

SOUTH TEXAS WATER AUTHORITY
Regular Board of Directors Meeting
March 28, 2017
Minutes

Board Members Present:

Kathleen Lowman
Filiberto Treviño
Rudy Galvan
Patsy Rodgers
Dr. Albert Ruiz
Charles Schultz
Steven Vaughn

Board Members Absent:

Lupita Perez

Staff Present:

Carola G. Serrato
Frances De Leon
Jo Ella Wagner
Dony Cantu
Jacob Hinojosa

Guests Present:

John Montalvo, Lockwood, Andrews
& Newnam, Inc.

1. Call to Order.

Ms. Kathleen Lowman, Board President, called the Regular Meeting of the STWA Board of Directors to order at 5:35 p.m. A quorum was present.

2. Citizen Comments.

Ms. Lowman opened the floor to citizen's comments. Mr. John Montalvo representing Lockwood, Andrews & Newnam, Inc. (LAN) introduced himself and described his company's services. He requested that the Board consider LAN on future STWA projects.

3. Approval of Minutes.

Mr. Vaughn made a motion to approve the minutes of the February 28, 2017 Regular Meeting as presented. Mr. Galvan 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 February 28, 2017
Revenue Fund Income Statement for period ending February 28, 2017
Tax Fund Income Statement for period ending February 28, 2017
Special Services Income Statement for period ending February 28, 2017
STWA Revenue Fund Balance Sheet – February 28, 2017
STWA Revenue Fund GL Account Summary Report as of February 28, 2017
STWA Debt Service Fund Income Statement for period ending February 28, 2017

STWA Debt Service Fund Balance Sheet February 28, 2017

STWA Debt Service Fund GL Account Summary Report as of February 28, 2017

STWA Capital Projects Fund Income Statement for period ending February 28, 2017

STWA Capital Projects Fund Balance Sheet – February 28, 2017

STWA Capital Projects Fund GL Account Summary Report as of February 28, 2017

STWA 2012 Bond Election Report

Anticipated vs. Actual Water Rate Charged

Maintenance & Technical Report from O&M Supervisor

Ms. Wagner also presented the following outstanding invoices for Board approval:

• Kleberg County Appraisal District	\$ 4,973.18
• Force Flow	\$ 2,501.43
• LNV, Inc.	\$ 1,250.00
• K. Kieschnick – NC Tax Assessor	\$ 3,597.75
• City of Corpus Christi	\$ 89,619.64

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

5. TCEQ Enforcement Action and State Office of Administrative Hearing.

Ms. Serrato stated that she has not received further information from TCEQ regarding revisions to STWA's Nitrification Action Plan and Monitoring Plan; therefore, a conference call has not occurred. She had nothing further to report.

6. Kingsville Pump Station Bond Projects – Construction of the 1.0 MG Ground Storage Tank.

Ms. Serrato presented Change Order #1 from Jason Christensen, HDR Engineering, Inc., in the amount of \$71,097.45. The change order addresses liquidated damages for HDR's additional work and expenses incurred by STWA associated with delay of the project's completion. She also reported that Hoelscher Electric arrived earlier in the day to replace the PAX mixer but found that the materials delivered did not include the needed legs and feet for the mixer. The parts have since been ordered. Mr. Treviño made a motion to approve Change Order #1. Mr. Vaughn seconded. All voted in favor.

7. Water Supply Contract with the City of Kingsville.

8. Revised Water Supply Contract with the City of Bishop.

Ms. Serrato reported that Bill Flickinger, Willatt & Flickinger, notified the City of Kingsville and the City of Bishop of the Board's decision to offer a 15-year contract term with a 5-year renewal but has not received a response from either entity.

9. NewGen Strategies Rate Study Proposal.

Ms. Serrato stated that in addition to the information provided in the agenda packet, she forwarded an email to the Board which included a new proposal which she received on March 24, 2017 from Chris Ekrut of NewGen Strategies. The new proposal was prepared by Mr. Ekrut in response to discussions during a conference call on that day pertaining to parsing out sections of the Regional Water System for creating various customer classes while maintaining uniform rates. It was determined that there was no need to split out the costs of STWA's 42" waterline and 12" spur line. The scope was changed to remove reference to those costs; however, the cost of the proposal remains the same at \$12,500. The proposal provides for rate study services to develop a rate for wholesale customers outside of a formal contractual agreement, review the method of calculating STWA's fee in lieu of tax, and confirm that STWA's current approach to separation of Special Services is appropriate. In addition, the proposal includes a \$2,500 option for development of a wholesale electronic rate model for ongoing use by STWA staff including the necessary training. There was a discussion on whether the \$2,500 model service could be approved at a later date. Ms. Serrato indicated that she thought that was possible and she would speak to Mr. Ekrut about the matter.

