

**BUSINESS OFFICE, 4725 MOFFETT ROAD, MOBILE, ALABAMA
AUGUST 14, 2017**

The Board of Water and Sewer Commissioners of the City of Mobile met this Monday in their regular session at 2:00 p.m. at MAWSS' Park Forest Plaza.

PRESENT:

Dr. James E. Laier, Chair
Ms. Barbara Drummond, Vice Chair
Ms. Sheri N. Weber, Commissioner
Mr. Maynard V. Odom, Commissioner
Mr. Walter E. Bell, Commissioner
Mr. Kenny Nichols, Commissioner

Ms. Jackie McConaha, Attorney for the Board
Mr. Charles E. Hyland, Jr., Director
Mr. Douglas L. Cote, Assistant Director
Mr. Bud McCrory, Assistant Director

ABSENT:

Mr. Samuel L. Jones, Secretary-Treasurer

Chair Laier called the meeting to order and Commissioner Weber gave the invocation. The **Financial Report** was next and Comptroller Collena Matz said she will review the May 2017 Financials. We are 5 months into the budget. The budget column on each slide represents 5/12 of the budget because we budget in 1/12 increments. For Expenses and Revenues, we don't spend them, nor do we receive them evenly; therefore, there is a little variance you will see that will true up throughout the year.

The Revenues for 2017 were almost \$42 million year to date. Expenses were almost \$23 million which leaves us with \$19 million net income for 2017. This is right in line with the prior year, less than 1% variance on the Revenues. We are up about 2.5% on Expenses so, therefore, our net income is down slightly which is what we would anticipate with an increase inflation of expenses.

The next slide is break down of the Revenue. We have our Water Sales, Sewer, and Other Revenue. The Other Revenue column represents Investment Income, Rental Income, as well as Scrap Materials. Ms. Matz said the next slide represents Customer Trend. We are up slightly on the number of customers as reported in March. Customer number is very volatile; we are up though from the prior year by about 400.

Next was a breakdown of Expenses. We have Labor Costs, Contractual Expenses, and Operating Supplies and Materials. For the most part, we are in line with prior year and the budget with a slight increase on Operating Supplies and Materials. The next slide is a further breakdown of the Labor numbers, which tells us what the regular pay is, premium pay, or Overtime, as well as the Fringe Benefit side. We do have a slight uptick on Overtime; however, we are under on regular pay and we do currently have some vacancies. Ms. Matz said the last slide breaks down the Net Income. The purpose of this slide is to say if everything remains constant, if all Reserves were met and Debt Service remained constant, where each bucket of the Net Income dollars would be split. We've added a footnote at the bottom to explain this slide, because the Net Income dollars are actual dollars; however, we have Reserve Requirements that we have to meet before we can fund Capital. Some of our Reserves are for Operating, Self-Insurance, Customer Deposits, and also the Unfunded Pension Liability. Therefore, the assumption is made when you look at this screen that all of those reserves have been met. The other item to note is Debt Service. We fund a trust every month so there are dollars that are moved every month. However, we don't pay our debt every month. We actually earn a little bit of interest on the money we put into the trust and most of our debt payments are paid twice per year, in February and August for the majority of our bonds. We have two that are very small that we do actually pay monthly. For the most part, we do semi-annual payments. Therefore, you create some timing differences because of that as far as what is the actual balance in the reserve fund, what the timing is of when we pay what. It's not in a 1/12 increment and the budget isn't a 1/12 increment. Ms. Matz asked if there were questions and there were none.

Committee Reports was next and there were none. There were no **Visitors**. The **Minutes of July 10, 2017** were presented for approval. Commissioner Odom moved for approval and Commissioner Drummond seconded. The motion then carried with the unanimous vote of the Board.

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Bids and Purchasing was next. Mr. Cote presented Items A and B as entered here for the record:

Purchase of Stainless Steel Liquid Ring Vacuum Pump (4 bids, 1 N/Q)

Value - \$25,165

Low responsive bidder: EW Klein & Co.

Commissioner Odom moved for approval and Commissioner Drummond seconded. The motion then carried with the unanimous vote of the Board. Next was:

IFB 17-023 Purchase of Hose Pump & Appurtenances

(2 bids) Value - \$33,990

Low responsive bidder: Watson Marlow, Inc.

Commissioner Drummond moved for approval and Commissioner Bell seconded. The motion then carried with the unanimous vote of the Board.

