ClearWater SOLUTIONS

CLARITY REFINED

2014 Annual Report

For The

City of Gautier, MS

GENERAL INFORMATION

ClearWater Solutions, LLC, (CWS) is pleased to present the 2014 Annual Report for the City of Gautier. The employees at the Gautier project are dedicated to providing the City with highest quality of service at the lowest cost.

In this report we will outline the overall performance of ClearWater for the City during 2014.

CWS's scope of services for the City in general includes operation and maintenance of 107 sewer lift stations, 8 water wells, 5 water storage tanks, 100 miles of streets and drainage, 150 miles of sewer mains, 180 miles of water mains, ROW maintenance, customer service and billing for approximately 8200 customers, storm water management, grass cutting, regulatory compliance and debris removal. We also administer the WastePro garbage contract and tank maintenance contract. We regularly assist other City departments including Planning, Economic Development, Police, Fire and Parks & Recreation on a variety of projects.

In order to provide better service and meet contract obligations, CWS increased staffing in 2014 from 26 employees to 31 full time employees which includes one project manager, 4 supervisors, 3 assistant supervisors and a safety coordinator. This was at no additional cost to the City. The classification and certifications of the management team are detailed below:

CWS'S PRINCIPALS AND PROJECT MANAGEMENT TEAM

Rick Ailiff, President	Grade IV Water , PACP/MACP	25 yrs experience
Brent Stauffer, VP	Grade IV Wastewater	25 yrs experience
Paige Cawood	Environmental Health and Safety	5 yrs experience
Chad Jordan, PM	Professional Engineer	15 yrs experience
Charles Dickson	Supervisor - Construction	20 yrs experience
Darlene Brown	Supervisor – Billing & Customer Service	15 yrs experience
Herman Barnett	Supervisor – Field Services, Class D Water & WW	15 yrs experience
Mike Hooks	Supervisor – Right of Way & Streets Department	15 yrs experience
Jere Shuster	Assistant Supervisor	25 yrs experience
Zack Mixon	Assistant Supervisor	6 yrs experience
Debbie Holmes	Assistant Supervisor	25 yrs experience
Melissa Ezell	Safety Coordinator	2 yrs experience

CONTRACT TERMS AND CONDITIONS

The City of Gautier and ClearWater Solutions entered into a five (5) year contract beginning on December 1, 2012 and recently negotiated a ten (10) year contract in November 2013. This report covers the first year, 2014, of the renegotiated contract.

CITY OF GAUTIER CONTACTS

Samantha Abell, City Manager
Gordon Gollott, Mayor
Cindy Russell, City Clerk

KEY CHANGES DURING PAST YEAR

In the first year of operation, CWS merged the old Water/Sewer department with the Streets department in an effort to cross train employees and maximize employee strengths. Most of the employee's previous titles and positions were eliminated in order to promote a team approach. CWS began holding monthly staff meetings in order to establish accountability and buy in from the employees. Our motto in Gautier is ***"40 hours of work equals 40 hours of pay"***.

Secondly, CWS focused on providing employees with the tools and equipment needed to perform their duties. A mechanic was identified within the existing staff and was tasked with identifying deficiencies in equipment and vehicles. A repair / maintenance plan was developed and needed tools were purchased.

Finally, CWS established a safety program for the employees. An initial safety audit was performed at each facility including the public works building, lift stations, wells and tanks. Safety issues were identified and have been addressed. Each employee was provided safety shoes, safety glasses, safety vests and hard hats. CWS holds a monthly safety meeting which covers a variety of OSHA topics from personal protective equipment to Material Safety Data Sheets. CWS also performs random safety inspections to insure employees and facilities are kept in a safe manner. Our goal is no lost time accidents.

In our second year of operation, we have been able to focus more on planning and prioritizing daily public works activities and capital improvement projects for the City. Schedules are constantly being developed for drainage projects, road repairs, street sign replacement, and grass cutting.

