

HARRISON COUNTY UTILITY AUTHORITY

April 2, 2015

Be it remembered that a meeting of the Harrison County Utility Authority Board of Directors was held on April 2, 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
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
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. James Simpson, Wise Carter Attorneys, Esquire

ABSENT:

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
Ms. Lisa Verhovshek, Paralegal, Wise Carter Attorneys
Mr. Eric Page, Neel Schaffer
Mr. Steve Twedt, Neel Schaffer
Mr. Derrel Wilson, Utility Partners
Mr. Bobby Knesal, Utility Partners
Mr. Jim Bozek, Utility Partners
Mr. Tim Callahan, Waste Pro

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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Request to Amend the Agenda

Mr. Scharr requested that the agenda be amended to add item G. 2 a 6 – S10 Robinwood/Riverbend Projects.

Mayor McDermott made a motion to amend the agenda to add item G. 2 a 6 – S10 Robinwood/Riverbend Projects, 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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A. Public Comments – Mayor Hewes opened the floor for public comments. There were none.

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B. Approval of Board Meeting Minutes dated March 5, 2015

Mayor McDermott made a motion to approve the Board Meeting minutes dated March 5, 2015 as amended, seconded by Mr. Gombos. 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 Board Meeting Minutes dated March 19, 2015

Mayor McDermott made a motion to approve the Board Meeting minutes dated March 19, 2015, seconded by Mr. Gombos. 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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D. Approval of Wastewater Claims Docket dated April 3, 2015

Mr. Gombos made a motion to approve the April 3, 2015 Wastewater Claims Docket, 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 passed. A copy of the Claims Docket is attached hereto as exhibit "B".

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E. Technical Committee Minutes

Mr. Gombos made a motion to approve the Technical Committee Minutes dated March 25, 2015, 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. A copy of the Technical Committee minutes is attached hereto as exhibit "C".

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F. a — Financial Reports – Non-CDBG

Mr. VanCourt stated that wastewater, water, and solid waste operations are currently under budget. All member agencies are operating under budget.

Mr. Gombos stated that the summary sheet provided in the report is not indicative of the specific plant budgets and that he does not see its relevance. Mr. Scharr stated the summary represents the total amount of funds being managed and provides a snapshot of current expenses versus budgeted amounts.

Supervisor Ladner made a motion to receive the Financial Report, 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.

F. b – Financial Reports – CDBG

Mr. Newton stated that the overall CDBG program budget is projected to be approximately \$1 million under budget. He stated that there have been no major changes.

A copy of the Financial Report is attached hereto as exhibit "D".

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Old Business

G. 1 a 1 - Utility Partners O & M Contract Amendment

Mr. Scharr stated he presented the Board with preliminary negotiations at the last Board meeting. Mr. Scharr updated the Board on the progress of the ongoing contract negotiations with Utility Partners. Utility Partners has agreed to an additional refundable credit to HCUA of approximately \$17,000.00. One vehicle and line locating equipment will be transferred to HCUA for use. Mr. Scharr provided the Board with an overview of the transition to assume the operations of the water system. He stated that there will be sufficient savings in the remaining budget fiscal year budget to cover the upfront costs needed to assume operations of the system. Mr. Scharr stated that HCUA will begin realizing \$174,000 annual savings beginning in fiscal year 2016.

Mr. Meadows asked if the level of efficiency will remain the same with the proposed change. Mr. Scharr stated that he would not propose making the change if he felt that HCUA could not operate the system at its current performance levels.

Mayor McDermott asked which staff will actually operate the system. Mr. Scharr stated that David Perkins, Jimmy DiLorenzo, and Rick Bahm are the existing staff that would operate the water system. HCUA will hire another staff member as a water operator.

Mayor Hewes asked if two new staff members will be hired. Mr. Scharr stated that one staff member will be hired to replace Mr. Perkins in his role of Solid Waste Coordinator. The new Solid Waste Coordinator will also serve as HCUA Purchasing Agent.

Mr. Scharr stated that the 2015 costs that he has presented to the Board is based on the transfer of operations taking place on June 1, 2015.

Mr. Torricelli asked that the Board be provided with a report of the actual costs versus the budgeted costs associated with the transfer of operations.

Mr. Gombos made a motion to accept the Utility Partners contract amendment negotiations update based on the recommendation of the Executive Director, 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 Financial Report is attached hereto as exhibit "E".

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G. 2 a 1 - W15 – HARCUA #2008-07/W15-02 Change Order No. 4 to Work Order No. 2

Mr. Newton stated the change order represents an increase in contract time of 34 days. There are no changes to the contract amount.

Mayor McDermott made a motion to approve W15 – HARCUA #2008-07/W15-02 Change Order No. 4 to Work Order No. 2 based on the recommendation of the CDBG Project Manager, 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 passed. A copy of the Change Order is attached hereto as exhibit "F".

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G. 2 a 2 - W15 – HARCUA #2008-07/W15-03 Change Order No. 4 to Work Order No. 3

Mr. Newton stated the change order represents an increase of 90 calendar days with a revised completion date of October 8, 2014. There is an overall increase to the work order in the amount of \$88,938.73.

