

MINUTES OF REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY, HELD
WEDNESDAY, OCTOBER 27, 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 Schoolfield, Mayor Pollet, Attorney Brinson and President & General Manager Welsh.

A. MEETING CALLED TO ORDER at 6:00 P.M. by Chairman Hord.

B. AWARDS AND PRESENTATIONS

1. 15-YEAR SERVICE AWARD - GENE GILES

2. 15-YEAR SERVICE AWARD - WAYNE COCHRAN

Mr. Welsh thanked Gene Giles and Wayne Cochran for their 15 years of service each. He stated that it has been a real pleasure working with them through the years. They were presented with service awards by the Chairman and were congratulated by each of the individual Board members.

Gene had chosen an oil lamp and Wayne had picked out a 7-piece wine carafe set.

3. 15-YEAR SERVICE AWARD - RODNEY ROCKER

4. 5-YEAR SERVICE AWARD - MICHAEL FULMORE

5. 5-YEAR SERVICE AWARD - JONATHAN SHEARIN

6. 5-YEAR SERVICE AWARD - JEFFREY TOMLINSON

The four above-noted employees were unable to be present. Mr. Welsh stated that their service awards would be given to them at an appropriate time by their Department Director.

7. 5-YEAR SERVICE AWARD - KALEVI JARVINEN

Kal Jarvinen, Lead Engineer, was thanked and congratulated by Mr. Welsh and the Board for his contributions to KUA. Mr. Welsh stated at times it seemed Kal has been on board 'forever', while on the other hand the years have flown by and it seems like only yesterday that he joined KUA.

8. EMPLOYEE OF THE MONTH - BILL GROOVER

Mr. Welsh stated that Bill Groover had recently been recognized for his 30 years of service at which time he was commended by the Board for having served those 30 years without a sick day! Mr. Welsh stated that today Bill was receiving a special award as Employee of the Month. Bill was spontaneously selected by his fellow employees as being the most deserving person this month to receive this recognition and that he couldn't think of a better person for this honor. Bill's wife, children and parents were in the audience to see him receive this award.

Bill was congratulated and thanked by the members and was presented with a plaque and a \$100 Savings Bond Certificate, in addition to receiving a day off with pay and a reserved parking space for November.

C. HEAR THE AUDIENCE

Jim Scott, BVL (Beunaventura Lakes) asked the Board if they knew that there was a pole down on BVL Boulevard between Florida Parkway and the Shopping Center. Mr. Welsh asked Ken Lackey, the Director of Transmission & Distribution, if he was aware of this situation. Mr. Lackey indicated that he was not but would look into it. Before the meeting was over Mr. Lackey had determined and relayed to Mr. Scott that the pole was struck about 3:00 p.m. and that it will be replaced in the morning or on Friday, and also that we have removed it from being a traffic hazard.

D. PUBLIC HEARING

1. RESOLUTION NO. 93-9 - AMENDING THE METHODOLOGY AND CALCULATION OF INTEREST ON CUSTOMER DEPOSITS

The Chairman announced the public hearing and asked if anyone in the audience had any comments on Resolution 93-9. No comments were forthcoming from the audience.

Mr. Welsh stated that this was the final step in a complicated approval process between KUA, the Public Service Commission (PSC) and the City of Kissimmee. We had desired to only put this change in effect if it was also the desire of the City of Kissimmee to change this for their water and sewer deposits.

Ms. Chris Beck, Director of Customer Relations, indicated that this change would fix the interest paid on deposits from a 5% fixed rate to a variable rate compounded monthly. This had been approved by the PSC. A final hearing to approve the resolution by the City of Kissimmee was passed last night. This would have our interest paid on deposits based on the State Board of Adjustment rate (SBA) which is currently 3.5%. This would go into effect on Monday, November 1st.

Director Bobroff moved that the Board approve Resolution R93-9 which provides for the changes described in the Agenda Item and puts the changes into effect on November 1, 1993. Seconded by Director Lowenstein.

Director Gant asked why we were using the State Board of Adjustment rate. Mr. Welsh indicated that that was the rate which would be earned on the deposits that we collected.