We have established a basic organizational chart which includes the Supervisors and Assistant Supervisors listed above along with designated crews and staff for each Supervisor. We now hold a bi-

weekly Supervisors meeting where we discuss a variety of topics from budgets to tools and equipment needed. We have also focused on training for employees on a variety of topics including pavement management, erosion control, water/wastewater regulations, customer service and street sign replacement programs. We have set goals for several employees to achieve certifications including water, wastewater, CDL, Haz-Mat, CPR, etc. CWS encourages advancement and pays for all costs associated with testing and renewal of licenses as part of our incentive program. This type of training and certifications for employees will allow CWS to provide the highest level of service to the City.

IN-HOUSE PROJECTS FOR 2014

Meter Reading / Billing:

In 2013, a significant amount of time was spent resolving meter/billing issues which included unaccounted for water, establishing more logical routes for meter reading, uncollected revenue, review of existing policies for adjustments and meters that were not recorded in the meter books and/or were not coded for the appropriate address. The end result was a system wide meter change out project which was completed in December, 2014. Approximately 8000 meters were replaced with new "radio read" meters which means less time will be spent actually recording the readings and more time can be focused on providing better customer service which includes the ability to notify a customer of a potential water leak before they receive their water bill. These new meters will also be more accurate which will result in additional revenue for the City.

Now that the meter change out is complete, CWS is working with the City to install a new billing software that will be more customer friendly, allow for online bill pay and also provide detailed information on work orders.

CWS also provided customer service training for our staff this year with the goal of providing the highest level of customer service.

Drainage Projects:

This year we completed approximately 11 miles of ditch cleaning and grading and approximately 1200' of culvert was replaced. The majority of the original drainage pipes are metal which does not withstand our environment very long and therefore, most of the culvert issues we find are rusted, collapsed metal pipes. We replace these with plastic pipe or concrete pipe which will last much longer than metal. The issues we find with ditch cleaning and grading is simply lack of maintenance. We have made great progress with

drainage work orders and will eventually be able to set a maintenance schedule, once the initial cleaning and grading is complete. Following is a list and description of several drainage projects completed by CWS thru December, 2014:

1. Calle De Feliz – repaired a significant 36" pipe failure between two houses.
2. Bemis / Stonegate – replaced numerous driveway pipes, ditch cleaning and grading
3. Thomas Transmission – replaced cross drains, relocated ditch and added piping
4. Laurel Glen / Whitewood / Lima – cleaned ditches and replaced numerous cross drains
5. Stream Signage – several of our drainage basins were marked with new signs at strategic locations including Bayou Pierre, Mary Walker Bayou, Graveline Bayou and Sioux Bayou. This is an educational effort to inform the public on both location of our waters and also awareness against littering. Gautier was the **first municipality** on the coast to implement this type of signage and MDEQ was notified as it relates to the annual stormwater report.

6. Fairhaven Outfall – replaced approximately 160' of failed metal culvert with 48" concrete pipe and also stabilized the shoreline to prevent beach erosion
7. Sea Bass / Honduras Improvements – regarded approximately 200' of ditch and stabilized with rip-rap.
8. Sandalwood Drainage – repaired several drain inlets
9. Rolling Meadows – replaced culverts and outfall to bayou
10. Webb Rd. Drainage - repaired several sinkholes, drain inlets and replaced culverts
11. Buddy Davis – drainage improvements around pavilions

We started the Fairhaven drainage outfall replacement in the winter time when water levels and tides were lowest.

The original plastic pipe had separated, most likely due to a storm event. We replaced the pipe with concrete pipe and plenty of rip-rap to secure it against fluctuating tides.

Because of the pipe failure, the beach had also eroded approximately 6'-8'. We installed the rip-rap in a manner that will capture sand naturally transported from east to west which will result in the replenishment of sand on both sides of the pipe.

Lift Stations / Water Wells / Storage Tanks:

For the most part, the City's sewer lift stations, water wells and storage tanks are in good working order. The major focus for the lift stations is adding SCADA to approximately 10 stations per year. We converted the Beasley Well from an oil lubricated motor to water lubrication. All other wells had been previously converted to water lube. We have plans to rehabilitate the Westgate Well in 2015 and will continue to provide annual well maintenance. Two elevated water tanks were painted this year under separate contract.