Mayor McDermott made a motion to approve W15 – HARCUA #2008-07/W15-03 Change Order No 4 to Work Order No. 3 based on the recommendation of the CDBG Project Manager, 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 passed. A copy of the Change Order is attached hereto as exhibit "G".

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G. 2 a 3 - S12d –Term Bid 2008-07 Revision No. 6 to Work Order No. 3

Mr. Newton stated this revision is to tie-in the S12 project to the Long Beach/Pass Christian Wastewater Treatment Plant. The change order represents an increase of 14 days and an overall increase of \$14,461.70. The revised completion date is July 29, 2015.

Supervisor Meadows made a motion to approve S12d – Term Bid 2008-07 Revision No. 6 to Work Order No. 3 based on the recommendation of the CDBG Project Manager, 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 passed. A copy of the Revision is attached hereto as exhibit "H".

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G. 2 a 4 – S21 Biloxi Broadwater Wastewater System Improvements – Engineering Services Agreement - Amendment No. 1 – A. Garner Russell & Associates, Inc.

Mr. Newton stated the amendment represents an increase of \$151,490.06. The additional fees are the result of additional services needed for bidding, continued delays on the project by the contractor along with unanticipated construction deficiencies that have been discovered which now must be corrected by the contractor on Phase 1 portion of the project. The amendment also covers the project (Phase 2) rebid services and the

anticipated budget needed to complete the remaining work for Phases 1 and 2.

Supervisor Ladner initiated a discussion regarding the costs of the project delays and if HCUA will seek damages from the contractor. Mr. Simpson stated that no legal action has been taken currently. He recommended that HCUA wait until grant eligibility is determined before proceeding with recovering damages.

Mayor Hewes stated the issue of who will pay these costs. Mr. Newton indicated that he has spoken to John Harris at MDEQ and explained the situation. He stated that he received a positive response from Mr. Harris, regarding grant eligibility on this amendment. Mr. Simpson stated that the Board still has yet to determine how these types of unusual costs will be categorized for payment allocation.

Mr. Simpson stated that not approving this amendment and moving forward with the project will result in HCUA having to pay more money back to MDEQ.

Mr. Torricelli made a motion to approve S21 Biloxi Broadwater Wastewater System Improvements – Engineering Services Agreement – Amendment No. 1 – A. Garner Russell based on the recommendation of the CDBG Project Manager, seconded by Mr. Gombos. 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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G. 2 a 5 - W13 – West Harrison County Regional Water Supply – Engineering Services Agreement – Amendment No. 5 – Brown, Mitchell & Alexander, Inc.

Mr. Newton stated the amendment represents an overall increase of \$36,520.00. The additional fees are for the additional work requested by HCUA. The additional work is for the installation of a chlorine booster station and a chlorine analyzer into the W13 water system.

There was discussion regarding land acquisition and RPR services creating work stoppages to hold up the completion of the project.

Mr. Ladner made a motion to approve W13 – West Harrison County Regional Water Supply – Engineering Services Agreement- Amendment No. 5 – Brown, Mitchell, & Alexander, Inc., 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 "J".

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G. 2 a 6 – S10 – Robinwood/Riverbend Connection Project

Mr. Scharr stated that he is requesting to amend the contract with Thompson Engineering. The purpose of the amendment is to prepare drawings, as an alternate for the Robinwood/Riverbend project. The current design anticipates that Robinwood will turn over property and easements that are required for the project. Mr. Scharr stated that he is concerned that the required easements and property have yet to be given to HCUA. He stated this alternate will allow the project to proceed if Robinwood does not provide the land.

Supervisor Ladner made a motion to amend the S10 – Robinwood/Riverbend Connection Project – Thompson Engineering Contract Amendment based on the recommendation of the Executive Director, seconded by Mayor McDermott. A roll call vote resulted in the following votes:

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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 "K".

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G. 2 b 1 - North D'Iberville Interceptor Project – Settlement Resolution for Harry B. Williams, II – Parcel #1407L-01-004.000 (\$3,000.00)

Mr. Gombos made a motion to approve the following Resolution based on the recommendation of legal counsel, seconded by Mayor McDermott:

RESOLUTION AUTHORIZING WISE CARTER CHILD & CARAWAY, P. A. TO COMPLETE AN ADMINISTRATIVE SETTLEMENT REGARDING HARRY B. WILLIAMS, II – PARCEL NUMBER 1407I-01-004.000

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 Resolution is attached hereto as exhibit "L".

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G. 2 b 2 - North D'Iberville Interceptor Project – Settlement Resolution for Georgia Faye Williams Family Trust – Parcel #1407M-01-007.000 & 1407M 01-0007.001 (\$23,100.00)

Mr. Gombos made a motion to approve the following Resolution based on the recommendation of legal counsel, seconded by Supervisor Ladner:

RESOLUTION AUTHORIZING WISE CARTER CHILD & CARAWAY, P. A. TO COMPLETE AN ADMINISTRATIVE SETTLEMENT REGARDING GEORGIA FAYE WILLIAMS FAMILY TRUST (HARRY B. WILLIAMS, TRUSTEE) – PARCEL NUMBER 1407M-01-007.000 AND 1407M-01-007.001

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 Resolution is attached hereto as exhibit "M".