Motion carried 5 - 0

E. INFORMATIONAL PRESENTATIONS (REQUIRING NO ACTION)

1. MONTHLY CONSTRUCTION PROGRESS REPORT OF CANE ISLAND PROJECT

Greg Harrington, KUA's Owner's Representative on the Cane Island Project, gave a detailed verbal report on various items of construction. The site development is now approximately 96% complete. He responded to various questions by the Board.

Mr. Harrington noted that there had been some engineering design delay but at this time Black & Veatch (B&V) had committed to adding additional staff to the project. The May 27th date for Unit No. 1 is still achievable but very optimistic. The additional cost to expedite this at this time is very minimal.

Mr. Harrington showed and narrated a video of the site work which was taken today. He added detailed comments on various phases of construction which is in progress.

Chairman Hord asked if it was possible to access the greater wetlands area because of the way that the fence is located. Mr. Harrington said that, yes, it is at this time but it is our intention to add additional fencing to make that access more difficult.

F. OLD BUSINESS

1. RESERVE FOR FUTURE CAPITAL OUTLAY INVESTMENT OPTIONS

Mr. Welsh stated that the recent refinancing done by the Board was done instead of a cash defeasance. The \$20 million that was planned for the cash defeasance at that time it was noted could be used for defeasing the later 1987 bond issue. Also it could have been employed by investing it now to defer the need to issue a planned 1997 bond issue.

Director Bobroff asked if the \$20 million is invested now. Joe Hostetler, Director of Finance, indicated that it was and related what we were planning on doing, if we planned to use this money to defer the 1997 issue as opposed to doing a cash defeasance on the 1987 issue. We could take it out of the short-term securities in which it is currently invested and invest it in slightly longer term securities at a slightly higher rate.

Mr. Hostetler detailed the report on this which was prepared by Evensen Dodge, Inc. and had been delivered to the Board. He noted that the present value of investing money now and deferring the 1997 issue was greater and is the option which is recommended to be employed by KUA. He also pointed out that, instead of doing this, it was planned to issue a debt issue in 1997. This posed some risk for KUA in that we did not know what kind of bond rate we would be facing in 1997 when this would be issued.

Director Gant asked if an additional refunding would be possible. Joe Hostetler indicated that we could defease an issue legally at this time if it was cost effective to do so but there are no refundings which are possible of our bond issues until 1997.

Chairman Hord stated that it was the consensus of the Board that they concurred with Staff to utilize Option 1 in the report which was, basically, to invest the money at this time and use it to defer the need to issue a bond issue in 1997.

2. CANE ISLAND/CLAY STREET TRANSMISSION CONSTRUCTION CONTRACT - PHASED AUTHORIZATION TO PROCEED

Mr. Welsh stated that the Board had previously authorized the award of bid to Terry's Electric, Inc. for the construction of the Clay Street line. At the time of authorization we said that we would not proceed on this until the condemnation process was complete. At this time we are recommending that certain items under the contract be done even though the condemnation process is not complete. We plan on giving a detailed update on the condemnation process.

Ken Davis, Director of Engineering, detailed the information in a written recommendation in the Board Directors' Agenda packets.

Chairman Hord asked if the temporary routing as discussed would also be the permanent routing. Mr. Davis indicated that it would be.

Mr. Davis stated that the amount associated with the work which we are recommending that we proceed on had been revised from that presented in the packets. It was revised from \$347,244 to \$323,816.

Chairman Hord asked for some additional clarification on the approval process on this project. Mr. Welsh explained that at this time we are asking for approval to proceed prior to the condemnation process being completed. After the condemnation process has been completed, we will

proceed on the full project based on authorization already made by the Board.

Director Bobroff moved to authorize Terry's Electric, Inc. to proceed with the work for the revised lump sum amount of \$323,816. Seconded by Director Gant.

Director Gant asked why the 69kV lines were coming out on Pershing. Ken Davis indicated that if they came out towards Clay Street we would have to have them underbuilt on 230kV construction. This would make for excessively high transmission structures.

Attorney Brinson indicated that prior to taking a vote on this that this would be a good time to brief the Board on the condemnation process.

Mr. Brinson and Mr. Davis gave a detailed briefing on the status of the condemnation process. Originally, a total of 26 parcels was included in the condemnation suit involving 13 property owners. To date, we have settled on three parcels involving three property owners. We have verbal commitments on six other parcels and six owned property owners. We are still uncertain about 17 parcels involving six property owners.

