

The McAlester City Council met in Special session on Tuesday, October 6, 2015 at 5:30 P.M. after proper notice and agenda was posted, October 5, 2015, 2015, at 10:15 A.M.

Call to Order

Mayor Harrison called the meeting to order.

Roll Call

Council Roll Call was as follows:

Present: Weldon Smith, John Titsworth, Travis Read, Robert Karr & Steve Harrison
Absent: Buddy Garvin & Jason Barnett
Presiding: Steve Harrison, Mayor

Staff Present: Peter Stasiak, City Manager; Toni Ervin, CFO; John Modzelewski, City Engineer/Public Works Director and Cora Middleton, City Clerk

Scheduled Business

1. Presentation on McAlester Public Works Authority Water Cost Analysis. *(Toni Ervin, Chief Financial Officer)*

CFO Ervin addressed the Council presenting them with a Water Cost Analysis for the McAlester Public Works Authority. During her presentation Ms. Ervin commented that the old calculations of the Wholesale and District rates had three (3) weaknesses which were, the use of unaudited numbers, expenditures from only one (1) department and inconsistencies in calculations. She informed the Council that she had spoken with Crawford and Associates and other cities to see how they made their calculations. She stated that she had converted the consumption from cubic feet to per thousand gallons for more consistent calculations. She commented on that the calculations show a 44.38% difference between the amount of water that was treated and the amount of water that had been billed during fiscal 13-14. She then commented that ODEQ's recommendation was 15% of less for the difference between treated and billed water.

There was discussion concerning other cities having this same problem, water not being accounted for that was being used by the City, the possibility that all of the meters were not being read, if all of the bulk water purchases were being billed and if the new meters that had been installed at residences were more accurate.

CFO Ervin then commented that the City needed to develop reserves for future Capital needs. She then reviewed the City's consumption trends, the billed revenue trends and the increasing trend of minimum bills.

There was a brief discussion concerning the increase of water accounts over the past ten (10) years, how engineering expense was distributed among the divisions, and more detail in the allocation of expenses.

Councilman Karr expressed appreciation for the information provided and commented that there were several issues that needed to be addressed and that some of the lower numbers could be due to citizens becoming more efficient.

2. Discussion and recommendations on a comprehensive plan to address the Water Treatment Plant immediate capital needs. (*John C. Modzelewski, P.E., CFM, City Engineer and Public Works Director, Severn Trent*)

Director Modzelewski addressed the Council commenting that many of these needs were related to the City's DEQ Consent Orders. He then introduced Stephanie Cerling, P.E., with Severn Trent.

Ms. Cerling addressed the Council reviewing the various projects that were needed at the Water Treatment Plant. She explained that the projects had been divided into "Lower Priority Projects" and "Urgent Projects". Ms. Cerling briefly reviewed the "Lower Priority Projects", totaling \$280,000.00, commenting that these projects would not go away and they were still very important. Ms. Cerling then reviewed the "Urgent Projects" in detail. The first of these projects was the High Service Pump Motor Control Center which delivers water from the water treatment plant to the customers. She explained that there had been component failures, the unit was thirty-four (34) years old and the manufacture was no longer in business. She stated that the recommendation was for a Like-in-kind replacement of 2400v Motor Control Center which could cost \$328,000.00 and take approximately nine (9) months to complete. The next project was the Filter Rehabilitation. She explained that a letter from ODEQ dated June 5, 2015 had identified deficiencies in the filters and the City currently had only four (4) of the plants five (5) filters in operation. She added that the current programming did not meet industry standards, water valves were operating poorly and some were leaking and the filter media was comingled and less effective. Ms. Cerling stated that the recommendation was to Rehab Filter 5's underdrain, flowmeter, media and leaking valves. Replace the leaking valves, actuators, level sensors and meters for Filters 1 through 4, rehab the Filter Controls and clean the underdrains and replace the media for Filters 1 through 4. She added that the projected cost of this was \$1,894,000.00.

During Ms. Cerling's review there was discussion concerning the sequence of the phases, if all of the phases had to be done, if the time schedule was accurate, what type of material the underdrains were made of, what caused the failure of Filter 5, if the Filters would be like new after they were rehabilitated and if this equipment would have a manufacturer's warranty.

Ms. Cerling then reviewed the Solids Management project. During this review there was discussion concerning the process that occurs at this point in water treatment, the current levels in the lagoons, what type of waste the solids were considered, when regulations changed, the turbid water that is being discharged into the unnamed tributary of Coal Creek, if there were

chemicals or foreign bodies being discharged into Coal Creek and the life cycle of the lagoons and drying beds.

Councilman Titsworth was excused at 6:34 P.M.

Ms. Cerling commented that the cost of the recommended projects including a 15% Contingency for the Filter Rehab was estimated at \$4,000,000.00.

Chuck Moesta with Severn Trent addressed the Council reviewing Severn Trent's proposed funding for the Water Treatment Plant's recommended capital improvements. Manager Stasiak reminded the Council that the City was limited to \$1,000,000.00 when borrowing money.

Then, CFO Ervin addressed the Council reviewing three (3) funding options that she had developed and emphasized each of the options strengths and weaknesses.

During this review, there was lengthy discussion concerning the total length of the projects, where the Oil and Gas royalties were deposited, the four (4) year option not being acceptable to DEQ, going to a vote of the citizens, borrowing from the Oklahoma Water Resources Board (OWRB), possibly getting another opinion from another firm, the October 21st deadline to submit a letter detailing the City's plan to address these problems, to DEQ, being more comfortable with Option 1, why the Council had not received this information earlier, starting with \$1.25 million and bringing other funding options before the Council and having the City Attorney involved with removing any money from the Emergency Fund and having something on the next meeting's agenda to address the Water Treatment Plant and the immediate capital improvement needs.

Adjournment

There being no further business to come before the Council, Vice-Mayor Read moved for the meeting to be adjourned. The motion was seconded by Councilman Smith and the vote was taken as follows:

AYE: Councilman Read, Smith, Karr & Mayor Harrison

Mayor Harrison declared the motion carried and the meeting was adjourned at 7:17 P.M.

ATTEST:

Steve Harrison, Mayor

Cora Middleton, City Clerk