Mayor Dan Coody

City Attorney Kit Williams

City Clerk Sondra Smith

Fayetteville
ARKANSAS

Aldermen

Ward 1 Position 1 - Robert Reynolds
Ward 1 Position 2 - Brenda Thiel
Ward 2 Position 1 - Kyle B. Cook
Ward 2 Position 2 - Don Marr
Ward 3 Position 1 - Robert K. Rhoads
Ward 3 Position 2 -- Bobby Ferrell
Ward 4 Position 1 - Shirley Lucas
Ward 4 Position 2 - Lioneld Jordan

Special City Council Meeting Minutes February 8, 2005

A Special Meeting of the Fayetteville City Council was held on February 8, 2005 at 6:00 p.m. in Room 219 of the City Administration Building located at 113 West Mountain Street, Fayetteville, Arkansas.

Vice Mayor Lioneld Jordan called the meeting to order.

PRESENT: Alderman Reynolds, Thiel, Cook, Marr, Rhoads, Ferrell, Lucas, Vice Mayor Jordan, City Attorney Kit Williams, City Clerk Sondra Smith, Staff, Press, and Audience.

ABSENT: Mayor Dan Coody

Pledge of Allegiance

Old Business:

OMI Contract Amendment No. 11 (A): A resolution approving Amendment No. 11 (A) to the contract with Operations Management International (OMI) in the amount of $76,693.10 for the acquisition of an electric generating unit; extending the term of the agreement for operations, maintenance and management services and additional five (5) years; and approving a budget adjustment transferring $76,693.00 from Use of Fund Balance to PCP Operation Contract Fund. ***This resolution was tabled at the January 18, 2005 City Council Meeting to the February 1, 2005 City Council Meeting. This item was tabled at the February 1, 2005 City Council meeting to a Special City Council meeting on February 8, 2005.***

Kit Williams: Amendment No.12 is the one that we hope you will approve tonight. I would suggest that you either table indefinitely this resolution Amendment No.11 (A) or you can amend it by deleting it and substituting the resolution approving Amendment No.12.

Alderman Rhoads moved to replace Amendment No. 11 (A) with Amendment No. 12. Alderman Cook seconded the motion.

Vice Mayor Jordan read Amendment No.12.

OMI Contract Amendment No. 12: A resolution approving Amendment No. 12 to the contract with Operations Management International (OMI); and approving a budget adjustment transferring $887,000.00 from Use of Fund Balance to the Wastewater Treatment Plant Generator Capital Project.

Matt Taylor: Amendment 12 is what we discussed last week. It has no extension of OMI's existing contract and is simply a purchase of the generator for the Noland plant. It will be paid for by the City over the course of this year. There will be no financing involved. The intent is to save money by reducing peak electrical use at the plant. Optimistic numbers in savings are $200,000 per year and I think safe realistic numbers are $150,000 per year that it should save in electrical cost out at Noland.

Kit Williams: This is needed for emergency purposes also in case the power goes out?

Matt Taylor: Correct. This will run much more of the processes out there in an emergency. The smaller generator that was proposed would run primary treatment processes and store water to be treated at a later date. This will allow the plant to continue essentially uninterrupted.

Alderman Ferrell: Would you explain to me exactly what this statement means: therefore the first years cost must adjust for this start up expense, the $76,693. Would you explain to me exactly what that start up expense of $76,693 is.

Matt Taylor: I think that $76,693 is from Amendment 11 (A).

Kit Williams: Yes that is correct.

Billy Ammons, OMI: The $76,693 has to due with the transfer from the current rate structure that we are under, the large power user structure, to the off peak rate structure that we will be able to go to once we get this particular generator in place. Any time you are under one of those particular rate structures you incur an obligation based on the demand that you set during a given demand setting period. The demand setting period that we are discussing here was set last year in 2004. There is a bit of a carry over of the obligation that we have because of the demand that we set in 2004 that will be paid out during this year.

Alderman Ferrell: That was my understanding. So the $76,693 goes to Ozarks Electric for last year.

Billy Ammons: Yes. We would incur that no matter when we decided to change.

Alderman Rhoads: That $76,693 is now folded into this $887,000 is that correct?

Billy Ammons: That is correct.

Vice Mayor Jordan asked shall the motion pass. Upon roll call the motion passed unanimously.

Alderman Ferrell moved to approve Amendment No. 12. Alderman Reynolds seconded the motion. Upon roll call the motion passed unanimously.

Resolution 21-05 as Recorded in the Office of the City Clerk.

Dan Coody

Dan Coody, Mayor

Sondra Smith

Sondra Smith, City Clerk/Treasurer

Meeting Adjourned at 6:10 PM.