Mr. Brinson stated that we had saved having to condemn 14 parcels by using the County's new right-of-way which they have attained for a frontage road in this area.

Motion carried 5 - 0

G. NEW BUSINESS

1. AWARD OF CONTRACT - SUPPLY OF GENERATOR STEP-UP TRANSFORMERS FOR CANE ISLAND UNIT 2 - IFB #043-93

Mr. Welsh indicated that this bid evaluation was relatively straightforward but due to the size we had not placed it on the Consent Agenda.

Mr. Ray Brennick, Manager of Systems Control, detailed the recommendation which had been presented to the Board in their packets. This recommendation was to award the Unit No. 2 Generator Step-Up Transformer supply contract to ABB Power T&D Co.

Chairman Hord asked what the \$16,000 in technical adjustments were that were included in the bid price. Mr. Hobart Jacobs, Black & Veatch, indicated that it was for two excitation tests which were required on the Generator Step-Up units. Each of these tests was estimated to be approximately \$8,000.

Chairman Hord had also asked for clarification on the \$3,000 earmarked in the commercial adjustments. Mr. Jacobs indicated that we had retained 10% of the cost from the vendor prior to acceptance. They had taken exception to this and the \$3,000 was for the cost of a Letter of Credit to provide this added protection for us which we plan to negotiate in the contract with the vendor.

Motion by Director Lowenstein, seconded by Director Schoolfield, that the Board approve the award of Unit 2 Generator Step-Up supply contract to ABB Power T&D Co. subject to the successful negotiation of a contract for an amount not to exceed \$960,800; and authorize the Chairman and Secretary to execute the successfully negotiated contract.

Director Gant asked what was the loss value cost indicated in the bid evaluation. Mike Simpson, Black & Veatch, replied that these were the values placed on the losses associated with the transformer and were evaluated for each of the bid transformers.

Motion carried 5 - 0

2. AWARD OF CONTRACT - SUPPLY OF COOLING TOWER FOR CANE ISLAND UNIT
2 - IFB #055-93

Mr. Welsh indicated that there had been a formal protest lodged by Hamon Cooling Towers, who had not been recommended as the successful bidder.

Mr. Douglas Stenson, of Hamon Cooling Towers, addressed the Board. Mr. Stenson outlined three areas that he was protesting:

1) The fill requirement as contained in our specifications, he felt, was not met by Zurn Balcke-Durr (ZBD).

2) The experience required in our specifications that he felt was not met by ZBD. The specs, he felt, required that the provider have experience with wood type construction cooling towers with this type of fill.

3) The evaluation for power consumption which was performed by Black & Veatch was not included in the specifications. He felt that this was unfair.

Chairman Hord asked that Black & Veatch address the Board on the issues put forth by Mr. Stenson.

Mr. Don Schultz, Black & Veatch, drew a diagram of the cooling tower and explained the issues under discussion.

Mr. Schultz indicated that in lieu of the film type fill we had specified a splash type fill to avoid fouling problems. He said that Black & Veatch had recognized that what ZBD had proposed was a hybrid type employing 95% of the droplets with some fill type cooling. B&V had evaluated this and investigated its usage with other companies that have employed it. They found that it was acceptable and that the intent of the specifications had been met.

Chairman Hord asked the Hamon representative if they could supply that type of material if they were asked. Mr. Stenson indicated that they do not supply that type of fill.

Mr. Schultz also indicated that the Zurn bid did not meet the flame spread rating required in the specifications. He considered this a minor deviation which was acceptable.

Chairman Hord asked if Hamon could supply the higher flame spread rating if they were asked. The Hamon representative indicated that, yes, they could and it would be cheaper.

Chairman Hord asked if we should allow Hamon at this time to rebid using the flame spread material with a higher rating.

Mr. Welsh stated that he would not recommend it, that this had been determined as an acceptable alternate and that we had stated in our bid specs that we reserve the right to waive any item that we consider minor exceptions if it was determined to be in our best interest.

