

MINUTES
MURFREESBORO WATER RESOURCES BOARD
December 8, 2020

The Murfreesboro Water Resources Board met on Tuesday, December 8, 2020 in the conference room at the Operations and Maintenance Building, 1725 S. Church Street. Consistent with the Governor’s Executive Order, members of the Water Resources Board participated by electronic means as has been determined necessary to protect the public health, safety, and welfare in light of the COVID-19 pandemic. Present at the meeting were Board members: Dr. Al Carter, Mr. John Sant Amour, Mr. Brian Kidd, Ms. Sandra Trail, Ms. Kathy Nobles, Mr. Kirt Wade, and Ms. Madelyn Scales-Harris. Also present were Darren Gore, Michele Pinkston, Valerie Smith, Doug Swann, Robert Haley, Roman Hankins, Marshall Fall, Steve Tate, Sharon Seibert, Matt Powers, Alan Cranford, John Strickland, Josh LeMay, Donald Hughes, Andy McCrary, Adam Todd, Ryan Potts, Travis Wilson, Mike Bernard, Linda Sullivan, Brent Fowler, Jay Bradley, and Jobe Hastings along with other members of the public.

The Consent Agenda was presented for the following considerations:

A. Consider O&M Vehicle Purchase –

In MWRD’s approved Capital Budget FY21, there is a line item in the amount of \$70,000 to purchase a work truck for the additional full-time maintenance technician hired last year. The desired vehicle is included on the State of Tennessee Vehicle Contract with Wilson County Motor Co.

VEHICLE DETAILS			
	Description	Cost	Budgeted
	2021 Chevrolet Silverado 3500 HD 4WD Double Cab Work Truck	\$68,237	\$70,000

Staff recommended the Board to recommend the City Council to approve the purchase of this vehicle with funding coming from the FY 2021 budgeted capital account.

B. Consider SRWTP Commercial Structures & Facilities Painting Change Order #2 –

In December 2018, staff brought the bids for repainting of the Stones River Water Treatment Plant and Auxiliary Intake Building over the next four years. The approved bidder was Commercial Painting, Inc (CPI). The total project cost for the original contract cost was \$1,126,240. The cost per fiscal year is FY19 - \$224,900, FY20 - \$342,790, FY21 - \$397,200 and FY22 - \$161,350. There were some issues with the flooring coatings and preparation in the Membrane Room and Post Treatment Room that had to be corrected. The increase in the coating and preparation of the floors increased the cost by \$27,123 for FY20 with the adjusted total cost for FY20 being \$369,913 bringing the total cost of the contract to \$1,153,363. Both were approved by the Board and Council. CPI is working on the basins and found some issues that

need to be addressed. The scope of work for Basins #3 and #4 needed to be changed to address issues with the 18" center column and rake arm. The cost of this change is \$7,750.

The current cost of the FY21 project is \$397,200. The FY21 capital budget has \$415,900 for painting. The \$7,750 increase in the coating and preparation would bring the FY21 project to \$404,950 and total project cost to \$1,161,113. Funding for the additional \$7,750 would come from the FY21 capital budget.

Staff recommended that the Board recommend to the City Council accepting Change Order #2 from Commercial Painting, Inc.

C. Consider Tiger Hill, Mill St. & Halls Hill Water Tanks Final Change Order –

Currens Construction Services, LLC is the general contractor for the repair and recoating of the Tiger Hill, Mill Street and Halls Hill water storage tanks. They have completed all work at Tiger Hill, Mill Street and Halls Hill tanks in accordance with the contract. Staff is submitting the final change order that includes the final quantities for the project. Also included is the final pay request for this project, warranty letter, the contractor's release of liens and consent of surety.

The contract amount has decreased \$170,490. The final contract amount is \$2,386,640. All items identified by the Department, Mid-South Tank Consultants and SSR have been addressed by the contractor.

Staff recommended that the Board recommend to the City Council approving the final balancing change order in accordance with SSR's recommendation.

