluated cost includes some of the items their vendors had taken exception to or did not include prices. Our Consultants, Black & Veatch, estimate those costs for comparison purposes in every bid. Staff recommended that the low bidder, Metric Constructors, with an evaluated cost for this award of contract in the amount of \$6,577,000, be approved.

Chairman Hord questioned Metric Constructors' Technical Cost Adjustments (\$361,000) and Commercial Cost Adjustments (\$6,000) of the Comparative Cost Analysis and whether Black & Veatch furnished these numbers and what happens if the contractor disagrees with those numbers. Mr. Sharma said they were Black & Veatch estimates and that these numbers are in the negotiation process. It's the maximum we can go. Chairman Hord was concerned this would go over the "not-to-exceed" limit. Mr. Sharma assured him this would be with the authorization of the Chairman and Secretary to execute the contract "upon successful negotiation of scope of work and terms and conditions", as included in the Agenda Item. At this time, Staff was only requesting the flexibility to go ahead and talk to them, but that the contract would not be signed today.

Chairman Hord also inquired, this being the second occurrence where Black & Veatch added some estimates in for 'options', in order to compare apples to apples, whether this was a standard procedure by them to do the cost quoting. Mr. Sharma agreed that is correct and stated this is included in all our specifications because of the configuration of the bids, that is, if anything is left out the Consultants or Owners have the right to estimate the cost of these things.

Director Bobroff questioned General Electric's bid of twice that of the other bidders for the combustion turbine erection option. Mr. Sharma assumed they estimated this but was uncertain as to how they arrived at that figure.

Director Lowenstein asked if by having someone else erect the turbine whether the warranty comes into question. Don Shultz, B&V, said "no" and added that there would be field erection supervision.

Director Jones moved to accept Staff's recommendation of the award of contract for the General Construction of Cane Island Unit 1 to Metric Constructors for the not-to-exceed sum of \$6,577,000; and to authorize the Chairman and Secretary to execute the contract upon successful negotiation of scope of work and terms and conditions. Seconded by Director Lowenstein.

Motion carried 5 - 0

C. CANE ISLAND/CLAY STREET. EASEMENT AGREEMENT - PARCEL 8

This is a critical easement necessary for the Cane Island to Clay Street line which, in turn, is critical for the completion of the Cane Island project.

Ken Davis, Director of Engineering, made a brief presentation on the negotiations taking place. The appraisal value of the easement in question was originally set at \$20,000 and the owner, Mr. Shepard, has agreed to give us an option to purchase the easement for \$28,313. Mr. Shepard felt this was a fair value considering there was a considerable amount of large oak trees being cut on the property. Mr. Davis stated this gives us some flexibility if an alternate route is chosen. He detailed the locations in question on an aerial map. He said he recently found out from the County there is a plan to build a frontage road and close the railroad crossings in that area.

A problem came about at a spot where the County road ends on a section of property which has not been addressed by the County or KUA as far as appraisals, surveys, etc. Getting that parcel through condemnation would throw our schedule off by about a month. Discussion followed on the advantages and various scenarios in obtaining this property. If we can't negotiate with that property owner, the owner of Parcel 8, under discussion, agreed to give KUA an option to purchase the easement before September 1st. It is important to finalize the requirements before condemnation proceedings. If negotiations cannot be accomplished, we would cross over to Mr. Shepard's property and continue on with our original plan. Mr. Davis stated that Staff will bring back to the Board an amended resolution for the condemnation at the next Board meeting.

Attorney Brinson stated we would like to keep it out of the condemnation suit because it is difficult to un-condemn something.

Following discussions, Staff recommended entering into an easement agreement with the option to purchase Parcel 8 for \$28,313, as stated in the Agenda Item.

Director Gant summarized that Staff would pursue this option and also pursue the other, and whichever comes out the best would be accepted.

Director Bobroff moved to accept Staff's recommendation to enter into an Easement Agreement giving us the option to purchase the easement described as Parcel 8 for the net price to the owner of \$28,313 and authorize the exercising of this option, if required. Further, authorize the President and General Manager to execute the required documents. Seconded by Director Lowenstein.