Mr. Schultz had indicated that we had determined it would be necessary to sprinkle these towers with fire protection equipment, making the flame spread rating less critical. He also indicated that when they initially asked Hamon what their flame spread rating was, that they did not know; they had tested the bid material and at that time found that it happened to meet the specification required.

Mr. Schultz stated that as far as experience in constructing this, we had put in the specifications that the vendor should have experience in wood towers and they should have experience with this type of fill. Mr. Stenson had indicated that he felt that since ZBD did not have experience with this type of fill and wood towers together, that they had not met specifications. Mr. Schultz indicated that he felt the intent of the specification was not to have the experience necessarily in the same towers but to have experience both with wood construction and with this type of fill.

Mr. Jack Eunson, of Zurn Balcke-Durr, Inc. (ZBD), stated that ZBD had experience with wood-type construction. They also have experience with this type of fill. As they had read the specs, they did not see that it was necessary to link these two. They had offered what they felt was the state-of-the-art type of material as an alternate to what we had rigidly required in our specification.

Director Bobroff asked if the fill requirement was the creation of ZBD. Mr. Eunson indicated that it was. Director Bobroff asked if tests had been run on this and who had performed them. Jack Eunson indicated that performance tests were run on many installations and these had all passed. These tests had been performed by their customers.

Mr. Schultz indicated that none of the bidders knew that there would be an adjustment and evaluation based on power consumption. The power adjustment methodology was not available when the specification was prepared. It's possible that some of the bidders could have changed their design but none of them knew about it.

Mr. Schultz stated that ZBD would still be the low bidder if they had not been evaluated based on power consumption of the Unit.

Mr. Eunson, of ZBD, indicated that another outside lab test of the material was made and it verified that theirs was superior.

Director Lowenstein asked if they had any cooling towers with this type of material in operation in the United States. Mr. Eunson indicated that there were several in operation in the U.S. with this project.

Director Lowenstein asked if they have had any deficiencies. Mr. Eunson indicated that in all cases they had exceeded expectations.

Mr. Jeff Ling, Manager of Power Production, indicated that the Hamon cooling towers were composed of two bays, whereas all of the bidders bid three bays. He indicated that this provided added reliability. At our existing Power Plant we have three bays in our cooling towers and at one time one of the bays was out but we were still able to keep the full unit in operation just utilizing the other two bays.

Director Lowenstein asked who had constructed our existing cooling tower. Jeff Ling indicated that he believed it was Marley. Mr. Welsh verified that Marley was the constructor of the existing cooling tower at the Power Plant.

Director Bobroff moved that we accept the protest. There was no second.

Mr. Welsh stated that we may be having a problem with semantics if we accept the protest, that we're basically accepting it as valid and would have to provide relief to the protector. Mr. Brinson indicated that this is the case. Director Bobroff indicated that he thought we could accept the protest as having received it and then decide what to do with it.

Chairman Hord indicated that perhaps we should throw out the power consumption consideration. Mr. Welsh indicated that he didn't feel there was a basis for doing this. We have a right to evaluate equipment in our best interest and it's not absolutely necessary that all the evaluation criteria should be included in the specifications.

Mr. Schultz was asked to summarize for the Board Black & Veatch's responses to the protest put forth by Hamon. Mr. Schultz indicated that:

1) Regarding the specification, while the bid of ZBD did not rigidly meet the specification, Black & Veatch contends it did meet the intent.

2) They felt that Hamon's complaint about ZBD's experience was not valid. They had specified that they should have experience with wood type construction and this type of fill. Black & Veatch feels that ZBD meets the specification even though they don't have experience with them in combination.

3) The information that this bid would be evaluated for power consumption was not included in the specification but this is not always included in the specification. Any bidder has to make a decision whether to provide a high efficiency versus a cheaper type of unit. He felt what they specify is judgments that they should make.

Chairman Hord indicated that he would hope a bidder would bid the best and most efficient equipment that they could supply to us.

Director Bobroff stated that he would withdraw his motion due to the fact that there seems to be a misinterpretation.

Motion made by Director Gant, seconded by Director Lowenstein, to disapprove the protest.

Director Gant asked if this was done under our Complex Bidding Procedures. Don Schultz indicated that it was not.

