



HANCOCK COUNTY PORT & HARBOR COMMISSION

Water and Sewer System Transfer to Hancock
County Water and Sewer District

Description and Benefits
June 2020



FINANCIAL SUMMARY

5.E.2.a

Attachment: Resolution 20200622-05 Transfer of POTW to Hancock Water and Sewer

Hancock County Public Works Department
Financial Summary for the Year Ending June 30, 2020

For the New Machine Funding Summary

June 30, 2020

City of Hancock

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REVENUE

Charges for Services

W - Water

S - Sewer

P - Potable

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Operating Expenses & Materials

Equipment, Maintenance & Software

Supplies - Office

Supplies - Other

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Other Expenses & Charges

Insurance - Property & Liability

Insurance - General Liability

Insurance - Workers Compensation

Insurance - Health & Life

Insurance - Disability

Insurance - Unemployment

Insurance - Other

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Professional Services

Accounting & Finance

Engineering

Legal

Marketing

Public Relations

Software Development

Training

Consulting

Other

Other

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Total Expenses

Operating Expenses & Materials

Other Expenses & Charges

Professional Services

Operating Expenses & Materials

Other Expenses & Charges

Professional Services

Operating Expenses & Materials

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Professional Services

Operating Expenses & Materials

Other Expenses & Charges

Professional Services

Operating Expenses & Materials

Other Expenses & Charges

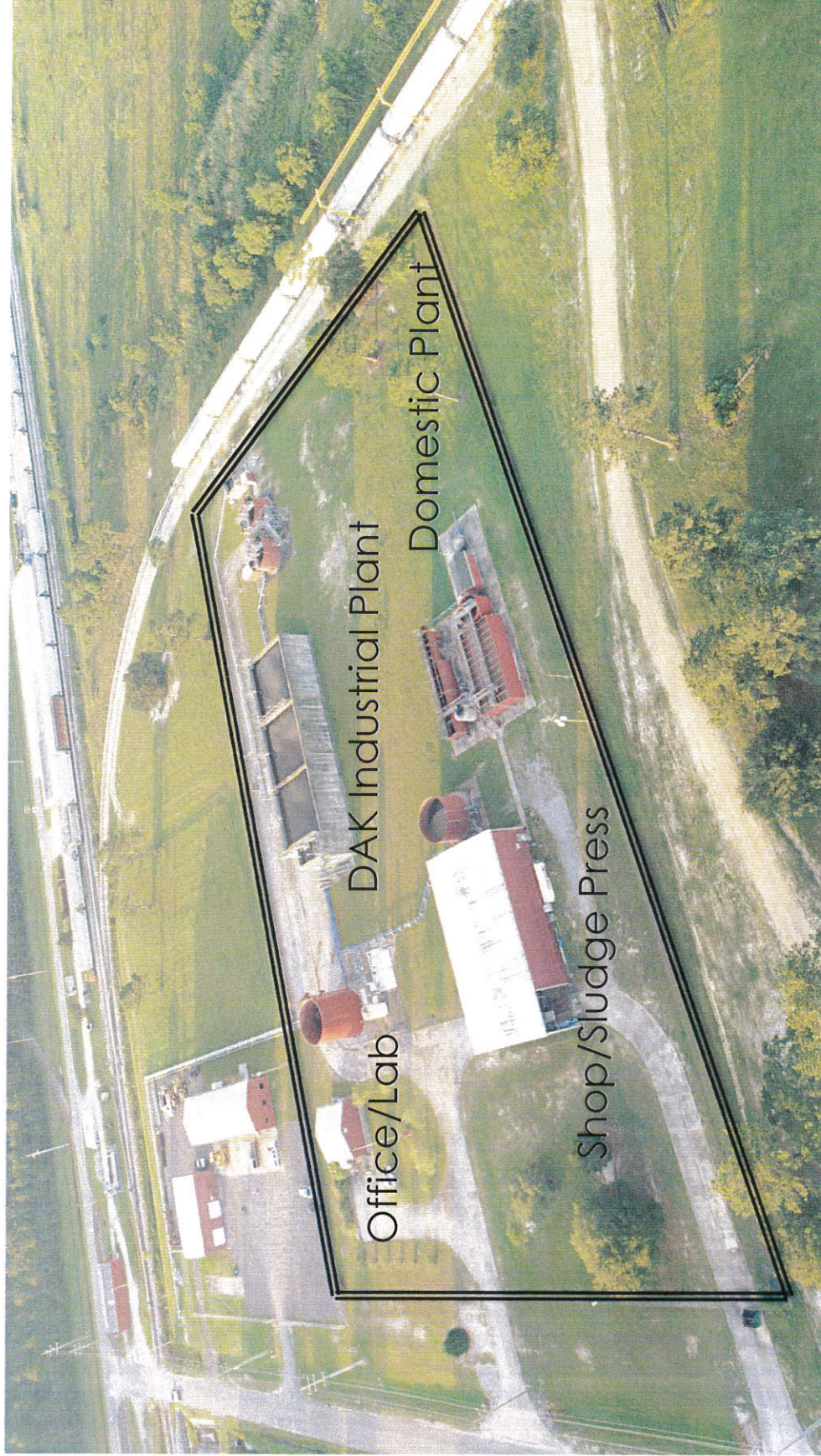
Professional Services

Operating Expenses & Materials



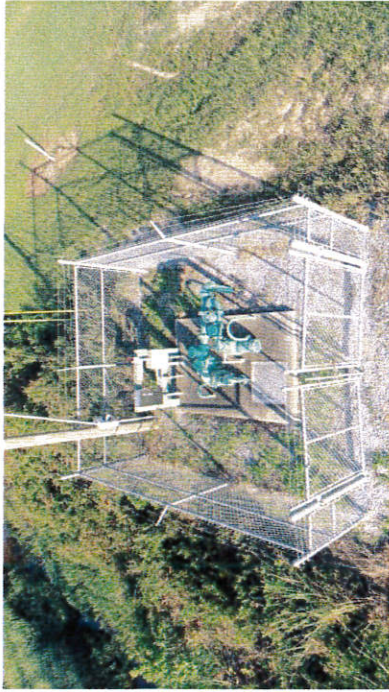
Treatment Plants

Attachment: Resolution 20200622-05 Transfer of POTW to Hancock Water and Sewer

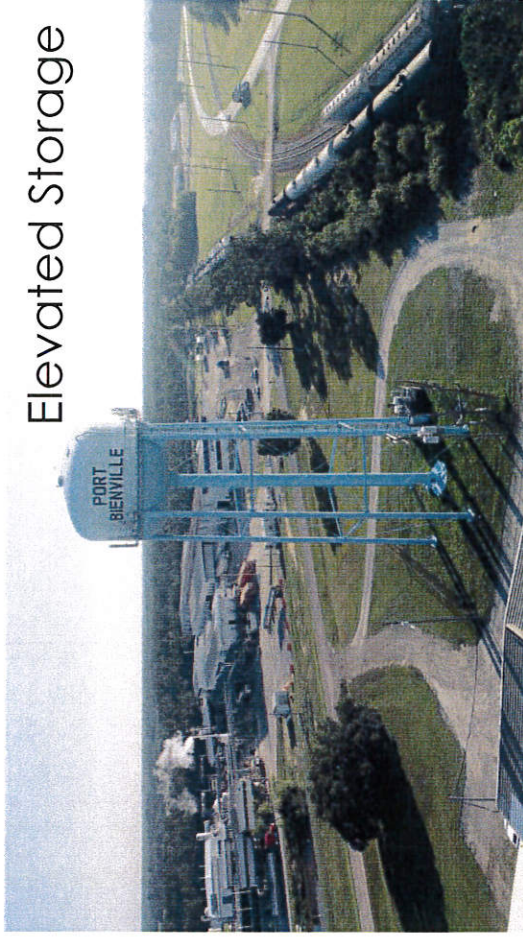




Other Assets



Lift Stations



Elevated Storage



Well

Plus all Pipes, Values, Meters, Gauges, etc.





What's being transferred?

- Plants
 - Elevated Storage Tank (Water Tower)
 - Pipes, valves, gauges, meters and other appurtenances
 - Lift and pump stations
 - Inventory of certain material, equipment and supplies
- Personnel
- Assigned contracts, customers and associated revenue
 - SABIC
 - DAK
 - Tank Maintenance
 - Cellular
 - Etc.





What's not being transferred?

5.E.2.a

- Underlying land. Instead of selling the land we agreed to:
 - Long term lease for plant area, wells and tower
 - Easement for pipes, etc. (10 feet wide/ 5 feet from centerline of pipe each side)
- Abandoned pipes from previous replacements will be retained by HCPHC
- HCPHC retains rights to tower for radio antenna or comms gear

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Risk mitigation issues resolved.

