

HARRISON COUNTY UTILITY AUTHORITY

March 19, 2015

Be it remembered that a meeting of the Harrison County Utility Authority Board of Directors was held on March 19, 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:

Mr. Danny Boudreaux, representing Harrison County (2),
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
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. 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.

Mr. Charles Teston of 12428 Cox Road, Gulfport, MS, addressed the Board to publicly express his thanks to the Executive Director and the Board for committing to distribute a periodic informational piece to the public.

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B. Approval of Wastewater Claims Docket dated March 20, 2015

Mr. Gombos made a motion to approve the March 20, 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 March 20, 2015

Mayor Skellie made a motion to approve the March 20, 2015 Solid Waste Claims Docket, 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 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 \$781,561.74

Mayor McDermott made a motion to approve the Requests for Cash in the amount of \$781,561.74 based on the recommendation of the Grant Administrator, 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 RFC summary is attached hereto as exhibit "C".

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E. Technical Committee Minutes

Mr. Gombos made a motion to accept the Technical Committee Minutes, 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 Technical Committee minutes is attached hereto as exhibit "D".

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F. 2 a 1 - HARCUA-01 Budget Modification Number 39 – Decrease of \$74,965.58

Mr. Newton stated that both budget modifications are necessary to move funds between the grants for the closeout of three projects.

Supervisor Ladner made a motion to approve HARCUA-01 Budget Modification Number 39 – Decrease of \$74,965.58, 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 budget modification is attached hereto as exhibit "E".

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F. 2 a 2 - HARCUA-02 Budget Modification Number 55 – Increase of \$74,965.58

Supervisor Ladner made a motion to approve HARCUA-02 Budget Modification Number 55 – Increase of \$74,965.58, 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 budget modification is attached hereto as exhibit "F".

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F. 2 a 3 - S14 – West Gulfport Regional Interceptor “Rebid”

Mr. Newton stated that the Board asked the project manager and engineer to conduct additional review of the bid submissions and offer a recommendation on how to proceed with the project.

Five bids were received November 7, 2014. Based on the fact that all bids have expired and the only apparent responsive bid is significantly out of budget, Mr. Newton recommended that HCUA consider re-advertising the project.

There was discussion on whether there will be any additional cost increases for the project managers and engineers if the project is re-bid and if those costs are grant eligible. Mr. Newton stated that this is an issue that is still being discussed with MDEQ.

Supervisor Ladner made a motion to re-advertise the S14 – West Gulfport Regional Interceptor Project, 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 recommendation letter is attached hereto as exhibit “G”.

F. 2 b 1 - RPR Proposals – Technical Committee Review/Recommendations

Mr. Scharr stated the Technical Committee has reviewed seven 7 statements of qualifications for Resident Project Representative (RPR)/Construction Testing Services from:

1. Neel-Schaffer
2. Digital Engineering
3. Thompson Engineering
4. Garner Russell & Associates
5. Pickering
6. Action Testing
7. BMA Consulting Engineers

The Technical Committee has determined that all seven firms meet the minimum qualifications. Mr. Scharr stated that the Technical Committee is recommending the Executive Director, on a project-by-project basis, develop a specific scope of

work, select one of the seven firms based on the defined scope, negotiate a contract, and present the contract to the Board for approval.

Mr. Gombos made a motion to approve 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 technical committee review memorandum is attached hereto as exhibit "H".

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F. 2 b 2 - West Biloxi WW Treatment Facility – Wastewater Debris Removal Project Bid Tabulation

Mr. Bryant recommended that the bid be awarded to the lowest bidder, Breaux Services for \$49,770.00.

Mayor McDermott made a motion to award the West Biloxi WW Treatment Facility – Wastewater Debris Removal Project to Breaux Services in the amount of \$49,770.00, 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 bid tabulation is attached hereto as exhibit "I".

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F. 2 b 3 - Designation of Board Members for HCUA Check Signature Stamps – *No Attachment*

Mr. VanCourt stated that the HCUA needs to designate two new directors to sign checks. Mr. Scharr recommended that signature stamps be ordered for all board

members and the signatures of the current officers be used.

He also stated that the signature cards for the bank accounts need to be updated and that each Board member must provide the HCUA with a copy of their driver's license and social security card. The need for these updates are a result of the recent changes to the HCUA Board of Directors.