**Motion carried 4 - 1
Director Bobroff opposed**

Motion made by Director Gant, seconded by Director Schoolfield, that the Board accept the bid from Zurn Balcke-Durr, Inc. and authorize Black & Veatch to issue a Letter of Intent and to negotiate a contract for an amount not to exceed \$721,700; and authorize the Chairman and Secretary to execute the successfully negotiated contract.

Chairman Hord asked Black & Veatch if using the effluent water could foul this unit. Don Schultz said that he anticipated some fouling and had allowed \$50,000 in the evaluation for any necessary maintenance.

Chairman Hord asked if a treatment system to avoid fouling had been considered. Don Schultz responded that it had been evaluated and judged that it was not necessary to include it at this time but room had been left for its inclusion in the future should it become necessary.

Motion carried 5 - 0

3. AWARD OF CONTRACT - GAS PIPELINE CONSTRUCTION FOR CANE ISLAND - IFB #073-93

Mr. Welsh stated that the bid for some valves and strainers had gone out under a separate specification. When the bids came in some of the valves and strainers were not included in those that were bid. The Engineers at that time had the choice of creating separate specifications and issuing them separately or requesting a price from the Gas Pipeline

Construction bidders. This second option was utilized because the Engineers felt it would be more cost effective in terms of not expending engineering dollars for the additional specifications which had to be produced and evaluated.

Chairman Hord asked why there was such a large range in the responses received for the valves and strainers by the various providers. Mr. Schultz indicated that either they had received different prices from the suppliers or some of the bidders were adding more profit to that item.

Chairman Hord suggested that we award the contract without the inclusion of the valves and strainers as there was such a wide dispersion.

Mr. Schultz suggested that we award the contract but include an option for the valves and strainers at something near the lowest price quote that we had received from all bidders.

Moved by Director Gant, seconded by Director Lowenstein, that the Board accept the bid from Patterson & Wilder Construction Co. and authorize Black & Veatch to issue a Letter of Intent and negotiate a contract not to exceed \$1,674,000; and authorize the Chairman and Secretary to execute the successfully negotiated contract.

Motion carried 5 - 0

A recess occurred at this time.

Mr. Welsh stated that to clarify that based on the lowered price for the not-to-exceed amount, we will attempt to negotiate all the valves and strainers for an amount not greater than \$88,000. If this could not be done, that we would proceed to put out the specifications and bid these separately. Mr. Welsh indicated that he was real confident that this amount could be negotiated in the contract.

H. STAFF REPORTS

1. MONTHLY PROGRESS REPORT ON ENGINEERING PROJECTS

There were no questions by the Board on this report.

2. CONDENSED FINANCIAL REPORT FOR THE MONTH OF SEPTEMBER 1993

Joe Hostetler explained the Condensed Financial Report which was contained in the Board packets distributed to the Board. He elaborated on what was contained in those reports and he displayed overview graphs. These graphs showed revenue versus expenses on a monthly basis for the year. He indicated that similar graphs would be included in the Condensed Financials in the coming months.

3. MONTHLY REPORT ON POWER SUPPLY DEPARTMENT PROJECTS

Chairman Hord asked who was paying for the overtime being expended to catch up on the engineering design that was behind. Don Schultz indicated that there were no overtime rates expended for exempt personnel, but there are some overtime rates on non-exempt personnel.

Chairman Hord asked who was to blame for the lateness. Mr. Schultz indicated that he felt that was shared by both KUA and Black & Veatch.

Chairman Hord asked how much we are behind. Mr. Schultz stated that he felt Unit 1 was fairly well caught up; Unit 2 at this time may be a month-and-a-half to two months behind.

Chairman Hord inquired what this does to us. Mr. Welsh indicated that that is dependent upon whether the pipeline expansion by Florida Gas Transmission (FGT) was on time or not. He asked Mr. Schultz if he had received any further indication on that. Mr. Schultz said they were trying to get an update from FGT and as of this time they are sticking by their original schedule.

Chairman Hord indicated he felt that Black & Veatch should catch up for the amount of delay that was caused by them. He wasn't sure whether we needed to be expending dollars for any delay caused by us.

Director Bobroff asked for an explanation of why we're behind. Mr. Schultz indicated that it is somewhat due to the permitting process during which time KUA did not release Black & Veatch to begin the design process.

