

HARRISON COUNTY UTILITY AUTHORITY
SPECIAL BOARD MEETING
April 9, 2015

Be it remembered that a special meeting of the Harrison County Utility Authority Board of Directors was held on April 9, 2015, at 9:00 a.m. at the Harrison County Utility Authority Board Room, at 10271 Express Drive in Gulfport, Mississippi. In attendance were:

BOARD AND STAFF:

Supervisor Joe Meadows, Harrison County (2), Director
Mr. Kris Riemann, representing the City of Gulfport
Mr. Damon Torricelli, representing the City of Biloxi
Mr. Al Gombos, representing the City of D'Iberville
Mayor Billy Skellie, City of Long Beach, Director
Mayor Chipper McDermott, City of Pass Christian, Director
Supervisor Marlin Ladner, Harrison County (1), Director
Mr. Donald Scharr, Executive Director, HCUA
Mr. John Wilson, O&M Manager, HCUA
Ms. Merri Ann Testa, Procurement Specialist, HCUA
Mr. Michael VanCourt, Comptroller, HCUA
Mr. Bart Clover, Water/WW/IT Coordinator, HCUA
Mr. David Perkins, Solid Waste Coordinator, HCUA
Mr. Reed Bryant, Staff Engineer, HCUA
Mr. Russ Nobile, Wise Carter Attorneys, Esquire

ABSENT:

Mayor Billy Hewes, City of Gulfport, Director
Acting Mayor Kenny Glavin, City of Biloxi, Director

AUDIENCE:

Mr. Bruce Newton, Vice President, Digital Engineering
Mr. Jeff Riopelle, Vice-President, Knesal Engineering
Mr. Dax Alexander, President, BMA Consulting Engineers
Mr. Bill Mitchell, BMA Consulting Engineers
Ms. Lisa Verhovshek, Paralegal, Wise Carter Attorneys
Mr. Eric Page, Neel Schaffer
Mr. Steve Twedt, Neel Schaffer
Mr. Kyle Tootle, Neel Schaffer
Mr. Derrel Wilson, Utility Partners
Mr. Bobby Knesal, Utility Partners
Mr. Jim Bozek, Utility Partners
Mr. Tim Callahan, Waste Pro
Mr. Scott Wilson, City of Gulfport

Mr. Wayne Miller, City of Gulfport
Mr. Dan Gaillet, City of Biloxi

Letters of designation are attached hereto as exhibit "A".

There being a quorum sufficient to transact business of the Authority, Mr. Riemann called the meeting to order. The following proceedings were had and done.

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A. Public Comments – Mr. Riemann asked for public comments. There were none.

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B. 2 a – Work Session for Development of Non-Member Rates for Wholesale/Retail Water and Sewer Rates (presented by HCUA & BMA)

Workshop Goal

Review information and develop consensus of non-member wholesale and retail rates to encourage connection and usage of the HCUA water and sewer systems.

HCUA Assets & Capacities

- Asset value is \$394 M
- 2.5 B gal annual water flow capacity
- 22 B gall annual wastewater treatment capacity
- 1 M feet of water/sewer lines
- 47 pump stations

HCUA Wastewater Rates

Review of three alternative methods for establishing HCUA wholesale wastewater rates for non-member entities

HCUA Scenario Comparison

- Scenario 1 – Overall Utility Authority Rate
 - Scenario 2 – Individual Member Entity Rate
 - Scenario 3 – Facility Specific Rate
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HCUA Multiplier

- Utilities typically charge a multiplier in the range of 1.25 to 2.00 as an allowance for costs associated with risk
- Collection enforcement mechanism
- Control of a certificated area
- Legal issues related to non-payment

Multipliers should be a direct reflection of the risks associated with serving non-member entities

Current HCUA collection rate = 80%

Multiplier Formula = $\frac{1}{\text{HCUA Collection Rate}}$

$$\text{Multiplier} = \frac{1}{0.80} = 1.25$$

Current Wastewater Rates Review

- HCUA member entities
- Other regional entities

Charts and graphs showing comparison of HCUA rates versus other regional entities' rates.

Calculation of Wholesale & Retail Rates

- Operation and Maintenance Costs
- Administrative (Overhead)
- Debt Service
- Multiplier

HCUA Formula Option 1

Overall utility authority cost per 1,000 GAL x 1.25 multiplier

HCUA Formula Option 2

Member entity (Harrison County) overall cost per 1,000 GAL x 1.25 multiplier

HCUA Formula Option 3

Facility Specific cost per 1,000 GAL x 1.25 multiplier

Engineering team recommendations for non-member wholesale rates

Using Riverbend customers as an example based on a usage of 6,000 gallons per month, the typical rate for each option are:

- Option 1 – Overall Utility Cost will yield a monthly rate of \$36.78, which is more reasonable than the other two scenarios.
- Option 2 – Member Entity Cost will yield a monthly rate of \$74.20. Mr. Mitchell stated this rate will not encourage growth.
- Option3 – Facility Specific Cost would yield a rate of \$54.33. With this scenario HCUA would be charging customers based on where they are located. Mr. Mitchell stated this scenario is not feasible and because of highly variable Monthly costs between facilities and is not recommended for consideration.

HCUA Recommendation

Rate = Overall utility authority cost per 1,000 GAL x 1.25 multiplier

FY 16: \$2.37 X 1.25 multiplier = \$2.97 per 1,000 gallons

Recommendations for non-member entity retail rate

- Maintain \$35 per customer per month flat rate for non-metered users
- Recommend \$20 for first 3,000 gallons plus non-member entity wholesale rate for all flows over 3,000 gallons (FY 16: \$2.97 per 1,000 gallons)

Connection Fees

- Reviewed connection policy with HCUA staff
- Recommendations to add some items, provide additional clarification, and incorporate the new Board rates after adoption

End of presentation.

There was discussion over the reduction of the current rate of \$5.25 per 1,000 gallon to \$2.97 per 1,000 gallons.

HCUA will hold a public hearing on May 7, 2015 from 4:00 – 7:00 PM. Mr. Scharr stated the Board members are welcomed to participate but are not required to attend. HCUA will present the Board with the input received from current and potential customers who attend the meeting for their consideration in the final approval of non-member rates.

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The water rates presentation will be conducted at the next Board meeting on April 16, 2015.

Mr. Scharr requested the Board be prepared to establish preliminary rates at the April 16, 2015 Board Meeting. This will allow adequate time to develop materials for the public meeting on May 7, 2015.

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C. Executive Session



There was no need for an Executive Session.

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I. Adjourn - At this time Mayor McDermott made a motion to adjourn, seconded by Mayor Skellie. A roll call vote resulted in the following votes:

Biloxi	voted	aye
Gulfport	voted	aye
D'Iberville	voted	aye
Long Beach	voted	aye
Harrison County (1)	voted	aye
Harrison County (2)	voted	aye
Pass Christian	voted	aye

The motion to adjourn passed.


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