

# HANCOCK COUNTY UTILITY AUTHORITY

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## Monthly Board Meeting

February 14, 2012

The meeting was called to order by Chairman Les Fillingame at 2:00 P.M.

### **Pledge of Allegiance and Silent Prayer – Lead by Les Fillingame**

#### **Attendees:**

Mr. Tom Busenlener	Mr. Tony W. Ladner
Mr. Mike Collard	Mr. Al Smith
Mr. Les Fillingame	Mr. Bill Johnson

Mrs. Stahler - Absent

#### **Request to Address the Board**

Mr. Don Lancaster – Neel Schaffer - Mr. Don Lancaster of Neel-Schaffer gave the board an update on the well and tank sites, the W7 line work and Crump Road. On the Harbor Drive well/tank site there are passing bac-T tests, and there is approval to sell water to the new jail site. The jail will be providing some chlorination and are in the process of installing the necessary equipment. They are waiting for passing bac-T tests at the McLaurin site, once the test results are received, water can be sold. The W7 line work is 85% complete there are four main segments remaining to be done (1) the boring under I-10 (2) the boring under the Bayou LaCroix (3) a 2,000 foot section on Hwy 603 that will be finished this week and (4) work on Lakeshore Road. Lakeshore Road and I-10 has some issues with easements, but these should be cleared up soon. The bore under Bayou LaCroix has been held up due to some difficulties with locating existing gas lines, water lines, etc., and they are waiting on a quote from the contractor to do the locates. He feels that all work should be complete by next week, except for the W7 with the land issues. Crump Road is divided into two sections, asphalt and dirt. There is approximately a 2,000 feet of line to put on the dirt section and with weather permitting it should take four or five days. The road condition is a real problem, and the work order that was approved today, will take care of moving the water line over, maintenance on the road and the placing of stone about half the width of the road. They are in negotiations with S. H. Anthony to do the final road repair which was more than what was in the contract for them to do. They did not anticipate having to replace the entire road. He does feel the condition of the road will improve substantially just because there will no longer be heavy trucks on the road.

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Executive Director Pitalo informed the board that a letter has been circulating on Crump Road which has erroneous information concerning the Authority in it. He recommended that the Authority have a public meeting and invite the residents of Crump Road to attend, in an effort to clear up any misinformation. Director Ladner requested that the meeting be held one day next week. It was agreed to have the meeting on Friday February 24, 2012 at 4:00 P.M. at the Northern Plant.

Executive Director Pitalo also explained to the board about the chlorination issues at the Harbor Drive well/tank. At this time we are experiencing difficulty in holding chlorine in the line, and he is not sure what the solution is at this time, but will keep everyone updated.

Mr. Frank Bordeaux – Stewart Sneed Hewes – Did not attend the meeting

### **Board Action Items**

Motion was made by Director Johnson to approve the minutes from the January 10, 2012 Monthly Board Meeting, Director Smith seconded the motion; it was voted on and it carried unanimously.

Motion was made by Director Ladner to approve the January 2012 Dockets as presented, Director Busenlener seconded the motion; it was voted on and it carried unanimously.

• O & M	\$ 128,582.99
• 2004 Bond-Capital	\$ 15,973.84
• Land Acquisition	\$ 73,377.91
• CDBG Projects	\$ 2,037,295.22
• CIAP-Kiln	\$ 20,094.50
• CIAP-Pearlington	\$ 226,052.49
• O & M Water	\$ 4,735.46

Motion was made by Director Ladner to approve the CDBG Request for Cash in the amount of \$1,905,813.48 as presented, Director Busenlener seconded the motion; it was voted on and it carried unanimously.

Motion was made by Director Johnson to approve the Consent Agenda with a total of 12 items and to note on item number three, the amount should be \$57,107.00 not the \$57,197.00 amount as shown, Director Smith seconded the motion; it was voted on and it carried unanimously.

- Approval of Payment Application No. 10, S4 CIAP project, in the amount of \$12,289.16, to be paid by the Hancock County Board of Supervisors under the Pearlington CIAP grant program.
- Approval of Contract Modification S5-05 to the S5 construction contract with P.F. Moon and Company, Inc. for the Northern Regional Waste Water Treatment Facility, in the additive amount of \$491,809.00, contingent

on final approval of MDEQ, Board Attorney Artigues and the appropriate budget modification. This change to the S5 Construction Contract provides numerous changes that were requested during construction as well as provides the necessary lift station upgrades to the recently purchased Stennis Technology Park Station.