Sewer Cleaning and CCTV:

Our goal for sewer cleaning and CCTV is 100,000' per year. We were only able to complete approximately 27,000' of CCTV mainly due to equipment issues. A lot of work has gone into training employees, repairing and replacing equipment, and developing sewer basin maps and documentation standards. We were aware of significant issues in the south part of the system, primarily on Bemis Avenue and this is where we focused the majority of our efforts related to cleaning and CCTV work. We have made several improvements on Bemis Avenue. We have cleaned 26 lift stations and approximately 53,000' sewer main total throughout the system. Since the southern area experiences the most significant inflow and infiltration (I&I), our progress has been much slower than anticipated. Plus, the majority of the lift stations and sewer mains have never been cleaned. However, we have discovered numerous sources of I&I and have made numerous repairs. The next step will be to "smoke test" the southern basin to determine the number of needed repairs. We have purchased a new camera and equipment for our truck and look forward to meeting our goal in 2015.

GIS / GPS Mapping:

CWS has completed the first phase of GIS mapping which included collected existing system maps and asbuilts and entering into a GIS database. This database can be updated as additional information is gathered. The next step is to expand the database to include meters and fire hydrants. Then we will verify the location of manholes, valves and mainlines. The end result will be a comprehensive system map for water and sewer. This project was on hold during the majority of 2014 due to the meter change out project but we will soon begin collecting GPS information on water meters.

Engineering Assistance:

Included in our contract are professional engineering services up to $51,000 per year. We were happy to provide $20,000 this year to the City on a variety of projects mostly related to survey, easements and plan reviews for new developments. These services were for both public works and City planned projects.

2014-2015 Self Performed Capital Projects:

Following are a few in-house capital projects planned for 2015:

1. **Raw Water main and Sewer outfall installation for color removal project** – approximately 15,000' of 12" water main connecting three wells to the new water treatment plant and approximately 2500' of 8" sewer force main for backwash water.
2. **Bemis Avenue remediation / Overall Sewer Study** – CWS will continue to monitor flow. We are currently working with GMC on recommendations for repair and plan to present cost estimates and remediation options to the council during this fiscal year. We have also been researching grant opportunities to offset the capital cost for this project.
3. **Sewer Cleaning & CCTV** – 100,000' per year (ongoing) and Smoke test the southern sewer basin.
4. **SCADA** – the City has wisely budgeted to install Supervisory Control and Data Acquisition (SCADA) at 10 new lift stations in 2014-2015. SCADA has been instrumental in trouble shooting the issues on Bemis Ave and other areas because it allows us to monitor and document rainfall, pump run times, flow, etc. Additional SCADA in the sewer system will further the efforts to address and minimize I&I.
5. **Water Well Rehab** – Beginning this year, CWS in conjunction with another contractor completed critical maintenance and repair to the City's Beasley water well. Next year we will perform the same maintenance and repair to the Westgate well. This annual maintenance schedule will provide a higher quality of water, more pump capacity at each well and longevity of the equipment.
6. **Dolphin Culvert Replacement** – There are two existing 60" metal culverts under Dolphin at Gautier Vancleave behind the mall. These pipes are failing and need to be replaced. Jackson County is providing the pipe which will actually be concrete box culvert. Equipment will be provided by Mallette Bros and CWS will provide all labor to complete the project. This will be similar in size and scope as the Martin Bluff bridge replacement project completed in 2013.

PERFORMANCE (DEC. 2013 - NOVEMBER 2014)

WATER AND SEWER

Customer Service	W/O Issued	Completed	Remaining
Change Out Meter	132	90	42
Customer Connect	1316	1312	4
Customer Disconnect	1236	1228	8
Leave Notice	155	155	0
Lock Off Meter	1143	1143	0
Meter Box	78	12	66
Misc.	147	128	19
Meter Valve	17	9	8
Reconnect	363	363	0
Replace Lid	466	18	448
Re-read	2633	2588	45
Temp Disconnect	68	68	0
Verify Occupancy	63	62	1
Pool Hydrant	2	2	0
Water Leak	352	208	144
TOTAL:	**8171**	**7286**	**885**

