

SOUTH TEXAS WATER AUTHORITY
Regular Board of Directors Meeting
February 26, 2019
Minutes

Board Members Present:

Kathleen Lowman
Dr. Albert Ruiz
Rudy Galvan
Patsy Rodgers
Filiberto Treviño
Brandon Barrera

Board Members Absent:

Lupita Perez
Steven Vaughn

Staff Present:

Carola G. Serrato
Frances De Leon
Jacob Hinojosa
Armando Yruegas

Guests Present:

None

1. Call to Order.

Ms. Kathleen Lowman, Board President, called the Regular Meeting of the STWA Board of Directors to order at 5:30 p.m. A quorum was present.

2. Citizen Comments.

Ms. Lowman opened the floor to citizen's comments. No citizen comments were made.

3. Approval of Minutes.

Ms. Rodgers made a motion to approve the minutes of the January 8, 2019 Special Meeting and the January 22, 2019 Regular Meeting as presented. Mr. Treviño 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 January 31, 2019
Revenue Fund Income Statement for period ending January 31, 2019
Tax Fund Income Statement for period ending January 31, 2019
Special Services Income Statement for period ending January 31, 2019
STWA Revenue Fund Balance Sheet – January 31, 2019
STWA Revenue Fund GL Account Summary Report as of January 31, 2019
STWA Debt Service Fund Income Statement for period ending January 31, 2019
STWA Debt Service Fund Balance Sheet January 31, 2019
STWA Debt Service Fund GL Account Summary Report as of January 31, 2019
STWA Capital Projects Fund Income Statement for period ending January 31, 2019

Cathodic Protection Expenses Breakdown through January 2019
STWA Capital Projects Fund Balance Sheet – January 31, 2019
STWA Capital Projects Fund GL Account Summary Report as of January 31, 2019
Anticipated vs. Actual Water Rate Charged
Maintenance & Technical Report from O&M Supervisor – January and February 2019
Cathodic Protection Update

The following outstanding invoices were presented for Board approval:

• John Womack & Co., P. C.	\$ 3,945.00
• Mercer Controls, Inc.	\$ 6,895.00
• Kevin Kieschnick-NC Tax Assessor	\$ 14,405.75
• Willatt & Flickinger, Attorneys at Law	\$ 2,562.90
• City of Corpus Christi	\$ 81,402.45
• Mercer Controls, Inc.	\$ 1,950.00
• Mercer Controls, Inc.	\$ 3,648.00
• Mercer Controls, Inc.	\$ 580.00
• Kevin Kieschnick-NC Tax Assessor	\$ 4,297.76

Copies of the last four invoices on this list were distributed at the meeting. A motion was made by Mr. Galvan to approve the Treasurer's Reports and payment of the bills as presented. Mr. Treviño seconded. The motion carried.

5. Tax Increment Reinvestment Zone 1 – Historic Downtown Kingsville, Texas.

Ms. Serrato stated that Kleberg County has not yet discussed participation in the Kingsville Tax Increment Reinvestment Zone. She reminded the Board that STWA's contribution into the City's fund if made at a 100% level and over a 30-year period would total just under \$9,600. If the Board approves participation in the TIRZ, STWA will need to establish the required percentage level and whether it will be based on taxes assessed or taxes collected. The Board took no action on this matter.

6. Update on TCEQ Enforcement Action and State Office of Administrative Hearings.

Ms. Serrato informed the Board that a letter was received from TCEQ on February 4th confirming that STWA has complied with all of the Order provisions. Staff will continue following the Monitoring Plan, Nitrification Action Plan and Sample Siting Plan and submitting the Disinfectant Level Quarterly Operating Report. A TCEQ Investigation (Inspection) is expected to occur during 2019. She had nothing further to report.

7. Water Supply Contract with the City of Bishop.

Ms. Serrato stated that after the Board approved the revised Wholesale Water Supply Contract with the City of Bishop contingent on the City approving the License Agreement for the use of the Bishop East Pump Station real estate property, the City approved the Wholesale Water Supply Contract but tabled action on the License Agreement. Therefore, the contract is not in

effect. The City has not purchased water since early December and has been relying on their water well, but she noted that a contractor who is setting up service with Nueces Water Supply Corporation mentioned during the process that they will be drilling wells in the Bishop area for water to be used for dust control and construction of highway improvements. She also mentioned to the Board that she received a phone call from someone who called the City of Bishop about a skin condition and was told by the City that she should call STWA. Ms. Serrato explained to the caller that Bishop has not been purchasing water from STWA since December and the caller told her that her condition had started in December. Ms. Serrato had nothing further to report.