D. Consider Sanitary Sewer Rehab 2020/2021 Change Order #1 –

At the March 2020 Board meeting the Board approved the Engineering, Construction Administration & Resident Inspection through S&ME, Inc. necessary for this sanitary sewer rehabilitation project. This project was originally bid July 14th, and at the July 2019 Board meeting the Board approved the award of the contract to SBW Constructors, LLC in the amount of \$4,250,092.

During the rehabilitation work on the 54" Hobas pipe sections, the contractor found that a couple of the manholes were leaking. Typically it is normal practice to line the manholes on either end of a pipe section that was lined, however in this case, this interceptor and manholes were so new, that staff nor S&ME felt it would be necessary to line them in addition to the pipe sections and this was not included in the project. Since there were noticeable leaks in a couple of the manholes, staff decided to investigate all of the manholes that were "dry" due to the sewer by-pass pumping taking place, which is necessary in order to install CIPP liners. There were 7 manholes and one junction box that were "dry" because of this by-pass pumping. It was determined that all 7 did have leaks that needed to be repaired and to repair them while the by-pass piping is already set up for the lining of the pipes. Therefore, staff directed SBW to line these manholes using the contingency money already in the contract. The leaks in the junction box were so severe that this will have to be repaired at a later date with another project.

In addition to the lining of the Hobas pipes, SBW is also in the process of digging and replacing 2513 linear feet of 10" sewer main along Palmer Drive. They have found though in two sections of this sewer main that the water main is too close to replace the sewer. One of these locations, staff feels it would be best for O&M to replace/relocate both the water and sewer at the same time and the other location along Palmer, staff feels it would be best for SBW Constructors to relocate the sewer instead of relocating the water.

Between the additional work and the deduct of a few of the unused line items, this Change Order #1 will not add to the contract total other than add 19 days to the construction time. There will also be \$50,750.20 remaining in the Contingency Allowance.

Staff recommended the Board recommend to City Council approval of Change Order #1 with SBW Constructors.

A motion was made by Sandra Trail to accept the Consent Agenda as presented and it was seconded by Kirt Wade. The Board voted unanimously to approve.

The October 27, 2020 Board Minutes were unanimously approved as presented.

The Board considered Water Resources Fund Financial Audit for FY20.

The table below summarizes the Department's financial position for the water and sewer fund:

	June 30, 2020	June 30, 2019
Current Assets	\$ 119,007,780	\$ 110,983,291
Capital Assets	425,953,617	422,661,821
Non-Current Other Assets	47,899	63,269
Deferred Outflows	<u>2,330,238</u>	<u>2,514,322</u>
Total Assets and Deferred Outflows	<u>\$ 547,339,534</u>	<u>\$ 536,222,703</u>
Current Liabilities	\$ 15,574,383	\$ 15,428,129
Non-current Liabilities	98,817,704	112,100,223
Deferred Inflows	<u>4,013,951</u>	<u>1,843,409</u>
Total Liabilities and Deferred Inflows	<u>\$ 118,406,038</u>	<u>\$ 129,371,761</u>
Net investment in capital assets	\$ 340,767,330	\$ 324,313,502
Restricted	47,899	63,269
Unrestricted	<u>88,118,267</u>	<u>82,474,171</u>
Total Net Position	<u>\$ 428,933,496</u>	<u>\$ 406,850,942</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 547,339,534</u>	<u>\$ 536,222,703</u>

Staff recommended approval of the June 30, 2020 audit of the Murfreesboro Water Resources Department.

Madelyn Scales-Harris made a motion to approve. Kirt Wade seconded. The motion unanimously passed.

The Board considered Stormwater Fund Financial Audit for FY20.