WATER AND SEWER

Operations & Maint.	W/O Issued	Completed	Remaining
Clean Out	71	61	10
Fire Hydrant	34	4	30
Line Locates	827	785	42
Manhole Repair	15	12	3
Misc.	222	130	92
Relocate Meter	0	0	0
Sewer Backup	177	142	35
Water / Sewer Tap	18	7	11
Video Inspection	49	49	0
Water Quality	152	150	2
Sewer Inspection	2	2	0
Utility Quote	36	15	21
Water Sample	26	26	0
TOTAL:	**1627**	**1381**	**246**

STREETS & DRAINAGE

Customer Service	W/O Issued	Completed	Remaining
Debris Pick-Up	3	3	0
Repair Culvert/Install	105	12	93
Clean Ditch/culvert	251	7	244
Pot Holes/Asphalt/curbing	205	37	168
Signs/Street Lights	74	37	37
Cut Grass/Bushes	149	89	60
Storm Drain	9	0	9
Sinkhole	18	1	17
Misc.	49	17	22
TOTAL:	**863**	**203**	**660**

CITY PLANNED CAPITAL PROJECTS IN 2014

In addition to our self-performed, in-house projects, the City also has several capital improvement projects that CWS is involved with. Following is a list and brief description of these projects:

Ion-Exchange Water Treatment Plant

Otherwise known as the "Clear Water" project, construction began in October 2014 on a one million gallon per day water filtration plant to remove color from three of the City's groundwater wells in the south part of the water system. This project has been discussed for years. Studies and research was completed by GMC and the technology of ion-exchange was selected based on lower up front capital costs and lower operations and maintenance cost. This will be the first facility of this type along the coast and the end result should lead to satisfied residents and economic development. Construction should be complete by mid-2015.

Phase 1 Drainage Improvements

The City historically contracted with another company to provide ditch cleaning and clearing on a routine basis for some of the major drainage ways and outfalls. Budget constraints prohibited this service several years back and these ditches were neglected for 5-10 years. After our first year of operation, it was apparent that we did not have the manpower or equipment to tackle these large drainage ways. CWS worked with the City and GMC to identify drainage basins and develop a phased approach to maintenance. The City recently bid a Phase 1 drainage project which will address the clearing and cleaning primarily in Ward 2. This project should be complete by mid-2015. Once complete, CWS will be able to maintain these areas.

Public Works Building Repairs

The City recently bid a renovation project to address damage from Hurricane Katrina to the public works and customer service buildings. This project should be complete by the first of 2015.

Meter Change Out / Billing Software

As previously mentioned the City implemented a system wide meter change out project in 2014 due to issues with water loss, meter inaccuracy, meter age and unaccounted for water. This project was completed in December 2014. The new meters will allow for better customer service, reduced water loss, and more accurate meter readings. Now that all meters are from the same manufacturer, the City should also realize a savings for repair and maintenance in the future. The next step is to update the billing software which should be complete by middle of 2015. The new software will be more customer friendly, allow for better customer service and also have the option for on-line bill pay.

Road Paving

The City has historically received approximately $400,000 annually from Jackson County for road repair and resurfacing. For the past 2 years, CWS has prioritized these repairs and prepared budgets for Council to review and approve. We also coordinate between Jackson County and their paving subcontractor on completing the work and assist with road prep and cleanup.

FIRSTS

CWS has had the opportunity to be involved in a couple of first time events such as the ongoing storm drain marking implemented last year, the previously noted stream signs and the only water treatment plant along the coast to utilize the ion-exchange treatment technology for removing color. We also were involved in the "Ice Storm" of January 2014 and the "Tornado" or straight line wind event in April 2014. We assisted other departments with

traffic control and safety efforts and coordinated with appropriate County and State officials. This year was also an extremely rainy year with several 24 hour rainfalls greater than 6" and an annual total rainfall of 52.74" according to our SCADA system. These rainy seasons obviously slow production on a variety of public works projects such as mowing and drainage projects and cause issues with our sewer system. As with any public works project, things can change unexpectedly and we are quick to adapt.