8. License Agreement with City of Bishop for Pump Station Facilities.

Ms. Serrato distributed copies of email exchanges with the Bishop City Secretary Cynthia Contreras and reported that the City did not approve the License Agreement at their January 23rd meeting because the Council did not accept the STWA's proposed changes. She informed Ms. Contreras that without specific details on the Council's objections to the proposed changes on the License Agreement, the STWA Board would not be able to provide a response. Ms. Serrato informed the Board that the City is objecting to changes in sections IV and IX but does not have specific details. She recommended that the Board await further information from the City. No action was taken by the Board.

9. Purchase of real property at site of City of Bishop Pump Station Facilities.

Ms. Serrato stated there has been no feedback from the City of Bishop.

10. Water Supply Contract with the City of Driscoll.

Ms. Serrato said that the City of Driscoll is waiting on an election to fill the vacancy on the city council and added that she has received no response from the City of Driscoll.

11. Interlocal Participation Agreement for the GoodBuy Purchasing Cooperative.

Ms. Serrato presented an Interlocal Participation Agreement for the GoodBuy Purchasing Cooperative. She said this cooperative is similar to BuyBoard and provides more options for finding competitive pricing. There is no cost to become a member. She requested authorization to execute the Interlocal Agreement and recommended approval of Resolution 19-04.

12. Resolution 19-04. Shared Service Arrangement for Participation in the GoodBuy Purchasing Cooperative.

Mr. Treviño made a motion to authorize staff to execute the Interlocal Agreement and to adopt Resolution 19-04. Ms. Rodgers seconded and the motion passed by unanimous vote.

13. Bids for the purchase of one trailer for hauling trackhoe/excavator.

Ms. Serrato reported that as authorized by the Board, quotes were solicited for purchase of a heavy-duty equipment trailer capable of hauling the new trackhoe. Four quotes were received

ranging from \$16,340 to \$20,608, all rated with dual axles of 15,000 lbs. She presented a memo from CP Technician Armando Yruegas recommending award of the bid to Hallmark Trailer Sales in the amount of \$16,340 with a 3 to 4-week delivery period. Mr. Galvan commented that he had made inquiries about 30,000 lb. trailers and was informed that they are not bought as often due to the required federal permits or taxes. Mr. Yruegas responded that there is a one-time fee paid at the time of purchase. The Board decided to discuss the bids for a haul truck before taking action on resolution 19-05.

14. **Resolution 19-05. Resolution awarding the bid for the purchase of one trailer for hauling trackhoe/excavator.**

After reviewing the bids, Mr. Galvan moved to award the bid for purchase of the trailer to Hallmark Trailer Sales for \$16,340. Dr. Ruiz seconded. All voted in favor.

15. **Bids for the purchase of one truck for hauling trackhoe/excavator.**

Ms. Serrato stated that three bids were received from Ford dealerships and one was received from a Dodge dealership but was considered incomplete because it did not include details on the capacity of the truck. The Ford bids were from Caldwell Country Ford for \$50,271, Silsbee Ford for \$51,515.25 and Rush Truck Center for \$53,748.30. The bids are on the same model truck under the same specifications. She recommended purchasing the truck from Caldwell Country Ford in the amount of \$51,271. Mr. Galvan stated that he had inquired about bids for this type of truck and was informed that trucks over the size of a one-ton do not come with a bed which can run from \$5,500 to \$9,000 but added that as long as the bed is included in the bid, he is in agreement with Ms. Serrato's recommendation.

16. **Resolution 19-06. Resolution awarding the bid for the purchase of one haul truck.**

Mr. Galvan made a motion to award the bid for the purchase of the haul truck to Caldwell Country Ford in the amount of \$50,271. Mr. Barrera seconded. All voted in favor. Ms. Serrato also recommended using general funds to purchase the truck rather than bond funds. She explained that if purchased with bond funds, the truck will need to be purchased back at the blue book value at the time it is returned to regular use. It would not be depreciated, it would be valued based on blue book value. The board agreed to purchase the vehicle with general funds.

