

HARRISON COUNTY UTILITY AUTHORITY

April 16, 2015

Be it remembered that a meeting of the Harrison County Utility Authority Board of Directors was held on April 16, 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
Supervisor Marlin Ladner, Harrison County (1), Director
Mayor Billy Hewes, City of Gulfport, Director
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
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
Ms. Patra Roberts, Office Manager, HCUA
Mr. Reed Bryant, Staff Engineer, HCUA
Mr. James Simpson, Wise Carter Attorneys, Esquire

ABSENT:

Acting Mayor Kenny Glavan, City of Biloxi, Director
Supervisor Joe Meadows, Harrison County (2), Director

AUDIENCE:

Mr. Bruce Newton, Vice President, Digital Engineering
Mr. Dax Alexander, BMA Engineering
Mr. Bill Mitchell, BMA Engineering
Ms. Lisa Verhovshek, Paralegal, Wise Carter
Mr. John Harris, MDEQ
Mr. Jeff Riopelle, Vice President, Knesal Engineering
Mr. Jason Overstreet, A. Garner Russell & Associates
Mr. Eric Page, Neel Schaffer
Mr. Steve Twedt, Neel Schaffer
Mr. Bobby Knesal, Utility Partners

Mr. Derrel Wilson, Utility Partners
Mr. Jim Bozek, Utility Partners
Mr. Tim Callahan, Waste Pro
Ms. Jenna Bennett, Harrison County Beautification
Mr. Charles Teston, Resident of Gulfport

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

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

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A. Public Comments – Mayor Hewes called for public comments. There were none.

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Agenda Amendment

Mayor Skellie requested the agenda be amended to change item F. 2 b 1 to the Restore Act Discussion and reorder all subsequent Non-CDBG items.

Mayor McDermott made a motion to amend the agenda to add the Restore Act Discussion as item F. 2 b 1, seconded by Mr. Torricelli. 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 passed.

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B. Approval of Wastewater Claims Docket dated April 17, 2015

Supervisor Ladner made a motion to approve the April 17, 2015 Wastewater

Claims Docket, seconded by Mayor McDermott. 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 passed.

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C. Approval of Solid Waste Claims Docket dated April 17, 2015

Mayor Skellie made a motion to approve the April 17, 2015 Solid Waste Claims Docket, seconded by Supervisor Meadows. 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 passed. A copy of the Claims Docket is attached hereto as exhibit "B".

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D. CDBG - Requests for Cash

On behalf of Gouras & Associates - CDBG Grant Administrator, Mr. Newton recommended the approval of the Requests for Cash in the amount of \$196,655.72.

Mayor Skellie made a motion to approve the Requests for Cash in the amount of \$196,655.72 based on the recommendation of the Project Manager and Grant Administrator, seconded by Supervisor Meadows. 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 passed. A copy of the RFC summary is attached hereto as exhibit "C".

E. Technical Committee Minutes

Mr. Gombos made a motion to accept the Technical Committee Minutes, seconded by Supervisor Meadows. 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 passed. A copy of the Technical Committee minutes is attached hereto as exhibit "D".

F. 2 a 1 - W19 – Biloxi Broadwater Water System Improvements Engineering Amendment No. 1 – A. Garner Russell

Mr. Newton stated the amendment results in an overall increase of \$35,013.95 to the engineering services agreement. The additional fees are a result of the additional time required to assist the HARCUA in negotiating an equitable settlement of delay charges claimed by CB&I (tank contractor.) Also included in this amendment are the fees to cover the additional services needed for bidding Phase 2, the continued delays on the project by the contractor (Yates), along with unanticipated construction deficiencies that have been discovered. This amendment also covers the project Phase 2 rebid services and the anticipated budget needed to complete the remaining work for Phases 1 and 2.

There was a discussion regarding the need to change bid specifications to meet Section 3 requirements.

Mr. Torricelli requested the engineers separate the invoice by project phases.

Mayor McDermott made a motion to approve W19 – Biloxi Broadwater Water System Improvements Engineering Amendment No. 1 – A. Garner Russell

based on the recommendation of the CDBG Project Manager, seconded by Supervisor Ladner. 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 passed. A copy of the Amendment is attached hereto as exhibit "E".

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F. 2 a 2 - SCADA Project – Amendment No. 4 to Professional Services Agreement

Mr. Newton stated the amendment is the engineering portion for new improvements to the SCADA system, under the additional CDBG projects. The amendment results in an overall increase of \$48,988.78 to the engineering contract for CH2M Hill.