Mayor McDermott made a motion to approve the use of Board officers as designated check signatories on a rotating basis and the designation of Mayor Hewes (President) and Supervisor Ladner (Secretary) as the currently authorized check signatories, 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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F. 2 b 4 - Robinwood Forrest Wastewater System – Discussion of Proposed Offer to HCUA

Mr. Scharr stated the HCUA has a project currently in-progress that would tie-in Robinwood Forrest along with Riverbend Utility systems. Robinwood Forrest has concerns regarding the cost of connecting to our system. Robinwood has offered to give the HCUA their wastewater system and certificate at no acquisition cost. The proposal is only for their wastewater system. Mr. Scharr has requested to inspect their system. He stated the system consists of 28,000 feet of pipeline, 72 man holes, and 3 pump stations. The system has approximately 250 current customers and a significant number of potential customers not currently connected. The construction value of the facilities is approximately \$850,000.00. The facilities are estimated to be approximately 20 years old. Mr. Scharr stated that he wanted to make the Board aware of the offer and more due diligence is required before he can make a recommendation to the Board.

There was discussion regarding the ability to collect on sewer bills in an area where HCUA does not control the water system. Mr. Scharr stated that our current collection rates are much higher than anticipated with most areas at a collection rate above 80 percent, and the lowest at 61 percent.

Board has requested the Executive Director go back to Robinwood Utility District and inform them that HCUA will not take ownership of the wastewater system without the water system.

No action taken.

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F. 2 b 5 - Utility Partners O & M Contract – Discussion

Mr. Scharr stated he continues to evaluate the costs associated with servicing and maintaining new facilities that will be coming online. He stated that he has identified a cost-saving measure by moving operations of the water system from Utility Partners to HCUA staff.

HCUA is currently under contract with Utility Partners to operate the water and wastewater systems through December 31, 2016, with up to three additional one year options. Mr. Scharr stated that the contract will need to be re-negotiated as new systems (not included in the original Request for Proposal) come online.

Utility Partners has four staff specifically assigned to the operations of the water system and to perform locate requests. Mr. Scharr stated HCUA currently has three certified water operators on staff. By performing the operations of the water system with HCUA personnel, HCUA could save an estimated \$138,000 annually. In preliminary discussions with Utility Partners, Mr. Scharr stated that he proposed a one year extension of the Utility Partner contract for operation of the wastewater treatment facilities. Mr. Scharr stated this change will not affect this fiscal year's budget. He stated some of these one-time equipment expenses can be acquired within the current budget.

Mayor Hewes requested the Board be provided a side-by-side breakdown of current cost versus the anticipated costs of personnel, equipment, vehicles, etc. Mr. Scharr noted information on the costs to HCUA were provided in the handout given to the Board. He stated it would be difficult to provide a side-by-side breakdown costs because Utility Partners costs are amortized for the full contract term.

Mayor Hewes asked if HCUA would need to hire additional staff. Mr. Scharr stated HCUA would need to hire one additional staff for the wastewater operations.

Mr. Gombos made a motion to enter in negotiations with Utility Partners to assume operations of the water system and present the Board with a final proposal, 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 Utility Partner memo and cost break down is attached hereto as exhibit "J".

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F. 2 b 6 - Member Agency Obligations – Legal Review

Mr. Simpson stated that the Board previously asked how costs are shared for specific project costs. He stated that some unanticipated costs have arisen and the division of these costs are being questioned.

Mr. Simpson provided a brief overview of how the costs are shared based on a long-standing HCUA agreement. Capital costs (building/construction costs) are shared among the member agencies based on usage. Operations and maintenance of the facilities are divided among the users. Overhead and general costs (light bills, HCUA salaries, etc.) are based on the percentage of flow each member agency attributes to the total flows.

Mr. Simpson stated that there are some costs that are not easily classified as either capital, O & M, or general costs. These types of costs are coming up more frequently. An example of this type of cost would be an over-budget CDBG project for which the State does not reimburse HCUA for. Mr. Simpson stated the Board will need to determine whether these type costs are capital or O & M costs. Defining the type of cost will determine how the cost is to be divided.

Mayor Skellie stated that he believes usage is the only way to fairly assess these costs.

Mr. Gombos recommended the cost distribution be determined based on the member agency expense percentage of the overall budget.

Mr. Simpson stated that he will communicate this issue to all of the member agencies' attorneys, ask them to review the agreement and help the Directors work through the matter.

No action taken.

Mr. Simpson stated that the Walker eminent domain case has been settled. The Walker liability case was dismissed by the judge.

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Mayor McDermott made a motion to hear item H. Executive Director's Annual State of the Authority Review before going into Executive Session, 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.

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A brief two-minute recess was taken prior to the presentation.