IT Director Mahir Butt presented Items C and D:

EnQuesta CIS Server Annual Support Agreement Value - \$30,856.61

Software Support Term: 7/24/17 – 7/23/18 at cost of \$24,323.84

Hardware Support Term: 8/6/17 – 8/5/18 at cost of \$ 6,532.77

Supplier: Mythics

Mr. Butt said this is an annual maintenance and support agreement for hardware and software for the server that helps our CIS System which is Enquesta, built by Systems & Software. Commissioner Drummond moved for approval and Commissioner Odom seconded. The motion then carried with the unanimous vote of the Board. Next was:

Purchase of LogMeIn Central Application Value - \$35,150

Provider: Insight Public Sector

Mr. Butt said we utilize GoToMyPC, a Citrix product. That particular division of Citrix was purchased by LogMeIn, a transitional company that also has additional features and functionality. We are acquiring some of those features and functionality by purchasing this application. This is a three year subscription cost. Commissioner Odom moved for approval and Commissioner Drummond seconded. Commissioner Drummond asked if there is a maintenance cost. Mr. Butt said this includes the maintenance cost. Commissioner Bell asked how much maintenance has been done on the program in the last 2 or 3 years. Mr. Butt said what software companies typically charge is called maintenance, but it's really software assurance to make sure if they upgrade, you get the upgrade at no additional cost. The motion then carried with the unanimous vote of the Board. Next was:

Co-op Purchase of Additional Compellent Storage Area Network (SAN)

Value - \$58,384.91

Co-op Provider: US Communities

Mr. Butt said this is additional storage required. We are running out of space in our data center. We are utilizing the US Communities Co-Op that Mr. McCrory explained to the Board. Commissioner Drummond asked how much that is saving us. Mr. Butt said probably around \$30,000. Commissioner Drummond moved for approval and Commissioner Odom seconded. Commissioner Bell said he thought we were going to the Cloud. Mr. Butt said this is for all the in-house applications, such as our CIS System, pipe videoing, etc. Those require a lot of storage. Also, now that we are utilizing cameras in the vehicles, that has to be stored in-house. Mr. Butt said our Financials and Infor CMMS System are in the Cloud. Commissioner Drummond asked what are we going from to and Mr. Butt said we are adding more capacity. Commissioner Weber asked how long Mr. Butt anticipates this additional amount will last. Mr. Butt said depending on what products and which data we put on it, he is hoping at least 2 or 3 years. Commissioner Drummond asked if we are going to look at finding something maybe for a longer period of time

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because we seem to be growing leaps and bounds. Mr. Butt said, in the IT world, you don't necessarily want to purchase for longer terms. Typically, a 2 to 3 year term is about the life cycle of those platforms. Commissioner Bell said he read that we are upgrading to an existing Dell computer. Mr. Butt said we are actually adding more storage capacity to an existing Dell SAN. Commissioner Bell said it sounded like it was the same model as the original. Mr. Butt said it's not; it's actually an additional upgraded model to the same manufacturer's SAN. The motion then carried with the unanimous vote of the Board.

Item F is entered here for the record:

Co-op Purchase of Caterpillar Backhoe	Value - \$79,500
Co-op Provider: NJPA/Thompson Tractor	

Mr. McCrory said this is through the NJPA and it's replacing a 2002 model. Commissioner Weber moved for approval and Commissioner Bell seconded. The motion then carried with the unanimous vote of the Board.

Legal was next and Attorney McConaha said an **Executive Session** is needed to discuss two litigation matters and one matter involving a property purchase. She anticipates maybe 15-20 minutes will be needed.

Unfinished Business was next with **MAWSS Policy 16-01, Disadvantaged Business Enterprise Policy for Public Works Act Contracts**. Mr. Hyland asked that this item continue to hold for the September meeting. Commissioner Drummond said the Growth & Development Committee will set up a meeting in near future to discuss that item.

Item B is entered here:

IFB 17-021, Purchase Trailer-Mounted Backup Pump (7 bids, 4 N/B)
Value - \$41,932
Low Responsible Bidder: Jim House & Associates

Mr. Cote said staff recommends approval. Based on staff's recommendation, Commissioner Odom moved for approval and Commissioner Nichols seconded. The motion then carried with the unanimous vote of the Board.

Item C was **Proposed Property Purchase** and Item D was **ADEM CWSRF Loan Application**. Mr. Hyland asked that these items hold until later in the meeting.

