

SOUTH TEXAS WATER AUTHORITY

Regular Board of Directors Meeting

September 8, 2020

Minutes

(This meeting was held remotely by phone and Zoom.)

Board Members Present:

Rudy Galvan, Jr.
Brandon Barrera
Filiberto Treviño
Jose Graveley
Kathleen Lowman
Lupita Perez

Board Members Absent:

Patsy Rodgers

Staff Present:

Carola G. Serrato
Frances De Leon
Jo Ella Wagner

Guests Present:

Baldemar Garcia, Ricardo Water
Supply Corporation

1. Call to Order.

Mr. Rudy Galvan, Jr., Board President, called the Regular Meeting of the STWA Board of Directors to order at 5:45 p.m. A quorum was present.

2. Citizen Comments.

Mr. Galvan opened the floor to citizen's comments. No comments were made.

3. Approval of Minutes.

Mr. Treviño made a motion to approve the minutes of the August 4, 2020 Regular Meeting as presented. Ms. Perez seconded. The motion passed by unanimous vote.

Mr. Treviño made a motion to approve the minutes of the August 20, 2020 Management Selection Committee Meeting as presented. Ms. Lowman seconded. The motion passed by unanimous vote.

4. Treasurer's Report/Payment of Bills.

The following reports were presented for the Board's consideration:

Treasurer's Report for period ending July 31, 2020
Revenue Fund Income Statement for period ending July 31, 2020
Tax Fund Income Statement for period ending July 31, 2020
Special Services Income Statement for period ending July 31, 2020
STWA Revenue Fund Balance Sheet – July 31, 2020
STWA Revenue Fund GL Account Summary Report as of July 31, 2020
STWA Debt Service Fund Income Statement for period ending July 31, 2020

STWA Debt Service Fund Balance Sheet – July 31, 2020
STWA Debt Service Fund GL Account Summary Report as of July 31, 2020
STWA Capital Projects Fund Income Statement for period ending July 31, 2020
STWA Capital Projects Fund Balance Sheet – July 31, 2020
STWA Capital Projects Fund GL Account Summary Report as of July 31, 2020
FY 2020 Cathodic Protection Expenses Breakdown
2012 Bond Election Report
Anticipated vs. Actual Water Rate Charged
Maintenance & Technical Report from O&M Supervisor
Cathodic Protection Update
STWA Staff Certifications

The following outstanding invoices were presented for Board approval:

• Kevin Kieschnick	\$ 234.26
• City of Corpus Christi	\$ 128,817.07
• Nueces County Appraisal District	\$ 2,464.00
• Willatt & Flickinger	\$ 1,724.40
• Kleberg County Appraisal District	\$ 5,340.58

A motion was made by Mr. Graveley and seconded by Mr. Barrera to approve the Treasurer's Report and payment of the bills as presented. The motion carried.

5. Fiscal Year 2021 budget, revenues and rates.

Ms. Serrato presented the final Fiscal Year 2021 Budget based on the current Handling Charge of \$0.426386/1000 gallons, a total tax rate of \$0.086926/\$100 valuation – an increase of \$0.00015 or 3.49% from last year. The total tax rate is comprised of an O&M tax rate of \$0.070986/\$100 valuation and I&S tax rate of \$0.015940/\$100 valuation. The budget includes an increase of 12.5 cents/1000 gallons in the Cost of Water from the City of Corpus Christi, a 1.8% Cost of Living increase totaling \$7,807 with the exception of the Executive Director, the newly hired Field Technician and the vacant O&M Supervisor position, and capital purchases of \$242,763 resulting in an ending balance of \$292,395.

Mr. Barrera asked about the impact on the overall budget if the current tax rate is adopted. Ms. Serrato estimated the result would be about a \$90,000 decrease in revenues. Mr. Treviño made a motion to keep the same tax rate and place a freeze on salary increases, wage rates, cost of living and new hires for the next year. Ms. Serrato pointed out that a freeze would prevent hiring of the O&M Supervisor position which has already been advertised. Mr. Trevino elaborated that he meant new head count rather than new hires. Ms. Serrato stated that in regards to the cost of living increase, the current situation makes it difficult to keep employees motivated to continue coming to work. She pointed out that the City of Bishop and Kleberg County have provided incentives for those employees reporting to work. Mr. Barrera said he knows of no one getting raises right now and the benefits provided by STWA are better than those offered by the federal government and employees should be thankful that they have a job that offers those benefits. Ms. Lowman pointed out that employers have been paying essential workers extra and she feels