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G. Executive Director's Report

Mr. Scharr presented the Board with a progress review of the HCUA, since he became Executive Director in 2013. This review provided a brief history of the HCUA and overview of its organizational structure, services, assets, projects, and budget. The overview also included significant highlights of the HCUA. Some key points of the presentation include:

Major responsibilities of the HCUA

- Wastewater Treatment/Transportation
- Water Supply/Distribution
- Wholesale WW Service
- Wholesale Water Service
- Solid Waste Collection/Disposal
- Grease Program

HCUA Assets – Current assets value at approx. \$400 million

- 29 Active Pump Stations (7 pump stations under construction)

- 170 Active Grinder pumps (500 step systems to become operational with 12 months)
- 10 Wastewater Treatment Facilities
- >418,000 feet of water lines
- 14 wells with 22.3 MGD capacity
- 12 tanks with 7 million gal. capacity

Solid Waste Disposal and Recycling

- Solid Waste 2014 House Count numbers >68,000 (exceeding pre-Katrina numbers)
- Disposal of >85,000 tons of municipal waste in 2014
- 2014 recycling quantities down versus previous year, of 235 tons per month. This number is lower than participation numbers in 1993.

HCUA Budget

- Current budget is \$31 million annually (Pre-Katrina budget approx. \$23 million annually)
- Budget increase is a result of acquisition of new facilities and associated costs
- Approximately 35 percent of the budget is attributable to debt service
- Approximately 27 percent of the budget is attributable to Solid Waste
- Approximately 2 percent of the budget is attributable to Water O & M
- Approximately 32 percent of the budget is attributable to WW O & M
- Approximately 4 percent of the budget is attributable to Administrative

HCUA Projects

- Post Katrina CDBG projects – 93% complete
- Target completion of program – December 31, 2015
- Total Grants – approximately \$235.9 million for:
 - Construction
 - Property Acquisitions (319 sites/easements)
 - Professional Services
- Non-CDBG Projects
 - Pineville CIAP (Tie-in septic tank systems) – \$1.62 million
 - MDOT Project 008 (Relocate lines for MDOT improvements) - \$1.51 million
 - West Fritz Creek Interceptor (Gravity Sewer in N. Gulfport) - \$1.63 million
 - North D'Iberville Interceptor (Re-rout flow to reduce septic WW) - \$1.75 million

Accomplishments since July 2013 to present

- Re-organization of staff
- Selection/transition of new O & M Contractor
- Selection/transition of new Grant Administrator
- Initiation of Retail/Billing Services
- Increased Revenue through updated fees, new customers

- Initiated Master Planning and Water Modeling efforts
- Secured agreements with private systems to provide wholesale water/sewer services
- Began wholesale operation of water system, providing water to City of D'Iberville
- Acquisition of Henderson Point Grinder System
- Initiation of in-house operations of Henderson Point grinder system
- Completed design/began construction – W. Fritz Creek
- Completed design/began construction – North D'Iberville
- Completed design/began construction – MDOT 0008
- Completed agreement with HCDC to own/operate Global Axis Industrial Park water/sewer system

Moving Forward

Near Term Issues

- Complete construction projects
- Complete development of water model
- Complete initial Master Planning Efforts
- Expand water/WW operations to include new systems
- Work with Board to review cost distribution rates
- Procure new, long-term solid waste contract
- Add new customers, retail and wholesale
- Implement public outreach/communications program
- Develop waste reduction/recycling strategy to improve participation

Long Term Issues

- Develop/implement strategy to restructure/reduce HCUA debt
- Continue professional development of staff
- Expand customer base
- Develop cost-reduction strategies for HCUA O & M
- Develop/implement strategies to accomplish needs identified through Master Planning
- Update and maintain Master Plan
- Provide environmental leadership in Harrison County

A copy of the presentation is attached hereto as exhibit "K".

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H. Executive Session

Mayor Hewes requested that the Board enter into Closed Session to determine the need for an Executive Session.

Mayor McDermott made a motion to go into closed session, seconded by Mayor Skellie. A roll call 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.

Mr. Simpson stated that he needs to discuss the new Underhill lawsuit, provide and update on the Phillips and Jordan litigation and discuss a potential litigation.

Mayor McDermott made a motion to enter into Executive Session to discuss litigation matters, seconded by Supervisor Ladner. A roll call 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. The Board entered into Executive Session.

Mayor McDermott made a motion to exit the Executive Session and return to normal Open Session, 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. No action was taken during Executive Session.

Mr. VanCourt requested the Board authorize one other Board member as a temporary signatory for the checks that were approved today because Mayor Hewes has not yet been added to the bank accounts. He stated these Board members must already have their signature cards on file with the bank. Supervisor Ladner had been previously appointed as a signatory and one additional Board member is needed.

Mr. Torricelli made a motion to designated Mayor Skellie as a temporary check signatory to sign HCUA checks until the bank account signature cards are updated and new signature plates are received, seconded by Mayor McDermott. A roll call 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

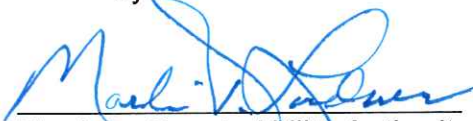
The motion passed.


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I. Adjourn - At this time Mr. Gombos made a motion to adjourn, 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 to adjourn passed.


Harrison County Utility Authority


Harrison County Utility Authority