Summary information regarding Stormwater Fund's financial position is as follows:

	June 30, 2020	June 30, 2019
Cash	\$ 5,964,698	\$ 5,964,987
Utility Plant	6,108,580	6,449,249
Deferred Outflows	108,048	121,636
Prepaid Expenses and Other Assets	<u>20,229</u>	<u>9,281</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 12,201,555</u>	<u>\$ 12,545,153</u>
Trade Accounts Payable	\$ 22,480	\$ 35,565
Other Liabilities	36,540	48,042
Deferred Inflows	187,756	132,980
Due to Other Funds	734,261	1,054,368
Long-Term Liabilities	<u>1,196,386</u>	<u>1,220,183</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 2,177,423</u>	<u>\$ 2,491,138</u>
Net Position		
Net Investment in Capital Assets	\$ 6,108,580	\$ 6,449,249
Unrestricted	<u>3,915,552</u>	<u>3,604,766</u>
Total Net Position	<u>\$ 10,024,132</u>	<u>\$ 10,054,015</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 12,201,555</u>	<u>\$ 12,545,153</u>

Staff recommended approval of the June 30, 2020 audit of the Murfreesboro Stormwater Fund.

Madelyn Scales-Harris made a motion to approve. Kirt Wade seconded. The motion unanimously passed.

The Board considered contract with WK Dickson for professional services to update stormwater controls manual.

The City needs to update parts of its stormwater controls manual and associated technical guidance:

- To update design criteria, incorporating lessons learned in Murfreesboro and industry-wide;
- To prepare standard and/or preferred designs and detail drawings; and
- To prepare for an upcoming State rule and permit on stormwater control measures.

Over the past 12 years, 439 development projects have included one or more stormwater control measures (SCMs), such as detention ponds, bioretention cells, pervious concrete and paver bricks. There are 79 additional projects in construction phase and another 99 in the pre-construction design phase. The costs to design, construct and to maintain SCMs are significant to the development community, to the City and to property owners.

Stormwater controls are necessary for flood control, for storm water runoff quality and the quality of the receiving streams. Not to mention, they are necessary for compliance with the City's State-issued urban runoff permit.

Staff solicited a proposal from WK Dickson, an engineering and consulting firm with a good stormwater services team, for developing updates to our SCM standards and for providing us assistance on related technical materials and policies.

Staff recommended the Board recommend to City Council approving a contract with WK Dickson with a Task Order 1 to provide updates to our stormwater manual and to provide other stormwater-related technical and consulting services up to a total not to exceed \$55,000.

Kathy Nobles made a motion to approve. Madelyn Scales-Harris seconded. The motion unanimously passed.

The Board considered proposal from ELI for engineering design services for Salem/Barfield Sewer Improvements Phase 3 (Basin 72-6).

The City currently has a Master Services Agreement (MSA) with ELI, LLC approved February 2018. The Department has utilized the MSA for various small projects to assist Engineering such as the revisions of our standard water/sewer/repurified water specifications and details, develop a draft set of step system specifications and to develop a Sewer Master Plan for the Joe B Jackson area between I-24 and the Middle Fork of the Stones River. At this time staff has requested a proposal for the design of a sewer interceptor upgrade to replace a 15" sewer main.

This improvement was designated as a necessary improvement within the Department's 201 Wastewater Facilities Plan (201 Plan). Currently there is a 21" sewer main and a 10" sewer main converging at the eastern end of Eastview Drive and flowing into the existing 15" interceptor downstream where it extends further to the east and crosses the West Fork of the Stones River. The 201 Plan proposes to upsize this 15" to 24".

Staff recommended that the Board recommend to the City Council approval of the Work Authorization with ELI, through the MSA.

Funding for this design was not funded through the Operating Budget so it is requested to come from Working Capital Reserves in an amount not to exceed \$83,687. The preliminary estimate for the construction is \$1.08M.

Brian Kidd made a motion to approve. Madelyn Scales-Harris seconded. The motion unanimously passed.

The Board considered MTSU Chiller Plant Expansion connection fees.

MTSU is expanding their Satellite Chiller Plant with another water-cooling tower, therefore owe additional water and sewer capacity buy-in fees (connection fees). MWRD does not have standard water or sewer connection fees for cooling towers; therefore, existing water usage data is used to determine the connection fees. The MTSU Satellite Chiller Plant currently has three existing water-cooling towers served by one water meter. They also have three water meters used to record the amount of cooling water returned to the sewer system.

The connection fee is calculated using 2019 water usage and discharge on a tower/day basis. This is equated to single family units (sfu's) per tower. Each tower is equivalent to 97.20 sfu's for water and 16.55 sfu's for sewer. The standard water and sewer connection fees of \$1200/sfu for water \$2550/sfu for sewer is used to arrive at the total fee of \$158,842.50 (i.e., $(97.2 \times \$1200) + (16.55 \times \$2550)$).