New Business was next with **GMC CMOB170025, Wright Smith WWTP Primary Digester Cleaning**, with tabulation of the July 10, 2017 bids and recommendation to reject all bids and rebid the project. The GMC representative said we received 3 bids and the low bidder was Denali Water Solutions; however after review of the 3 bids and in talking with the MAWSS staff, none of the bidders provided the Subcontracting Plan to meet the DBE policy so they recommend the Board reject all bids and rebid the project. Commissioner Odom moved for approval and Commissioner Drummond seconded. The motion then carried with the unanimous vote of the Board.

Item B was **MM378692GG, Gaillard Standby Generator Project**, with tabulation of the July 10, 2017 bids and recommendation to award to the lowest responsive and responsible bidder, Moody's Electric, Inc., for \$1,267,657.94. Mr. Dan Keck, Mott MacDonald, said this was the second half of a project where the Board had already approved procurement of generators costing approximately \$1.1 million. There were 3 bids submitted and the low bidder was Sycamore Construction in the amount of \$1,191,250. After going back and doing due diligence of the bids and preparing the certified bid tabulation, they discovered that Sycamore had not complied with the bid instructions. One of the bid items, and all this was in bold and capitalized letters, specifically provided that the bid item shall not be less than 5%. The Bid form said it must be greater than or equal to 5% of the bid amount. That was not complied with; it was substantially less than that. Based upon the technical irregularity of the bid and after talking to Attorney McConaha, they don't believe that's something that is subject to waiver by the Board. He said Mott MacDonald recommends that the second low bidder, Moody's Construction be awarded the contract, in the amount of \$1,267,657.94. The combined total of Moody's bid and the equipment already awarded and procured is still under the original project budget. Commissioner Odom moved for approval and Commissioner Drummond

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seconded. Commissioner Nichols said, in regard to that being a lump sum item, the expectation as part of the contract is that the item would only be required one time. He asked if that is correct. Commissioner Nichols said the pay item is check out, startup, performance demonstration, and testing. That is a one time single event. Mr. Keck said it is basically there for the contractor to demonstrate that the system actually works before he receives that payment. Commissioner Drummond asked if legally we are okay with going to the second low bidder. Attorney McConaha said that requirement was in the specs in bold face. It's not something that's unimportant. It's not a mathematical error. It's a requirement of the bid documents. The motion then carried with the unanimous vote of the Board.

Item C was **U. S. Army Corps of Engineers, Planning Assistance to States Agreement - Phase 2**. Mr. Cote said the Corps came to the Board meeting a while back and discussed this program where they share in the cost of performing studies for various entities. We ask the Board to approve Phase 2 of their stream assessment which is work they originally did last year in Phase 1. The total cost of that assessment is \$165,000. Our share of that cost will be 50%, which is \$82,500. We have that budgeted in our 2017 Capital Budget and we ask that the Board approve that agreement. Commissioner Bell moved for approval and Commissioner Drummond seconded. The motion then carried with the unanimous vote of the Board.

Item D was:

IFB 17-020, Annual Contract – Powder Activated Carbon (PAC)
 Estimated Annual Value - \$915,420
 Contract Period: 9/1/17 – 8/31/18 w/2 one-year extension options
 Low qualified bidder: Cabot Corporation

Mr. Cote said the estimated annual value is \$915,420 and the low bidder was Cabot Corporation. Their bid in cost per pound was not the lowest bid; however, when we tested that product to determine its effectiveness in removing TOC from the water, we determined it took more of a quantity of the product to get us to a targeted level. Therefore, over the course of a year, that product would cost us more than the product we are recommending. Mr. Cote asked that the Board approve award to Cabot Corporation. Commissioner Bell moved for approval and Commissioner Nichols seconded. The motion then carried with the unanimous vote of the Board.

Item E was **HR Policy 10-1, MAWSS Hurricane and Emergency Closing Staffing Policy – Proposed Revision**. Mr. Hyland said at today's premeeting, Ms. King reviewed changes to this policy and staff recommends approval of the Policy with changes as presented. Commissioner Drummond moved for approval and Commissioner Odom seconded. The motion then carried with the unanimous vote of the Board.