- Approval of Contract Modification S5-06 to the S5 construction contract with P.F. Moon and Company, Inc. for the Northern Regional Waste Water Treatment Facility, in the additive amount of \$57,197.00 to be reimbursed by Carollo Engineers, contingent on final approval of MDEQ and Board Attorney Artigues. This change to the S5 Construction Contract captures items that were re-worked or added do to conflicts in the design drawings that were not discovered until other impacted work was complete. No additional funds are needed for this change.
- Approval of Substantial Completion Certificate for ADMINISTRATION BUILDING for the S3 Western Regional Waste Water Treatment Facility project, as of 05-21-10. On that date the one-year warranty period for the administration building will begin.
- Approval of Substantial Completion Certificate for the following equipment: SBR, UV disinfection, effluent pumping, post aeration, standby generator and electrical panels except SCADA for the S3 Western Regional Waste Water Treatment Facility project, as of 10-18-10. On that date the one-year warranty period for the listed equipment began.
- Approval of Substantial Completion Certificate for the on-site SCADA system for the S3 Western Regional Waste Water Treatment Facility project, as of 4-26-11. On that date the one-year warranty period for the on-site SCADA system began.
- Approval of Contract Modification No. 6 to the W5 Contract A construction contract with Griner Drilling Services, for the Kiln Northern Regional Water Supply System, to add 130 calendar days time and no additional cost, contingent on final approval of MDEQ and Board Attorney Artigues. The addition of the calendar days is required in order to close out the project and issue final payment to the contractor. No additional funds are needed for this change.
- Approval of Substantial Completion Certificate for Work Order 2008-07/S5-02 for the S5 Northern Regional Waste Water Treatment Facility project, as of 8-19-11. On that date the one-year warranty period for the force main and appurtenances began.
- Approval of Contract Modification 2008-04/22 (S4) to the Term Bid HANCUA 2008-04 construction contract with Hudson Contracting, Inc., for the S4 Pearlington Waste Water Collection System, in the deductive amount of \$76,446.50, contingent on final approval of MDEQ and Board Attorney Artigues. This change revises quantities to those constructed in the field. No additional funds are needed for this change.

- Approval to spread on the minutes the HCUA response to the PEER Review Report #556.
- Approval of Payment Request No. 3, S6 CIAP Kiln Sewer Connection Project, MSCIAAP Project No. MS.R.771-2, in the amount of \$38,477.46, contingent on approval by the Mississippi Department of Marine Resources and Board Attorney Artigues. This pay request includes invoices from A. Garner Russell & Assoc. in the total amount of \$7,705.98, Brown, Mitchell & Alexander in the amount of \$202.75 and invoices from Jay Bearden Construction in the total amount of \$30,568.73.
- Approval of Contract Modification 2008-04/23(S6) to the Term Bid 2008-04 construction contract with Hudson Contracting, Inc. for the Kiln Sewer Collection System, in the additive amount of \$34,519.18, contingent on final approval of MDEQ and Board Attorney Artigues. This change provides the fuel and material adjustment per the contract documents for Work Order 2008-04/S6-01. There are sufficient contingency funds available to cover this change.

*This completes the Consent Agenda*

*Discussion: Director Fillingame inquired* as to why the substantial completion on item number four for the Administration Building on Project S3 is so long in coming before the board. Mr. Bill Powell explained there were three separate inspections on the plant, and for reasons unknown they were not designated as substantially complete when the inspections were made. He assured the Board that all inspections were made, punch lists were created and all issues were addressed and complete, and according to the contract requirement the substantial completion certificates have to be issued, and this is done to correct the oversight. The dates have been verified as to when the plant was put into operation and substantially complete. He informed the board of one warranty issue with the UV system, but the contractor is working to correct this problem as warranty work.

*Also, Director Fillingame pointed* out that the amount shown on the agenda item number three was \$57,197.00, but on the actual document it is \$57,107.00, and requested that in the motion the correction be shown.

*And on item number seven* Director Fillingame inquired about if there were any additional engineering costs related to the extra 130 days, Kevin Mullen explained Griner Drilling had done some extra work and the substantial completion date was in the previous fiscal year, and in order to process the final payment, the job had to be moved to the next fiscal year.

Motion was made by Director Ladner to accept the recommendation of Brown, Mitchell & Alexander to reject the low bid of C.B. Developers, Inc. for project Term Bid HANCUA #2011-15, Long Service Grinder Pumps for Project S6-Kiln Wastewater Collection System, Phase 3, due to mistake in bid and to release their bid bond, contingent on concurrence and approval by Board Attorney Artigues and the

Mississippi Department of Environmental Quality, Director Busenlener seconded the motion; it was voted on and it carried unanimously.

Motion was made by Director Johnson to accept to the recommendation of Brown, Mitchell & Alexander to award Term Bid HANCUA #2011-15, Long Service Grinder Pumps for Project S6-Kiln Wastewater Collection System, Phase 3, to the second low bidder, Plaas, Inc. for the amount of \$859,204.41, contingent on concurrence and approval by Board Attorney Artigues and the Mississippi Department of Environmental Quality, Director Ladner seconded the motion; it was voted on and it carried unanimously.