Staff recommended the Board recommend to City Council approving the water and sewer connection fees in the amount of \$158,842.50.

Kirt Wade made a motion to approve. Sandra Trail seconded. The motion unanimously passed.

Staff provided the Board a PowerPoint presentation reviewing the Working Capital Reserve Account in conjunction with FY2021-2025 Capital Improvements Plan (CIP).

The Murfreesboro Water Resources Department (MWRD) staff has drafted an updated 5-Year Capital Improvements Plant (CIP) from Fiscal Year (FY) 2021 through 2025. The primary focus of this preliminary draft is the capital improvements projected to be funded by working capital reserves. After receiving the FY19-20 draft estimate of the Department's working capital reserve amount of \$88,118,267 provided by Jobe Hastings, PLLC (JH), staff has been able to "reset" the amount of available funds in the Department's working capital reserve account and therefore provide a more updated accurate reflection of the Department's reserve balance.

The FY21-25 Capital Improvements Plan highlights three major project classifications:

1. Projects funded through Debt Service
2. Projects/Purchases funded through Rates
3. Projects/Purchases funded through Working Capital Reserves

The largest components of the FY21-25 CIP are those projects funded through working capital reserves. They are sub-classified as the following:

1. Water and Sewer Capital Improvement Projects
2. Transportation (Water/Sewer Improvements)
3. Sewer Rehabilitation
4. Information Technology Projects

Based on the available cash (designated and undesignated) minus the outstanding committed projects and sanctioned/pending projects, approximately \$53.7M of unassigned cash in reserves is determined available as of November 2020 (2nd quarter of FY21). When applying this to the FY21-25 CIP, and assuming projected additional FY21 reserve fund revenue and expenditures, a working capital account balance of available funds is estimated as \$57.3M at FY21 year-end. Subsequent year-end available reserve balances have been estimated over the 5-year CIP horizon.

When plotting that balance against the Department's 12 months operating expenses (i.e., the minimum allowable working capital reserve fund balance), current planned expenditures never go below the secured level but get very close in FY24. Operational expenses are assumed to increase at 2% annually over the 5-yr CIP. The 12 months' worth of O&M expense is considered a secured minimum balance for

the working capital reserve account as approved at the December 17, 2013 Water and Sewer Board meeting through the adoption of the Water and Sewer Enterprise Fund Financial Management Policies. The City Council also approved these policies at their January 9, 2014 meeting.

No debt funding has been programmed into the proposed 5-yr CIP. All projects as currently budgeted could potentially be funded with working capital reserve cash. Funding all major capital projects with cash is not required; several would qualify for State Revolving Fund (SRF) loans. The increase in capital improvement projects increased from \$98.87M to \$100.55M, or \$1,680,000. Addition of four projects and deducting three projects make up the majority of the difference:

- Added:
 - Salem / Barfield Sewer extension, \$1.1M
 - Stones River Water Treatment Plant switchgear replacement, \$1.9M
 - Stones River Water Treatment Plant disinfection system replacement, \$1.5M
 - Thompson Lane widening utility replacement, \$3.0M
- Deducted:
 - Jones Blvd utility relocation, \$1.0M
 - Mill St., Tiger Hill and Halls Hill Tank Painting, \$2.8M
 - Direct Potable Reuse demonstration project, \$700k

As is customary in presenting the 5-year Capital Improvements Plan, all debt funded and reserve funded projects are qualified insofar as they must come back before the Board for consideration and recommendation to City Council before expending any funds on them. The CIP is meant to chart out a roadmap for the Board to see the Department's priority projects and provides a pro forma for anticipated capital costs and the effect against the Department's secured minimum reserve amount of 12 months of operating expenses.

Staff presented and discussed the Water Resources Dashboard Performance for November 2020.

Staff presented the Financial Reports for the year ending October 31, 2020.

There being no further business, the meeting was adjourned.

Alphonse Carter, Jr., Vice Chairman