Mr. Welsh informed the Board that there have been some delay cost claims put in by our General Contractor in the field due to design delays.

Director Bobroff inquired if the SCADA problems indicated in the report have been cleared up yet. Mr. Brennick replied that, no, they hadn't. Director Bobroff asked if this was critical and if it kept us from using the system. Mr. Brennick indicated that the system is being employed and that these are merely punch list items.

I. CONSENT AGENDA

Mr. Welsh asked that items 1, 2, 3, 6, 14 and 17 be pulled from the Consent Agenda.

Chairman Hord asked that items 10, 11, 15 and 18 be pulled from the Consent Agenda.

Motion made by Director Lowenstein, seconded by Director Gant, that items 4, 5, 7, 8, 9, 12, 13 and 16 on the Consent Agenda be approved.

4. **RESOLUTION 193-13, AMENDMENT TO REDEMPTION RESOLUTION #93-12 FOR SERIES 1985 BONDS**
5. **AWARD OF CONTRACT - SUPPLY OF AUXILIARY TRANSFORMERS FOR CANE ISLAND UNIT 2 - IFB #042-93**
7. **AWARD OF CONTRACT - SUPPLY OF BOILER FEED PUMPS FOR CANE ISLAND UNIT 2 - IFB #046-93**
8. **AWARD OF CONTRACT - SUPPLY OF CIRCULATING WATER PUMPS FOR CANE ISLAND UNIT 2 - IFB #047-93**
9. **AWARD OF CONTRACT - SUPPLY OF CONDENSATE PUMPS FOR CANE ISLAND UNIT 2 - IFB #048-93**
12. **AWARD OF CONTRACT - SUPPLY OF SHOP FABRICATED TANKS FOR CANE ISLAND UNIT 2 - IFB #052-93**
13. **AWARD OF CONTRACT - SUPPLY OF CONDENSER AND CONDENSER EXHAUSTERS FOR CANE ISLAND UNIT 2 - IFB #057-93**
16. **AWARD OF CONTRACT - SUPPLY OF GAS PIPELINE VALVES FOR CANE ISLAND UNIT 2 - IFB #072-93**

Motion carried 5 - 0

Regarding items 1, 2 and 3 (listed below), Mr. Welsh said that these were pulled at the request of Director Bobroff since they had just been received prior to the meeting. These Minutes were inadvertently omitted from the Board members' packets. Mr. Welsh suggested that approval of these Minutes be deferred until the next meeting, giving adequate time for their review by the Board.

1. APPROVAL OF MINUTES OF SEPTEMBER 14, 1993 SPECIAL MEETING
2. APPROVAL OF MINUTES OF SEPTEMBER 22, 1993 REGULAR MEETING
3. APPROVAL OF MINUTES OF SEPT, 29 & OCT. 6, 1993 SPECIAL MEETING
6. AWARD OF CONTRACT - SUPPLY OF COMPRESSED AIR EQUIPMENT FOR CANE ISLAND UNIT 2 - IFB #044-93

Mr. Welsh indicated that under item #6 above, there has been a formal bid protest on this put in by Atlas Copco Compressors, Inc.

Mr. Matt Hanna, of Atlas Copco, addressed the Board. He elaborated on the protest which had been referred to in an earlier letter sent to KUA. He felt that the approximations and estimations used in the evaluation were inappropriate. He indicated that the annual maintenance cost for Atlas Copco Compressors was grossly overstated. He felt that large maintenance costs, which were indicated every 10 years, would only be due to a catastrophic event. He felt that, instead of a \$2,000 a year maintenance cost, they should be more like \$100 to \$200. The catastrophic event should either be taken out of the evaluation for Atlas Copco or a similar event put into their competitors' bid.

Mr. Hobart Jacobs indicated that maintenance costs were obtained from the vendors. He had received indications from representatives of Atlas Copco that they required certified Atlas Copco representatives to perform this maintenance and he got that price from Atlas Copco for this maintenance. The large items which occur every 10 years were indicated to not be catastrophic events but to occur after 70,000 hours of operation and that they should cost approximately 30% of the price of the unit to have them performed.