Mr. Gombos made a motion to approve SCADA Project Amendment No. 4 to Professional Services Agreement based on the recommendation of the CDBG Project Manager, seconded by Mayor McDermott. 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 passed. A copy of the Amendment is attached hereto as exhibit "F".

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F. 2 a 3 - W19 HARCUA 2008-04 Work Order No. 1 – Greater Avenue Tank – Revised Pay App No. 7 – CB&I (\$13,916.33)

Mr. Scharr stated these payment applications have been brought before the Board separately from the Claims Docket because they are non-reimbursable

costs and the Board must ultimately determine how these costs are to be allocated.

Mr. Scharr stated that the contractor has resumed work on the tank and he has submitted these invoices for payment. Mr. Scharr recommended that the Board approve payment to the contractor to continue the work on the project. He stated that the cost of these two invoices will likely not be reimbursed through the CDBG grant.

Mr. Torricelli made a motion to approve W19 HARCUA 2008-04 Work Order No. 1 – Greater Avenue Tank – Revised Pay App No. 7 – CB&I (\$13,916.33), seconded by Supervisor Ladner. A roll call vote resulted in the following votes:

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

The motion passed. A copy of the Payment Application is attached hereto as exhibit "G".

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F. 2 a 4 - W19 HARCUA 2008-04 Work Order No. 2 – Greater Avenue Tank – Revised Pay App No. 7 – CB&I (\$218,450.07)

Mr. Simpson stated that there has not been any formal determination on whether these invoices are grant eligible costs.

Mr. Gombos stated he is opposed to approve an item for payment that has not been included in the approved budget costs.

Mr. Torricelli made a motion to approve, approve W19 HARCUA 2008-04 Work Order No. 2 – Greater Avenue Tank – Revised Pay App No. 7 – CB&I (\$218,450.07), seconded by Supervisor Ladner. A roll call vote resulted in the following votes:

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

The motion passed. A copy of the Payment Application is attached hereto as exhibit "H".

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**F. 2 a 5 - S12 Project – Amendment to Professional Services Agreement –
A. Garner Russell & Associates**

Mr. Newton stated this amendment is for additional work requested by HCUA to extend the sewer service up County Farm Road to West Harrison High School and to tie-in the Price Brothers pipe to the treatment plant. The amendment results in an overall increase of \$47,000.00.

Mayor Skellie made a motion to approve S12 Project – Amendment to Profession Services Agreement – A. Garner Russell & Associates, seconded by Supervisor Ladner. 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 passed. A copy of the Amendment is attached hereto as exhibit "I".

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Non-CDBG

F. 2 b 1 – Restore Act Discussion

Mayor Skellie stated during the last regional water and sewer board meeting, there was significant discussion regarding monies from the Restore Act. Mr. Skellie recommended that HCUA work on our Master Planning efforts. The completed Master Plan can be used to apply for funding from the Restore Act.

Mr. Scharr stated that the one of the primary purposes of the Master Planning, currently in progress, was to identify and prioritize needs.

There was no action required.

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F. 2 b 2 – Amended O & M Service Contract

Mr. Scharr requested that this item be tabled because the contract is still under negotiation.

Mayor McDermott made a motion to table item F. 2 b 2 – Amended O & M Service Contract, seconded by Mr. Torricelli. 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 passed.

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The Board took a brief recess before beginning the presentation.

F. 2 b 3 – Non-Member Water Rates Review – Presentation by HCUA & BMA Consulting Engineers

Today's Goal

- Review information and develop consensus of non-member wholesale and non-member residential and commercial retail water rates

Projected FY 2016 Water Costs

- Operation and Maintenance
- Administrative (Overhead)
- Debt Service / Capital Improvements
- Total Cost = \$720,000

Total Capacity = 20 M Gallons per day

Current Flow = 680,000 per day

- 367,000 GPD – Flushing
- 313,000 GPD – Usage

FY 16 Water Cost Per 1,000 Gallons

- 680,000 gallons per day
- 248,000,000 gallons per year
- Cost / 1,000 gallons =
$$\$720,000 / 248,000,000 =$$
$$\$2.90 / 1,000 \text{ gallons}$$
- FY 15 Cost = \$3.23 / 1,000 gallons

HCUA Water Rate Multiplier

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

HCUA Water Rates

Initial Recommendation

Water Cost per 1,000 Gallons with Multiplier

Cost = \$2.90 x 1.05 (Multiplier)