Discussion: Director Mike Collard expressed concern about Plaas, Inc. being licensed in Mississippi; Mr. Bill Mitchell will make sure they are licensed prior to contacting them to award the contract.

Motion was made by Director Smith to accept the recommendation to approve Digital Engineering as the engineering firm to expand the Project W8 Bayside Park Water Distribution System, Director Johnson seconded the motion; it was voted on and it carried unanimously.

Motion was made by Director Johnson to accept the recommendation to approve A. Garner Russell and Associates as the engineering firm to design the lift station and appurtenances for the Jourdan River Shores Community which will be acquired by the Kiln Utility and Fire District (KUFD), Director Ladner seconded the motion; it was voted on and it carried unanimously.

Motion was made by Director Smith to accept the recommendation to approve A. Garner Russell and Associates as the engineering firm to do preliminary calculations, and reroute flow to HCUA's lift station north of Bayou LaCroix. Carollo Engineers elected not to do this work, Director Busenlener seconded the motion; it was voted on and it carried unanimously.

Motion was made by Director Johnson to approve the request by Watertech Corporation to utilize the subcontractor services of:

- Sign Lite – Slidell, LA

Director Ladner seconded the motion; it was voted on and it carried unanimously.

Discussion: Executive Director Pitalo explained that Sign Lite is being used to drill the large holes necessary to install the antennas.

Motion was made by Director Ladner to approve Contract Modification 2011-13/01 (W7) to the Term Bid 2011-13 construction contract with SH Anthony, Inc. for the W7-Eastern Hancock County Water Supply system, in the additive amount of \$76,763.56, contingent on final approval of MDEQ and Board Attorney Artigues. This change order is necessary to bring the contract quantities of certain bid items up to what has

currently been used on Crump Rd to move the water line and make the first two sections of permanent repairs. There are sufficient contingency funds available to cover this change, Director Johnson seconded the motion; it was voted on and it carried unanimously.

### **Executive Director**

Revised presentation concerning water service funding - It was explained to the board that the revision contains changes on the page that contains "Projection of Revenues" the original presentation indicated that the Hancock County Water & Sewer District would be purchasing water from the McLaurin site. It was later determined that the HCWSD would not be purchasing water, so the numbers were changed to indicate this information. This change made the project deficit even larger.

Director Johnson inquired as to why the HCWSD wouldn't be purchasing water and what condition the well/tank is in, Ms Nancy Depreo explained that they still owe large sums of money on their well and can not transfer ownership due to the debt attached, and the well/tank are in good shape and they are in the process of having the well /tank serviced as required by MDOH.

Executive Director Pitalo also explained on "Option B" to require each entity to purchase a minimum amount of water, two other options are (1) a rate increase to .85 per 1000 gallons or (2) a rate increase to \$1.00 per 1000 gallons.

Director Fillingame inquired about the water service agreement, if all five entities were required to purchase a minimum amount of water after the projects are complete; Executive Director Pitalo explained the agreement didn't give a specific amount, but that the repair and maintenance of the well/tanks would be paid for by the entities. At this point Director Fillingame requested an overhead presentation, at the workshop, of the service agreement stipulations concerning what the entities are obligated to and to make recommendations as to the usage amounts for each entity that could offset the maintenance and repair cost to the water system. Mr. Bill Mitchell reminded the board of the recommendation of all entities, except Pearlinton, would be billed proportionally according to the number of customers each entity had.

PWSD agreement for the MOU in conveying a water distribution and sewer collection system – Motion was by Director Busenlener to ratify the original MOU and after review of the recommended changes from the Pearlinton Water & Sewer District's attorney, the Authority has no objections and the changes would be included the new document and reissued, Director Johnson seconded the motion; it was voted on and it carried unanimously.

CDBG Quarterly Report – copy of presentation included in minute packet – information only – no action taken – Discussion: Director Fillingame asked for clarification that at the end of each project a MOU would be issued for each entity as it relates to their area. Executive Director Pitalo explained that the MOU would indeed be issued.

Letter of Justification for changing over from UV disinfection to chlorination/dechlorination disinfection – Motion was made by Director Johnson to authorize Executive Director Pitalo to move forward with the recommendation and plan as stated in the letter, Director Ladner seconded the motion; it was voted on and it carried unanimously.

### **New Business**

The Water Supply Budget was projected to run a deficit during the “ramping up” period while customers are being connected. A workshop was held at the Northern Regional Wastewater Treatment Plant on Thursday, February 2, 2012 to discuss this matter. The Executive Director, as well as the HCUA Engineer, Attorney, and Accountant provided advice and presented options for funding the deficit. The HCUA members were asked to discuss this issue as well as options with their respective Boards and be prepared to make a decision relative to this matter at the March 13, 2012, HCUA Board meeting. Another workshop was requested by Mr. Tony Wayne Ladner and a date for this workshop needs to be established.