Mr. Jeff Ling indicated that, although he had no direct experience with the screw type air compressors, he had had experience with screw type liquid oil pumps. From this experience and from discussions with people that did have the screw type air compressors, he felt that the maintenance costs on them were higher than the centrifugal pump type compressors. Atlas Copco was providing the screw type compressors whereas the recommended bidder, Ingersoll-Rand, provided a centrifugal pump type compressor.

An extensive discussion on what the appropriate maintenance cost could be and how it could be determined ensued.

Don Schultz suggested that we ask for bids on five-year maintenance contracts from both of the bidders to resolve this situation.

Motion made by Director Gant, seconded by Director Schoolfield, that we get quotes from the two bidders on the pumps for five-year maintenance contracts (options).

Motion passed 5 - 0

10. AWARD OF CONTRACT - SUPPLY OF GENERAL SERVICE PUMPS FOR CANE ISLAND UNIT 2 - IFB #050 - 93

Chairman Hord asked why we could not accept a faxed bid. Jim Tillman, Director of Materials Management, indicated that under a sealed bid situation with prices of this magnitude that a faxed bid was unacceptable.

Director Schoolfield indicated that he thought that faxes were legally binding.

Attorney Brinson indicated that Mr. Tillman was correct-that under a sealed bid situation a fax would not be acceptable.

Mr. Tillman indicated that for smaller quotations (under \$25,000) faxes would be acceptable, but not under a sealed bid situation.

Moved by Director Gant, seconded by Director Schoolfield, that the Board accept the Ingersoll-Dresser's bid and authorize Black & Veatch to issue a Letter of Intent and to negotiate a contract in an amount not to exceed \$51,761; and authorize the Chairman and Secretary to execute a successfully negotiated contract.

Motion carried 5 - 0

11. AWARD OF CONTRACT - SUPPLY OF CONCRETE CIRCULATING WATER PIPE FOR CANE ISLAND UNIT 2 - IFB #051-93

Chairman Hord asked for some further explanations on this. Director Gant asked, if we researched, why we had only received one bid.

Mr. Jacobs indicated that, while there were several suppliers on this, due to shipping costs geographically the bid that we received was from a supplier that is almost sole source for practical purposes.

Moved by Director Bobroff, seconded by Director Lowenstein, that the Board accept the Price Brothers' bid and authorize Black & Veatch to issue a Letter of Intent and negotiate a contract in an amount not to exceed \$195,642; and authorize the Chairman and Secretary to execute the successfully negotiated contract.

Motion carried 5 - 0

14. AWARD OF BID - ANNUAL REQUIREMENT FOR LOAD CONTROL RECEIVERS AND RELATED EQUIPMENT - IFB #061-93

Mr. Welsh explained that the evaluation sheets had been left out of the packets making it impossible to relate the data contained in the evaluation forms to the recommendation in the Agenda Item.

Mr. Lackey detailed the information omitted via overhead projections.

Chairman Hord asked if we could buy the different components from different bidders if they were lower. Mr. Lackey indicated that the ABB (Asea Brown Boveri) was lowest in all cases.

Chairman Hord asked if this was an estimated annual quantity or an amount that had to be taken regardless of our usage. Mr. Lackey indicated that this was an estimated annual quantity and the price held as long as we took 50% of the bid amount.

Motion made by Director Lowenstein, seconded by Director Gant, that an award be made to the lowest bidder, WESCO Florida Utilities, in an estimated amount of \$363,732.36.

Motion carried 5 - 0

15. AWARD OF BID - ANNUAL REQUIREMENT FOR SERVICE OF PERSONAL COMPUTERS - IFB #064-93

Chairman Hord asked whether this was an hourly rate or an annual amount. Mr. Welsh indicated that this was an hourly rate dependent upon usage.

Motion by Director Lowenstein, seconded by Director Bobroff, to award the annual requirement for service of Personal Computers to InaCom Information System in the estimated annual cost of \$27,000 to be utilized on an as-needed basis.

Motion carried 5 - 0

17. AWARD OF CONTRACT - SUPPLY OF GAS PIPELINE MATERIALS FOR CANE ISLAND UNIT 2 - IFB #001-94

Chairman Hord asked why we had only received one bid and the others had failed to bid.

Mr. Jacobs indicated that the first time the bid was issued we received only one bid but the bidder failed to sign the bid column. He was declared unresponsive and this was reissued. Two other potential bidders were contacted and they indicated that they had some interest, but when the bids came in only one bid was received and that was from the original bidder.