17. **Bids for construction of an equipment barn.**

Ms. Serrato stated that the FY 2019 budget included \$50,000 for the equipment barn. Mr. Yruegas received five quotes with the least expensive being William Pope Construction at a cost of \$44,600. She added that this company performed the work on the Kingsville Pump Station after the first contractor was not able to do the job and was able to complete it satisfactorily at \$15,000 less than quoted by the original contractor. The bids were requested on an equipment barn designed to have three 20-foot bays on a concrete slab. Mr. Galvan asked about only covering two sides in order to make it a drive thru barn for quicker loading and unloading. He also suggested buying the material and having field staff build it. Ms. Serrato responded that constructing the building in-house was considered but field staff is not comfortable with constructing the building. Mr. Galvan presented quotes on material for various sized buildings

ranging in cost from \$16,932 to \$40,776 but without a concrete slab. Ms. Serrato responded that the presented quotes include a concrete slab and that measurements would be needed to make sure enough space is available without interfering with the location of existing waterlines. She added that a drive thru may require moving waterlines or taking out the existing shed and checking to see if a tie in to the concrete is possible. She also stated that it is very likely that there could be issues with workers compensation coverage since the field personnel are rated for waterworks and not construction work. She also recommended against breaking up the project by purchasing the materials and then bidding out construction because it can give the impression that STWA is not following the regulations for advertising and bidding out projects.

Other members voiced their opinions about constructing a building that would be large enough to accommodate all current equipment and future needs. Ms. Serrato responded that the design would be discussed further with field personnel and she would present additional options to the Board. Dr. Ruiz also stated that he wanted to make sure field staff voice their opinion on what is needed and if it turns out to be more than what is budgeted, the money should be found for it so that they are comfortable with the final outcome. Ms. Serrato responded that she has been asking for field personnel's input from the onset of the project.

18. **Resolution 19-07. Resolution awarding the bid for construction of an equipment barn.**

No action was taken on Resolution 19-07.

19. **Petition for Addition of Certain Lands to the South Texas Water Authority and setting of public hearing date, time and place (Ryan M. Esquivel and Tabitha F. Esquivel – The north east half of Tract 14, the south west half of Tract 14, all of Tract 15, all of Tract 16 and the north east half of Tract 17 of Cyndie Park Unit 2, Nueces County, Texas).**

Although this annexation petition was presented at the January 22nd Board meeting, it was presented again because the wrong wording was used in the resolution listed on the January 22nd agenda. Ms. Serrato explained that Ryan M. Esquivel and Tabitha F. Esquivel approached the Nueces Water Supply Corporation requesting service outside of the Authority's district boundaries as a result of a project to extend water service to the Cyndie Park area. As in the past, the process has been for the property owner to request annexation into the district. In this manner, all of NWSC's retail customers are paying the same rates including being taxed by STWA. NWSC does not have out of district rates. If Resolution 19-08 is approved as presented, the Public Hearing will be held on March 26, 2019 at 5:30 p.m. at the STWA conference room.

20. **Resolution 19-08. Resolution of determination of validity of Petition for Addition of Certain Lands to the South Texas Water Authority and setting the date, time and place for a public hearing and authorizing publication of public hearing notice.**

Ms. Rodgers made a motion to adopt Resolution 19-08 setting the Public Hearing on March 26, 2019 at 5:30 p.m. at the STWA conference room and authorizing publication of the public hearing notice. The motion was seconded by Mr. Treviño and passed unanimously.

21. Petition for Addition of Certain Lands to the South Texas Water Authority and setting of public hearing date, time and place (Roland Gonzalez – Tract Forty-Four (44), Cyndie Park Unit 2, Nueces County, Texas and the adjoining one-half of Tract Forty-Three (43), Cyndie Park Unit 2, Nueces County, Texas.

Ms. Serrato stated that Roland Gonzalez has approached the Nueces Water Supply Corporation requesting service outside of the Authority's district boundaries as a result of a project to extend water service to the Cyndie Park area. As in the past, the process has been for the property owner to request annexation into the district. In this manner, all of NWSC's retail customers are paying the same rates including being taxed by STWA. NWSC does not have out of district rates. Approval of Resolution 19-09 will set the Public Hearing to be held on March 26, 2019 at 5:30 p.m. at the STWA conference room.