No action taken – to be addressed at the March 2012 meeting. A work shop was scheduled for Friday February 24, 2012 at 2:00 P.M.

Discussion: Director Collard asked if the Authority had considered utilizing the water tower by cellular companies, Executive Director Pitalo explained that there are corrals on the tower.

Mr. Jody Fountain of Fountain CPA explained to the board that on the water side of the budget the Authority is falling short by approximately \$11,000 per month, and he recommends that the salary portion of the budget be moved back to the wastewater budget and the monies taken in from water sales will support the maintenance budget. Also, he doesn't recommend the use of the emergency funds to settle debt from the water service side.

### **Old Business**

Memorandum of Understanding concerning ownership of sewer force mains coming from Bay St. Louis to HCUA's Southern Regional plant.

Allocation of wastewater expenses are currently based on formula per the individual entity contracts. Consideration of allocating the wastewater expenses based on flow from each entity to wastewater treatment plants has been discussed and recommended by Executive Director and Engineer. Hancock County Utility Authority (HCUA) has delayed this decision.

Pearlington Water & Sewer District (PWSD) has agreed to operate and maintain the water distribution system and the wastewater collection system installed with CDBG funds. The systems cannot be conveyed to the PWSD until the grants have been formally closed. The Memorandum of Understanding for the Interim Operation,

Maintenance, Billing and Collecting and Compliance with CDBG Grant Requirement by PWSB needs to be executed and spread on the HCUA minutes.

Excess dirt, rubble and debris have been placed around the north perimeter of the equalization lagoon. In discussion with management personnel of the Bay St. Louis Department of Public Works months ago, it was stated this material would be removed. This has not been accomplished.

A leak in the 24" sewer force main from a sewer pump station in Bay St. Louis was repaired on March 8, 2011 and March 11, 2011 by personnel from the HCUA and the HCWSD. This repair cost of \$13,751.97 should be funded by Bay St. Louis. This invoice is still outstanding.

Six month agreement between HCUA and HCW&SD allowing over/under payments be postponed for six months, as a result of the HCWSD board adopting a resolution to only pay the flow portion of their invoice, and they would pay their monthly invoice without calculated "flow" payment. This agreement ends March 31, 2012 and they will be billed their monthly bill plus the "over and under" amount in April 2012.

### **Executive Session**

Attorney Ronnie Artigues – Butler Snow

Motion was made by Director Smith to consider going into Executive Session to discuss land acquisition and litigation issues, Director Busenlener seconded the motion; it was voted on and it carried unanimously.

Motion was made Director Smith to enter into Executive Session to discuss land acquisition and litigation issues, Director Busenlener seconded the motion; it was voted on and it carried unanimously.

Motion was made by Director Ladner to leave Executive Session with no action taken at 3:36 PM, Director Johnson seconded the motion; it was voted on and it carried unanimously.

### **Butler Snow**

During executive session Attorney Ronnie Artigues presented the Board with an opportunity to review, on a per parcel basis, a total of twenty six waiver valuations for Project S6-Kiln Wastewater Collection System, for the purpose of establishing a basis for making a fair market value offer pursuant to the waiver valuation procedure.

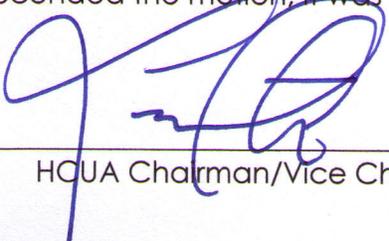
After leaving the executive session and a full discussion, a motion was made by Director Ladner to authorize Attorney Ronnie Artigues to proceed with the fair market value offers, based on said information, in the amounts indicated in each file on the

parcels shown on the **attached one page(s)**, and to allow Attorneys Ronnie Artigues and Jack Pittman and Executive Director Pitalo to review, recommend and proceed with FMVOs as needed to avoid delays in the project, Director Smith seconded the motion; it was voted on and it carried unanimously.

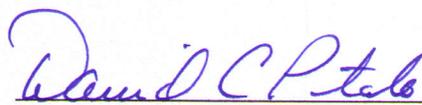
After leaving the executive session and a full discussion, motion was made by Director Ladner in support of and consent to the Kiln Utility and Fire District refinancing their existing debts at a savings to the district, Director Johnson seconded the motion; it was voted on and it carried unanimously.

**Adjourn**

Motion was made by Director Ladner to adjourn the meeting at 3:40 PM, Director Smith seconded the motion; it was voted on and it carried unanimously.



HCUA Chairman/Vice Chairman



HCUA Executive Director