Item F was **Policy No. 99-1, Emergency Utility/Water Assistance Program – Proposed Revision**. Mr. McCrory said staff proposes to change the policy name to **Neighbors in Need** and the other two changes as presented in the premeeting. Commissioner Weber moved for approval and Commissioner Drummond seconded. Commissioner Odom said he saw in Mr. McCrory's presentation that the Board contributed money initially. Mr. McCrory said that's correct; the Board contributed a \$5,000 initial investment in 1999. Commissioner Odom asked if the Board has contributed any funds since that time and Mr. McCrory said no. Commissioner Odom said after the motion on the table is voted on, he would like to make a motion that the Board contribute to this program. Commissioner Drummond said in Mr. McCrory's presentation, didn't he say that included in the changes he's making, the Board would be contributing. Mr. McCrory said he is putting a line item in to give the Board the option; it did not specify an amount. Commissioner Drummond asked if we need a separate motion for an amount and Commissioner Odom said yes.

Commissioner Bell asked didn't the presentation show that we haven't spent all the money we've collected into the program. Mr. McCrory said we are spending about \$9,000 and we put about \$9,000 in. Commissioner Bell said so it's carrying itself. Mr. McCrory said it's carrying itself because the Community Action Center only has a certain amount. If we had more available, we would spend more. Commissioner Drummond said it also needs to be noted that all of the public entities send all their monies over to Mobile Community Action. Mr. McCrory said they do.

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It's really a great program and a great thing if the Board is willing to contribute more. The motion then carried with the unanimous vote of the Board.

Commissioner Odom moved that the Board contribute \$5,000 annually to the Neighbors in Need Program (formerly known as EUWAP). Commissioner Drummond seconded and the motion then carried with the unanimous vote of the Board.

Item G was **Facilities for Acceptance** and Water & Sewer Engineering Manager Daryl Russell covered the following items:

Magnolia Springs, 5 & 6 – Water & Sewer
 Value – Water \$162,727.27 Value – Sewer \$314,137.05

Mr. Russell said MAWSS staff has reviewed these facilities and recommends acceptance by the Board. Based on staff's recommendation, Commissioner Odom moved for approval and Commissioner Nichols seconded. The motion then carried with the unanimous vote of the Board.

Next, Mr. Russell covered the following:

Somerby Place Apartments – Water
 Value - \$3,925

Mr. Russell said MAWSS staff has reviewed these facilities and recommends acceptance by the Board. Based on staff's recommendation, Commissioner Drummond moved for approval and Commissioner Weber seconded. Commissioner Odom asked if these are new apartments and Mr. Russell said yes. The motion then carried with the unanimous vote of the Board.

Items presented for **Information Only** were:

- A. **AL17028, Hillcrest Shopping Center Sewer Line Replacement**, with tabulation of the July 10, 2017 bids and recommendation to award to the low bidder, Ballcon, Inc., for \$88,597. (Confirmation of Director's Award)
- B. **Driven 17010, Childers Street Sewer Repairs**, with tabulation of the July 10th bids and recommendation to award to the low bidder, Construction Labor Services for \$122,928.34. (Confirmation of Director's Award)
- C. **M5712-2577, Eslava Creek Pump Station Bypass Improvements (Rebid)**, with tabulation of the July 10, 2017 bids and recommendation to award to the low responsive bidder, W. R. Mitchell Contractor, Inc., for \$745,743. (Confirmation of Director's Award)
- D. **V044417, Springhill 30" Water Main Abandonment (Rebid)**, with tabulation of the July 10, 2017 bids and recommendation to award to the low bidder, W. R. Mitchell, Contractor, Inc., for \$474,195. (Confirmation of Director's Award)
- E. **AL17014, Johnston Lane Emergency Sewer Replacement**, with underrun Change Order #2 (Final) in the amount of \$49,156.50 (14.49% of original \$339,291 contract) resulting in a revised \$309,368.50 contract. Change revises contract quantities to as-built conditions.
- F. **M5712-2388, Old Shell Road/Sage Avenue Sanitary Sewer and Waterline Replacement**, with underrun Change Order #1 (Final) in the amount of \$23,989.68 (3.39% of original \$707,566.21 contract) resulting in a revised \$683,576.53 contract. Change revises contract quantities to as-built conditions.
- G. **M5712-2508, Sewer Force Main from Schillinger Road East to Existing Sewer Manhole #195**, with underrun Change Order #1 (Final) in the amount of \$4,848.63 (1.66% of original \$292,533.86 contract) resulting in a revised \$287,685.23 contract. Change revises contract quantities to as-built conditions.
- H. **M5712-2570, Emergency Replacement Tank Bienville Water Reservoir**, with underrun Change Order #2 (Final) in the amount of \$1,426.41 (0.05% of original \$3,125,771.76 contract) resulting in a revised \$3,124,345.35 contract. Change revises contract quantities to as-built conditions.