- Any asbestos containing pipe replaced and lawfully abandoned by HCWSD reverts to HCPHC ownership (we already retain a lot so this just adds an incremental risk to HCPHC).
- District is responsible for disposal of any ACM pipe or related debris removed as a result of repair or replacement.
- Port retains sole discretion over assignment and facilitates most of the agreement through leasehold interest. So, if there is breach in performance of the lease agreement, HCPHC/County can regain control over the assets and ensure delivery of service.



Joint marketing

- Use of Water Tower by Port to brand the port and park as Port Bienville
- Rates and charges transparency
- Confidentiality agreement
- Prompt notice on customer issues (boil orders/outages)
so Port staff can help with customer service





Financial consideration

5.E.2.a

- Assets transferred at no cost
- Lease is no cost
- HCPHC to pay up to \$650K for new interconnect from domestic plant to main that goes to Pearlington Plant.
- If employee transfers, reserved benefits transfer such as PTO, etc.
- In exchange, HCWSD pick up depreciation and rate responsibility and finance and delivery of life cycle maintenance and growth.

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Transfer Process

- Everyone approves Asset Purchase Agreement today
- Starts a 15 to 120-day implementation window where various things must be completed on a particular schedule (see Articles 2-6 of APA):
 - implementing documents are perfected (lease, easements, equipment lists, etc.) and brought back to everyone for final approval or spreading on the minutes as case may be.
 - Personnel transfer happens
 - Financial system documents and accounts transfer to District
 - Tenant/contract assignment notices.
 - Operational due diligence and learning the system/access to Port and Harbor personnel for help
 - Accounting follow-up and reporting.
- Goal is for effective operational and financial control to be fully transferred to District prior to beginning of October 1 (budget year start).



TRANSFER BENEFITS AND RATIONALE

Attachment: Resolution 20200622-05 Transfer of POTW to Hancock Water and Sewer





Additional capacity

5.E.2.a

- Pearlington plant capacity is 200-225 kgal per day
 - Currently uses approximately 65 kgal per day
 - Has capacity to expand (double) immediately
 - On 20 acres for long term future growth
 - New discharge plan to Pearl River upstream of port allowing for better bio attenuation and improved ecosystem health
- Port Bienville domestic plant capacity is 150 kgal per day
 - Currently averages 40 kgal per day
 - Discharges through a diffuser near mouth of port (which could be damaged by vessels)
 - Point source discharge closer to marsh and oyster beds.
- DAK Industrial Plant is 183 kgal per day.
 - No changes planned. But changing outfall location is a future possibility.
 - Comingles with domestic plant and discharged at diffuser.
- Pearlington plant site is better situated to accommodate Port's short- and long-term needs, better environmental health and improves bio efficiency of treatment process due to low flows at both plants today.





Economies of scale

- Water utilities have high fixed cost, high regulatory first costs and substantial overhead costs generally
- This plan moves more gallons through roughly the same fixed costs lowering overall costs (economies of scale)
- As stated earlier, more biological flow means better treatment chemistry/biology and that reduces costs of treatment additives
- It's smart business for both parties.





Talent

- 1.5 FTE
- Currently no career growth at Port (upward or lateral responsibility)
- Substantial risk if something unfortunate happens to one experienced operator
- District provides bench strength and technical diversity which creates better resiliency and overall performance.





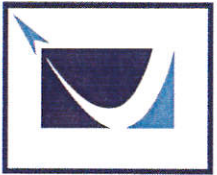
Certificated area

5.E.2.a

- District has the certificate to serve Port
- Port should help District advance their growth and related efficiencies in a way that helps the Port grow and become more efficient.
- Transfer will save the Port from having to seek to have the certificated area amended to serve itself and deliver its own long-term plan for creating growth and efficiencies.
- HCPHC already completed the transfer of the utilities at the airport to Kiln Water and Fire Protection District and it is working out very well, with happy tenants.

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Benefits to Hancock Utility Authority and Pearllington

5.E.2.a

- More flow/revenue for Pearllington plant helps spread cost and risk to others.
- Allows utility districts to do what they do best and Port to focus on land development and logistics for jobs and tax base enhancement
- Eliminates one more regulated entity for the state to manage separately.
- For these and many other reasons, HCPHC hopes the Hancock County Board of Supervisors will find that it is in its best interest to approve this consolidation and government transformation.