22. Resolution 19-09. Resolution of determination of validity of Petition for Addition of Certain Lands to the South Texas Water Authority and setting the date, time and place for a public hearing and authorizing publication of public hearing notice.

Ms. Rodgers made a motion to adopt Resolution 19-09 setting the Public Hearing on March 26, 2019 at 5:30 p.m. at the STWA conference room and authorizing publication of the public hearing notice. The motion was seconded by Mr. Treviño and passed unanimously.

23. Chloramine Booster Station – Kingsville Pump Station for Ricardo WSC 12-inch waterline.

Ms. Serrato stated that TCEQ personnel recently conducted a visit regarding disinfection byproducts and operation of the Ricardo and Nueces Water Supply Corporation disinfection systems. During that visit, they mentioned that there should be a booster station for the Ricardo 12" waterline. She explained that there is an issue with moving water down the 42" waterline and having a residual when it arrives to Ricardo's line. She added that STWA has the responsibility to deliver water with the required residual. She asked authorization to begin researching the process of checking with TCEQ, engineers, legal counsel and vendors about the installation requirements, estimated cost and bidding requirements. She said the expense would most likely fall into the FY 2020 budget. The Board agreed by consensus to have Ms. Serrato begin researching the process for a chloramine booster station as a STWA project.

24. Resolution 19-10. A resolution honoring Con Mims, Nueces River Authority Executive Director, for his service in the protection and development of water resources for the Coastal Bend and the State of Texas.

Ms. Serrato recommended adoption of Resolution 19-10 in honor of Con Mims, Nueces River Authority Executive Director who will be retiring. Dr. Ruiz made a motion to adopt Resolution 19-10. The motion was seconded by Ms. Rodgers and passed by unanimous vote.

25. Interlocal Agreement between Harris County Department of Education and South Texas Water Authority for Choice Partners Cooperative.

Ms. Serrato presented an Interlocal Agreement with Harris County Department of Education for participation in the Choice Partners Cooperative. She said this cooperative is similar to BuyBoard, HGAC and GoodBuy cooperatives and provides more options for competitive pricing. Choice Partners also includes vendors outside of Texas. There is no cost to become a member. Ms. Serrato requested authorization to execute the Interlocal Agreement. Mr. Galvan made a motion to authorize execution of the Interlocal Agreement with Harris County Department of Education for participation in the Choice Partners Cooperative. Mr. Treviño seconded. All voted in favor.

26. Petition for Addition of Certain Lands to the South Texas Water Authority and setting of public hearing date, time and place (Patricios Riojas, III and Angel Gonzales Riojas – Tract One (1), Cyndie Park Unit 2, Nueces County, Texas.

Ms. Serrato presented an Annexation Petition from Patricios Riojas, III and Angel Gonzales Riojas who have approached the Nueces Water Supply Corporation requesting service outside of the Authority's district boundaries as a result of a project to extend water service to the Cyndie Park area. The same process will be followed as other property owners to requesting annexation into the district. Since NWSC does not have out of district rates, the process assures that all of NWSC's retail customers are paying the same rates including being taxed by STWA. Approval of Resolution 19-11 will set the Public Hearing on March 26, 2019 at 5:30 p.m. at the STWA conference room.

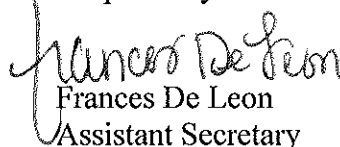
27. Resolution 19-11. Resolution of determination of validity of Petition for Addition of Certain Lands to the South Texas Water Authority and setting the date, time and place for a public hearing and authorizing publication of public hearing notice.

Ms. Rodgers made a motion to adopt Resolution 19-11 setting the Public Hearing on March 26, 2019 at 5:30 p.m. at the STWA conference room and authorizing publication of the public hearing notice. The motion was seconded by Mr. Treviño and passed unanimously.

28. Adjournment.

With no further business to discuss, Ms. Lowman adjourned the meeting at 6:42 p.m.

Respectfully submitted,


Frances De Leon
Assistant Secretary