Mr. Tillman indicated that we had received two statements of no-bid. One of them indicated they were unable to meet specifications and also that they were uncompetitive at this time. The other statement of no-bid indicated that their schedule would not permit them to do the work and that they could not meet the delivery time.

Chairman Hord asked if our specifications or our delivery times were unreasonable.

Mr. Jacobs stated that Black & Veatch did not think so.

Mr. Welsh pointed out to the Board that due to the time frame associated with this it was necessary to place the order with the manufacturer by the 15th of this month. On that date it was impossible to get a quorum of the Board for an emergency meeting; therefore, Mr. Welsh had sent out a Letter of Intent under an economic emergency to the manufacturer placing the order.

Motion by Director Gant, seconded by Director Bobroff, that the Board ratify the Letter of Intent and approve the negotiation and award to Consolidated Pipe & Supply for a total not-to-exceed amount of \$1,196,945.77. Further, authorize the Chairman and Secretary to execute the successfully negotiated contract.

Motion carried 5 - 0

18. APPROVAL OF CHANGE ORDER TO ADVANCE TANK & CONSTRUCTION COMPANY FOR BLAST CLEANING CONTAINMENT AND DISPOSAL

Chairman Hord asked if it was possible to store some of the fill material on this Change Order on site to reduce costs. Mr. Welsh and the Engineers indicated that it would be difficult because of the limited space and that there was not an environmental easement on the site.

Chairman Hord asked if the Imperial Site might not be suitable for this fill. Mr. Welsh indicated that he thought the Water & Sewer Department would not allow dumping of fill at that site but that was speculation at this time. He would have them contacted to see if this was a possibility to reduce costs.

Motion by Director Bobroff, seconded by Director Lowenstein, that the Board approve a Change Order to Advance Tank & Construction Co. for blast cleaning containment and disposal for an amount of \$40,975; and authorize the President & General Manager to execute the Change Order.

Motion carried 5 - 0

J. HEAR GENERAL MANAGER, ATTORNEY, DIRECTORS

GENERAL MANAGER

Mr. Welsh gave a brief status report about a potential third unit at Cane Island, that is, Cane Island 3. He indicated that it looks as though there would not be a recommendation for a combined cycle immediately but, if anything, a simple cycle in 1997. He indicated that the final decision on this would probably not have to be made until next summer.

Mr. Welsh distributed to the Board an updated Calendar of Board meetings through the end of 1994.

Mr. Welsh distributed a copy of a report entitled, "The Financial Decision-Making Process in the Kissimmee Utility Authority". He indicated that he had prepared this report in conjunction with the Rollins program with which he was involved. He found its preparation useful and he thought that it may provide an informative reference for the Board. He stated that he had collaborated with many people concerning the processes which were detailed in the report. They have been acknowledged in the report. Mr. Welsh also acknowledged the efforts of Rosemary Klinge and Chris Gent who had been instrumental in the preparation of the report.

Mr. Welsh informed the Board that an item would be brought before them next month involving meter can replacements. This involves approximately 300 meter cans throughout the system at an estimated cost to replace somewhere in the neighborhood of \$200 or approximately totaling \$60,000.

Other major utilities throughout the industry have recognized problems with these and are replacing them. There's a possibility there would be a class action suit and that the cost for this could be reimbursable but at this time we are bidding out the cans to replace these and will be bringing this back to the Board in November so that we can eliminate this hazard.

Mr. Welsh indicated that representatives of the Orlando Utility Commission (OUC) will be visiting KUA a week from Friday. The purpose of their visit will be to inspect our billing system which has been provided by HTE. OUC is contemplating installing a system similar to ours to do their billing.

Mr. Welsh reminded the Board of the Quarter Century Club Dinner which is scheduled for tomorrow evening.

ATTORNEY - No comments

DIRECTORS

Everybody passed except Chairman Hord who indicated that Staff and Consultants should have all details on items that they bring before them. He would like to see homework done in terms of added information on bids that involve large differences.

K. ADJOURNMENT: Meeting adjourned at 10:15 p.m.



CHAIRMAN

ATTEST:



SECRETARY