that STWA employees are essential workers who should be compensated for being at work whether it puts them in danger or not. Ms. Perez agreed and added that these are very hard times financially and emotionally and the focus should be on trying to help rather than taking away from employees. Mr. Graveley agreed that those were good points and added that he favors Mr. Trevino's motion with the exception of not providing the 1.8% cost of living increase. He added that employees should be shown appreciation for continuing to doing their jobs during the pandemic. Mr. Treviño rephrased his motion and moved to keep same tax rate but allow no additional head count until the pandemic conditions are stable. Mr. Graveley seconded and the motion failed on a vote of 4 to 2 with Ms. Lowman and Ms. Perez voting against. Mr. Graveley made a motion to keep the same tax rate. Mr. Barrera seconded. All voted in favor.

6. Resolution 20-26. Resolution adopting the recommended Fiscal Year 2021 budget.

Mr. Treviño made a motion to approve the FY 2021 budget. The motion was seconded by Mr. Graveley and passed by unanimous vote.

7. Resolution 20-27. Resolution adopting the Fiscal Year 2021/Tax Year 2020 tax rate.

Mr. Graveley made a motion to approve Resolution 20-27 adopting the Fiscal Year 2021/Tax Year 2020 M&O tax rate of \$0.070971 per \$100 assessed valuation and the I&S tax rate of \$0.015940 per \$100 assessed valuation for a total tax rate of \$0.086911 per \$100 of taxable value. The motion was seconded by Mr. Barrera and passed with all voting in favor.

8. Quote for painting of 32,000-gallon ground storage tank at Central Pump Station.

Ms. Serrato presented a quote from Pittsburg Tank in the amount of \$35,794 for painting the smaller Central ground storage tank. She explained that the cost for repainting is included in the FY21 budget. She added that Diamond Enterprises quoted about \$65,000 for painting the interior of the tank and spot painting the exterior. Pittsburg's quote is \$35,794 for painting the exterior and interior and applying a coating to the seams of the bolted tank. She added that another company was contacted by Armando Yruegas but did not submit a quote. In addition, she has been in contact with NG Painting but a quote has not been received. Legal counsel Bill Flickinger has advised that the Board can approve the quote as long as work does not begin until October 1st. Ms. Lowman made a motion to approve the quote from Pittsburg Tank in the amount of \$35,794 unless the quote from NG Painting is lower and giving Ms. Serrato the authority to decide. Mr. Graveley seconded. All voted in favor.

9. Quote for Black Mountain Accounting Software.

Ms. Serrato presented a quote for Black Mountain software for \$29,263 and requested authorization to purchase the software. She explained that the software should address issues with maintaining financial records and should assist with allocation of costs to provide service to wholesale customers. The package includes copies for STWA, RWSC and NWSC and the necessary training at no additional charge. Ms. Lowman made a motion to authorize purchase of the Black Mountain software at a cost of \$29,263. Mr. Treviño seconded. All voted in favor.

10. Approval of Annexation of Certain Lands to the South Texas Water Authority.
 - a. Robstown Hardware Company, 30 Acre Tract out of Section thirty-five (35), Geo. H. Paul Subdivision of the Driscoll Ranch, a subdivision of Nueces County, Texas.

Ms. Serrato stated that approval of Resolution 20-28 finalizes the annexation process for this property and she recommended adoption of the resolution.

11. Resolution 20-28. Resolution approving Annexation of Certain Lands to the South Texas Water Authority. (Robstown Hardware Company, 30 Acre Tract out of Section thirty-five (35), Geo. H. Paul Subdivision of the Driscoll Ranch, a subdivision of Nueces County, Texas)

Mr. Graveley made a motion to adopt Resolution 20-28. The motion was seconded by Ms. Perez and passed unanimously.