FINANCIALS

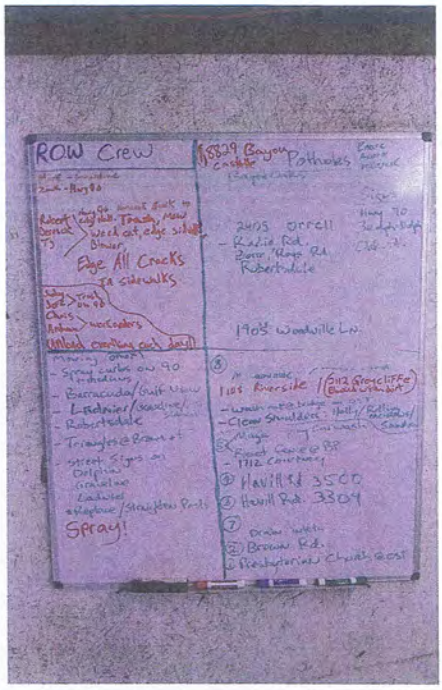
The following is an overview of 2013-2014 (Nov. 1 – Oct. 31) budget and revenue:

Total Billed 2013	**Total Billed 2014**
$7,614,963.21	$7,407,820.32
Total Collected 2013	**Total Collected 2014**
$6,765,334.48	$6,834,607.84
Outstanding 2013	**Outstanding 2014**
$849,628.73	$573,212.48

Water Produced 2013	**Water Produced 2014**
531,484,400 Annual Total	685,294,560 Annual Total
1,456,122 Daily Average	1,877,518 Daily Average
Water Sold 2013	**Water Sold 2014**
441,502,493 Annual Total	508,989,525 Annual Total
1,209,595 Daily Average	1,394,492 Daily Average

FY 2014 Water/Sewer Budgeted	**FY 2015 Water/Sewer Budgeted**
$2,444,627.00	$2,594,930.00
FY 2014 Water/Sewer Expended	**FY 2015 Water/Sewer Expended (to date)**
$1,965,047.56	$199,821.17
FY 2014 Streets Budgeted	**FY 2015 Streets Budgeted**
$219,000.00	$177,000
FY 2014 Streets Expended	**FY 2015 Streets Expended (to date)**
$158,657.09	$8,272.67

GOALS FOR 2015



- Work Orders:
  - Plan
  - Prioritize
  - Follow up with customers
  - Summarize by Ward
- Grass Cutting:
  - Staffing increased from 2 laborers in 2013 to 6 in 2014
  - Developed a schedule and periodically brought in additional equipment and manpower from other CWS projects
  - Purchased 2 new zero turn mowers in 2014 with plans to purchase additional bush hogs and tractors in 2015

- The War on Drainage:
  - Recommended phased Capital project for major drainage cleaning & clearing
  - Purchased additional mini-excavator in 2014, plans to purchase 2nd dump truck in 2015
  - Increased staffing = two crews
  - Prioritize work orders

- Water Loss < 10%
  - Documented Flushing
  - Replaced all meters
  - Documented Vac-Truck usage for sewer cleaning
- Improve Water / Sewer leak response time = 30 minutes or less

- Improve On-Call response time = 30 minutes or less
- Litter Awareness
    - Litter Campaign = public involvement, business sponsorships, signage, State guidance
    - Developed routes and schedules
    - Plans to purchase new equipment in 2015
- FOG (Fats / Oils / Grease) Awareness – Public Education

COMMUNITY INVOLVEMENT

ClearWater Solutions was excited to be involved in local community events again this past year. We provided labor and/or financial contributions for the Gautier Mullet Festival, the Annual Christmas Parade, the American Heart Association, City Employee Appreciation event, the City Christmas Party, the Gautier Rotary Golf Tournament, Gautier Youth Baseball and the Haunted Trails. We have continued our community involvement by becoming members of the Gulf Coast Business Council and we have plans to join the Jackson County Chamber of Commerce in 2015. CWS also put on our first annual employee / client appreciation cookout where we served approximately 100 people. In addition to community involvement, we also try to do business with local Gautier businesses when feasible. CWS always looks for local talent first when hiring new employees. Fourteen of our employees are Gautier residents and 6 of our last 7 new hires are Gautier residents. We understand the importance of becoming a member of the Gautier community and will continue to plant our roots in the City of Gautier.

SUMMARY

This past year has been very rewarding for ClearWater and we have enjoyed our partnership with the City of Gautier. This partnership is a milestone for our company and we intend to make Gautier our flagship office in Southern Mississippi. We have an excellent team of employees and look forward to a great year in 2015.