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G. 2 b 3 - Authorization for Executive Director to Execute Documents Necessary for Assessment of Bond Refinancing

Mr. Simpson stated that Mr. Scharr has been in discussion with Demery Grubbs regarding how to proceed with the bond refinancing. Mr. Grubbs has requested permission to talk with the current bond holder, Peoples Bank. Mr. Grubbs would present HCUA with multiple scenarios that show the outcomes of refinancing now under the current interest rates versus waiting to refinance in 2018 with uncertain rates. This act will not put Mr. Grubbs under contract. There is no cost for the authorization of the financial consultation.

Mayor McDermott made a motion to authorize the Executive Director to execute the consultation documents based on the recommendation of legal counsel, 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 passed. A copy of the email request is attached hereto as exhibit "N".

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Mr. Scharr requested the Board allow him to present item H. - Executive Director's Report before item G. 2 b 4 – Non-Member Rate Review is presented.

H. Executive Director's Report.

Mr. Scharr stated that he met with MDA and MDEQ yesterday, April 1, 2015. The meeting was regarding the additional proposed CDBG projects in efforts to expend all grant funding. He stated the meeting was very positive. MDEQ and MDA have agreed to support the additional projects. The additional grant administrator costs may also be covered. Mr. Scharr stated that the official documents must be submitted to MDEQ for approval. The projects that were presented to MDEQ and MDA are:

- Installation of chlorine analyzers for W13, W11, W15, W18 water systems
- Tie-in of the Price Brothers Force Main into the S12 project
- Expanding the sewer line to tie-in West Harrison County High School
Mr. Scharr noted that the West Harrison High School tie-in will only move forward if HCUA receives an agreement from the school district. Mr. Simpson stated that he is working with the school district's attorney to schedule a meeting with Mr. Arledge
- Funding of \$250,000 in grant administrators costs

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I. Executive Session

Mayor Hewes asked if there was a need for Executive Session. Mr. Simpson stated there was no need for Executive Session.

Mayor Hewes requested the Board adjourn prior to the presentation, since it did not require any Board action.

Mr. Scharr recommended a non-member rate the workshop be held next week and that the Board consider delaying the next Board meeting three weeks out on April 23, 2015 instead of April 16, 2015. This will allow adequate time for proper review and consideration of the rates, prior to the public meeting on May 7, 2015.

Mr. Gombos asked if the public meeting date could be changed to the second Board meeting in May, which is May 21, 2015. He stated this would allow proper review of the rates without rushing. Mr. Scharr stated the public hearing date was set and could not be pushed back two weeks. The timing of the meeting supports HCUA efforts to proceed with the connection of Robinwood and Riverbend subdivisions. The subdivision owners have already sent letters to the residents indicating the date of the meeting. Mr. Gombos stated that he is opposed to changing any pre-established dates to accommodate this meeting.

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G. 2 b 4 – Non-Member Rate Review – Presentation by HCUA & BMA Consulting Engineers

HCUA Non-Member Wholesale & Retail Rate Analysis & Review

- Upcoming Issue
 - Member allocation of costs
- Immediate Issue
 - Non-member wholesale and retail rates
 - May 7th hearing on rates

HCUA Non-member Entity Wholesale & Retail Wastewater Rates

- Calculation of Wholesale & Retail Rates
 - Operation and Maintenance Costs
 - Administrative (Overhead)
 - Debt Service
 - Multiplier

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

HCUA Scenario Comparison

- Scenario 1 – Overall Utility Authority
- Scenario 2 – Individual Member Entity (Harrison County)
- Scenario 3 – Facility Specific

HCUA Formula 1

- Overall utility authority cost per
1,000 GAL
X
1.5 multiplier

HCUA Formula 2

- Member entity (Harrison County)
Overall cost per 1,000 GAL
X
1.5 multiplier

HCUA Formula 3

- Facility Specific cost per
1,000 GAL
X
1.5 multiplier

HCUA Workshop (Proposed)

- April 9, 2015
- 1:30 – 4:30 PM
- Knight Non-Profit Center (Hancock Banquet Room)
- HCUA Board of Directors & Technical Committee
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End of presentation. A copy of the presentation is attached hereto as exhibit "O".

There was discussion of the time and dates for the workshop. Mr. Scharr recommended Thursday, April 9, 2015 at 9:00 AM here at HCUA. The Board agreed to hold the workshop on April 9, 2015. There was no change to the regularly scheduled Board Meeting for April 16, 2015.


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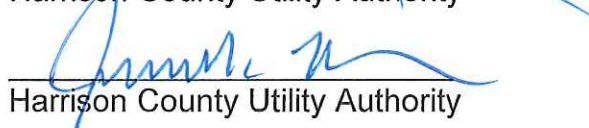
J. Adjourn - At this time Mayor McDermott made a motion to adjourn, seconded by Mayor Skellie. A roll call vote resulted in the following votes:

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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Harrison County Utility Authority


Harrison County Utility Authority