Motion carried 5 - 0

D. AGREEMENT WITH FLORIDA GAS TRANSMISSION CO. (FGT) FOR CONSTRUCTION OF A NEW METERING STATION FOR CANE ISLAND

We require a new metering station at Cane Island and FGT needs to construct it at cost, for which we will be reimbursing them.

Mr. Sharma stated the Board had already approved and signed a letter agreement in December 1991 regarding the construction and reimbursement of the cost of certain facilities for the Cane Island delivery point. Through Black & Veatch it was

possible to get some design changes to avoid going across I-4 and FGT agreed to cross underneath I-4, with the metering station on the south side of I-4. This changes the cost reimbursement figure and other changes were necessary under Federal Energy Regulatory Commission's (FERC) Order #636.

As a result, a new agreement supersedes the December 1991 agreement in its entirety. The additional work on the modifications increased the estimated reimbursable cost from \$324,228 to \$433,356, but reduced the length of our pipeline and avoided the complications of going under I-4.

Mr. Sharma said that now we will pay everything in the beginning and then true-up the expenses. Staff recommended that the Board approve the agreement.

Director Bobroff moved to approve the agreement with Florida Gas Transmission (FGT) for the construction and reimbursement of cost of a new gas metering station for Cane Island; and authorize the Chairman and Secretary to execute the same. Seconded by Director Jones.

In answer to Director Lowenstein, Mr. Sharma stated that we are the shipper and FGT is the transporter. This line could I transport gas for FMPA (our partner).

Mr. Welsh added that no one has any rights to use this portion of the line except KUA and FMPA. Some preliminary discussions had been made about FPC potentially wanting to utilize the line on a test or permanent basis, but no firm discussions or commitments were made. Someday, we may sell them the rights to utilize a portion of the line.

Motion carried 5 - 0

E. AGREEMENT WITH CSX TRANSPORTATION

Normally, this item would be included in the Consent Agenda. In a nutshell, this agreement between CSX Railroad and KUA allows us to cross the railroad with the pipeline.

Director Bobroff moved adoption of the recommendation of Staff of the two agreements with CSX Transportation required for the construction of Cane Island gas pipeline, including the one-time license fee of \$2,575 for the Gas Pipeline Crossing of the tracks at County Road 532, and a fee of \$29,200 for crossing the railroad tracks at the Cane Island access road; and authorize the Chairman and Secretary to execute the same. Seconded by Director Lowenstein.

A change on page 6 of the agreement regarding liability insurance was questioned by Director Lowenstein. Mr. Sharma stated that most of these agreements are preprinted boiler plate forms with a \$3 million liability insurance clause, Through intense negotiations this was brought down to \$1 million for KUA; therefore, all future KUA agreements will also need to be amended and initialed regarding this insurance clause.

Brief discussion continued with respect to our gas pipeline having to cross the tracks, run parallel to it for some distance and cross over again.

Motion carried 5 - 0

F. OTHER - None

G. HEAR GENERAL MANAGER, ATTORNEY, DIRECTORS

GENERAL MANAGER

Mr. Welsh reminded the members of the Regular Meeting on Wednesday, August 25th. Initially, however, the Board members and Staff would meet at 5:00 p.m. at the Hansel Plant for an inspection of the Hansel site to see the new coalescer and also to see the old substation where we are planning several improvements in the control house. Following the tour, everyone would return for the 6:00 p.m. meeting in the Board Room.

A Special Meeting is scheduled for Wednesday, September 8th, at 6:00 p.m. for the purpose of recommending to the Board the award of contract for the steam turbine generator set, a \$3 million bid item. The timing on receiving and evaluating the bids is such that it will not be ready for the August 25th meeting but it will be ready prior to the Regular Meeting in September, thereby shaving several weeks of waiting time.

Mr. Welsh distributed copies of a letter being sent to all the Cane Island participants: contractors, engineers, suppliers, Staff, Owner's Rep and others. It highlighted the Team Building Session to be held at the Marriott Orlando World Center Hotel slated for 3:00 p.m. through dinner on Thursday, September 16th, and resuming again at breakfast time on Friday, September 17th, for the entire day. The members will be contacted next week as to their participation for the various events.

ATTORNEY - No comments

DIRECTORS - No comments

H. ADJOURNMENT: Meeting adjourned at 6:45 p.m.


ACTING-CHAIRMAN

ATTEST:


ASSISTANT SECRETARY