12. Chapter V – Employee Compensation and Procedure for Compensation.

Ms. Serrato presented Chapter V – Employee Compensation and Procedure for Compensation of STWA’s Personnel Policy. She stated that although the policy indicates that the Executive Director has the authority to determine staff compensation, a recent meeting of the Management Selection Committee included discussion about compensation for the Interim O&M Supervisor and a comment was made that the Interim Supervisor should not be compensated while performing extra duties. She added that if the Board wants to change the authority of the Executive Director to set salaries, an amendment to this policy will be needed. Mr. Treviño commented that other staff members have been assisting with the O&M Supervisor’s task so he believes that the Interim Supervisor should only be compensated once he meets the qualifications and Ms. Serrato responded that he does have the needed certification. Mr. Treviño also commented that his experience at a previous employer had been that additional pay was not provided to interim employees unless they were hired permanently to fill the position. Ms. Serrato explained that those positions may have been salaried, however, the O&M Supervisor position is an hourly position. Mr. Graveley questioned why this matter was being discussed and why there was a desire to take this authority from the Executive Director. Mr. Galvan explained that the conversation came up during a conference call between Ms. Serrato and the executive officers and it was decided to place the item on the agenda. Ms. Lowman made a motion to not modify Chapter V. Ms. Perez seconded. The motion failed on a vote of 2 to 4 with Mr. Galvan, Mr. Barrera, Mr. Treviño and Mr. Graveley voting against. Mr. Barrera made a motion to amend the policy for interim employees being set by the executive officers but not to exceed what the previous employee’s salary. Mr. Graveley stated that he felt the salary should remain the same and if the employee is selected, then back pay should be provided. Mr. Barrera responded that doing so would imply that the interim employee should have been receiving the pay. Mr. Barrera suggested amending the policy for setting of salaries of interim employees by the Executive Committee and keeping the salary the same but if selected for the position, then the employee should be provided back pay. Ms. Serrato stated that Mr. Barrera’s suggestion should be streamlined further by adding that only interim manager’s policies should be set in this manner and she agreed to prepare an amendment for the next meeting. Mr. Galvan requested that the Management Hiring Committee meet a week before the regular Board Meeting.

13. Salary of Interim O&M Supervisor.

Mr. Graveley made a motion to table this item until the next meeting. Ms. Lowman seconded. All voted in favor.

14. FY 2021 Staffing.

- Executive Director anticipated retirement in August 2021 and Replacement Procedures: Selection Committee, Advertisement, Qualifications, Use of Consultant
- Office Personnel – Additional Full-time Office Clerk

Ms. Serrato stated that due to her anticipated retirement, she would like to begin preparing for her departure by planning the procedures for hiring her replacement, a selection committee, advertisement preference, candidate qualifications, and use of a consultant. Mr. Galvan stated that he would prefer that the entire Board be involved rather than a committee. Ms. Serrato said she would place items on the next agenda such as qualifications. She added that staff would like to begin finding a replacement for the part-time office assistant but wanted to speak with the Board before doing so. The Board consensus was to move forward with filling the part-time position.

15. Texas Municipal League Intergovernmental Risk Pool Board of Trustees Election.

The Board reviewed the candidate information on the Official Ballot for the Texas Municipal League Intergovernmental Risk Pool Board of Trustees Election. Ms. Serrato stated that she is not familiar with any of the candidates. Mr. Treviño made a motion not to cast a ballot. Mr. Barrera seconded. All voted in favor.

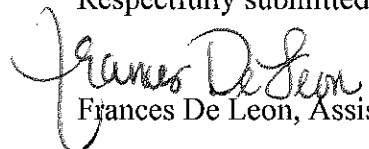
16. Discussion with possible action on camera and/or security system.

Ms. Serrato said she contacted Mr. Matt Cazalas, Alarm Security and Contracting, Inc, who stated that because of lighting and distance factors, most likely it would not be possible to capture identifying features from the cameras specified in the quotes provided. Instead, he recommended purchasing the less expensive system based on the camera resolution and possible use of the system. The systems quoted are stand alone systems. Ms. Serrato also contacted Protection One – ADT but this company provides systems that require a monthly service. She added that further research is needed on the systems to determine if any cameras are able to detect license plates. The Board decided to postpone action until more information becomes available.

17. Adjournment.

With no further business to discuss, Ms. Lowman made a motion to adjourn the meeting at 7:51 p.m. Mr. Treviño seconded. The motion passed by unanimous vote.

Respectfully submitted,


Frances De Leon, Assistant Secretary