= \$3.05 / 1,000 Gallons

Residential Retail Water Rate

Single Family Residential Units

(Typical monthly usage = 6,000 Gallons)

Recommended Residential Retail Water Rate

Overall utility authority water cost per 1,000 GAL x 1.05 multiplier

Proposed Rate = \$3.05 / 1,000 Gallon with \$15 minimum bill

Small Commercial Retail Water Rate

Less than or equal to 2" Service (Typical monthly usage = 50,000 gallons)

Overall utility authority water cost per 1,000 GAL x 1.05 multiplier

Proposed Rate = \$3.05 / 1,000 Gallon with \$30 minimum bill

Large Commercial Retail Water Rate

Greater than 2" Service (Typical monthly usage = 300,000 gallons)

Overall utility authority water cost per 1,000 GAL x 1.05 multiplier

Proposed Rate = \$3.05 / 1,000 Gallon with \$60 minimum bill

Non-Member Entity Wholesale Water Rate

Entities that have a water system permitted by the MS State Board of Health

Overall utility authority water cost per 1,000 GAL x 1.05 multiplier

Proposed Rate = \$3.05 / 1,000 Gallon with \$200 minimum bill

(minimum to be reviewed on a case specific basis)

Recommendation for Existing Wholesale Customers

- Phased over three year period'
- Subject to legal counsel review

Board Action

Non-Member Entity Wholesale Wastewater Rate

Rate = (Utilized the overall utility authority rate per 1,000 gallons) x
(Multiplier)

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

Recommendations HCUA for Residential Wastewater Retail Rate

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

Non-Member Water Rates

Rate = \$2.90 x 1.05 (Multiplier)

= \$3.05 / 1,000 gallons

With a minimum bill

Residential Retail Rate

- Minimum bill = \$15
- Rate = \$3.05 / 1,000 gallons

Small Commercial Retail Rate

- Minimum bill = \$30
- Rate = \$3.05 / 1,000 gallons

Large Commercial Rate

- Minimum bill = \$60
- Rate = \$3.05 / 1,000 gallons

Non-Member Entity Wholesale Rate

- Minimum bill = \$200
- Rate = \$3.05 / 1,000 gallons

Water and Wastewater Service Policy

- Reviewed policy with HCUA staff
- Recommendations to will be made to provide additional clarification, and incorporate the new Board rates after adoption

Annual Evaluation of Water and Wastewater Rates

- Operation and Maintenance Costs
- Administrative (Overhead) Costs
- Debt Service / Capital Improvements Costs
- Multiplier – Review of Risks

End of presentation.

Mr. Scharr is requesting the Board tentatively adopt these recommendations. This will allow HCUA staff and engineers to begin preparing information for the public hearing. Comments and input gathered from the meeting will be presented to the Board, prior to final adoption of the rates.

The recommended wastewater rates for FY 2016:

- \$2.97 per 1,000 gallons
- \$35 per month flat rate for non-metered customers
- Minimum bill of \$20 for the first 3,000 gallons + \$2.97 per 1,000 gallons

The recommended water rates for FY 2016:

- \$3.05 per 1,000 gallons
- Residential Retail Minimum Bill - \$20
- Small Commercial Retail Minimum Bill - \$30
- Large Commercial Retail Minimum Bill - \$60
- Non-Member Entity Wholesale Minimum Bill - \$200

Supervisor Meadows made a motion to authorize the Executive Director to present these rates at the public hearing on May 7, 2015 and present the Board with feedback from the meeting prior to final adoption of the rates, seconded by Supervisor Ladner. 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 passed. A copy of the Presentation is attached hereto as exhibit "J".

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G. Executive Director's Report

Mr. Scharr stated the public hearing has been scheduled for May 7, 2015 from 4:00PM to 7:00PM. The meeting will be held at the Orange Grove Community Center. HCUA is utilizing various media outlets to advertise the meeting. The Board is welcomed, but not required to attend.

The audit report will be distributed to the Board shortly for consideration. He stated the Board may need to hold a Special Session to accept the audit report. Mr. VanCourt requested that Board members forward any questions to him to be better prepared for the audit report.

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H. Executive Session

There was no need for Executive Session.


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I. Adjourn - At this time Mayor McDermott made a motion to adjourn, seconded by Mr. Torricelli. 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.


Harrison County Utility Authority


Harrison County Utility Authority