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- I. **T15-1101-0161, Lime Silo E. M. Stickney Plant**, with Change Order #1 in the amount of \$5,006.49 (0.606% of original \$826,348 contract) resulting in a revised \$831,354.49 contract. Change covers costs associated with relocating a door on the second floor of the building.
- J. **T15-1101-0289, Cypress Cove Apartments Water Main Repair**, with underrun Final Summary Change Order in the amount of \$48,878 (9.14% of original \$534,531 contract) resulting in a revised \$489,613 contract. Change revises contract quantities to as-built conditions and adds 5 days to the contract time.
- K. **Emergency Repair of the Huber Dewatering Screw Press Value - \$23,496.50**
Sole Source Provider: Huber Technology
- L. **Ext. 2 Annual Contract MAWSS 15010 One Gallon Grease Containers**
Contract Extension Period: 10/17/17 – 9/30/18 or est. value of \$65,000
Current Contract Holder: Inmark, Inc.
- M. **Ext. 1 Annual Contract MAWSS 16016 – Soil Materials Supply & Disposal**
Contract Extension Period: 10/1/17 – 9/30/18
Current Contract Holders:
James Adams & Son for Schedule A - est. value of \$70,000
Midway Materials for Schedule B - est. value of \$61,500
- N. **Sensitive Positions**
- O. **McCrary & Williams Project Status Report – August 1, 2017**
- P. **In-Kind & Contributions Requests**
 - 1. Mobile Police Department's National Night Out
 - 2. 2017 Senior Lifestyles Expo
 - 3. Municipal Park Youth Football & Cheer Program Banner Sponsorship
 - 4. Exploreum's Spark your Curiosity/Fall of Curiosity
 - 5. The Peninsula of Mobile's Art-Peninsula Style
 - 6. Formula Society of Automotive Engineers

There being no further business to come before the Board, at 2:48 p.m., Commissioner Weber moved to adjourn and reconvene in Executive Session. Commissioner Drummond seconded and the motion carried with the unanimous vote of the Board.

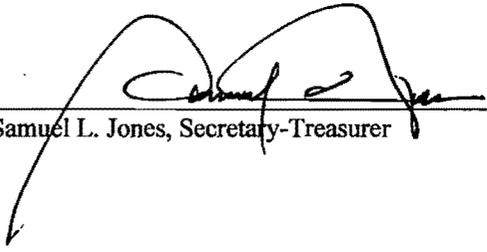
At 3:40 p.m., the meeting reconvened. Commissioner Odom moved to accept the advice of the attorney in the two litigation matters discussed as discussed in Executive Session. Commissioner Bell seconded and the motion carried with the unanimous vote of the Board.

Mr. Hyland asked the Board if they would consider a recommendation to approve allowing staff to move forward with a **Letter of Intent to the Infirmary** with the terms as discussed in Executive Session. Commissioner Drummond moved for approval and Commissioner Odom seconded. Chair Laier called for further discussion; there was none and the motion for approval then carried. Commissioner Weber noted she abstained and Commissioner Nichols said, for the record, he opposed. (The motion was carried with the aye votes of Commissioners Drummond, Odom, and Bell.)

Mr. Hyland said if this is approved by the Infirmary, would the Board consider allowing us to request by full application the **SRF loan for \$32 million**. Commissioner Drummond asked if that would be for 2017 or 2018. Commissioner Odom moved for approval. Mr. Cote we probably wouldn't close on the loan until 2018 because it will take 8 to 10 months to design. Mr. Hyland said yes, it will be 2018. Commissioner Drummond said that's her point, we don't need to apply right now. Mr. Cote said we sent the pre-application and they sent us a letter asking us why we are delaying the application because it could impact the interest rate and they've already got the funds earmarked. Ms. Matz said we have it included in the 2017 budget that we were going to close by the end of July; however, at this point, they're done and we're probably not going to close in 2017. It will be 2018. Mr. Hyland said he is asking the Board if the Letter of Intent is approved by the Infirmary, would the Board would allow us to move forward with the application. Commissioner Drummond then seconded. The motion then carried with the unanimous vote of the Board.

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There being no further business to come before the Board, at 3:42 p.m., the meeting was adjourned. The next regular meeting is scheduled for September 11, 2017, at 2 p.m.



Samuel L. Jones, Secretary-Treasurer