Ms. Serrato stated that Mr. Flickinger recommends approval of the \$12,500 portion of the proposal and the additional option may be considered later. Mr. Treviño made a motion to approve the \$12,500 proposal from NewGen Strategies. Mr. Galvan seconded and all voted in favor.

10. City of Corpus Christi water rate true-up and Amendment to the Water Sales Agreement between City of Corpus Christi and South Texas Water Authority regarding Calculation of Treated Water Rate.

Ms. Serrato reported that Assistant City Attorney Lisa Aguilar provided an amendment to the Water Sales Agreement. However, Ms. Serrato and Mr. Flickinger agree that further discussion with the City is needed before the amendment is presented to the Board for consideration. She added that Mr. Flickinger suggests working with NewGen Strategies to gain more clarity on the timing for implementing rate changes. She added that she would also like to discuss extension of the contract with the City of Corpus Christi with Mr. Ekrut. The Board agreed by consensus to authorize Ms. Serrato to initiate these discussions with NewGen Strategies for services associated with modifying the City's offered contract amendment.

11. Assessment of STWA's 42" Waterline – HDR Engineering, Inc. Engineering Services Proposal – Internal Leak Detection Test – End of Contract 3 pipeline immediately south of the O.N. Stevens Plant.

Ms. Serrato presented HDR's *Engineering Services Proposal for 42-IN Pipeline Contract 3 Leak Detection Services*. The proposal is for engineering services, not the actual testing, related to assessing the section of approximately 7,300 feet closest to the O.N. Stevens Plant which is not accessible by regular means. The proposal includes three tasks – assistance with selection of a technology provider to perform the inspection, assistance in preparing for and executing the leak detection inspection, and advising STWA on performing repairs and inspecting up to two locations identified by the leak detection inspection for a total cost of \$49,600. Ms. Shay Roalson

of HDR Engineering has informed Ms. Serrato that the engineering services combined with the testing should remain under the previously estimated \$109,000. Ms. Serrato pointed out that testing of this section of line is actually one of the two items that were included in the original Bond Election Proposition 1 and emphasized the importance of testing this section since it has not been previously examined due to the inaccessibility of the pipeline. She recommended approving the test and added that if the Board has hesitations about utilizing HDR's services, selection of another firm can be started after severing the agreement with HDR. Mr. Galvan made a motion to approve the HDR proposal in the amount of \$49,600. Mr. Treviño seconded. The motion passed on a 5 to 1 vote with Dr. Ruiz casting the dissenting vote.

12. Assessment of STWA's 42" Waterline – EN Engineering/Russell Corrosion Contract – Station 0+00 to 50+00 from Kingsville Pump Station going North.
13. Assessment of STWA's 42" Waterline – EN Engineering/Russell Corrosion Contract – Replacement of two (2) existing rectifiers.
14. Assessment of STWA's 42" Waterline – EN Engineering/Russell Corrosion Contract – Pipeline Crossings and Interference.

Ms. Serrato reported that she notified EN Engineering/Russell Corrosion about the Board's approval of the proposals and requested contracts on the projects to present to the Board. Although she received a contract, it appeared to be a template which did not seem appropriate for these projects. The matter was discussed with Bill Flickinger, Willatt & Flickinger, and it was suggested that they seek assistance through EJCDC or AIA. Ms. Serrato indicated she would research the contracts available through those associations. The Board did not take any action.

15. Assessment of STWA's 42" Waterline – Forterra Information.

Ms. Serrato stated that per Board instruction, she continued discussions with Mr. Sam Arnaout, Vice-President of Engineering with U.S. Pipe, a Forterra Company, on options for assessing areas of STWA's 42" waterline with inadequate protection. Mr. Arnaout expressed his confidence in continuing to utilize pipe to soil or cell to cell potential surveys which were conducted in the past and indicated that his company can provide services to make the assessments. He added that companies such as EN Engineering/Russell Corrosion also have that capability. In addition he suggested that STWA research use of a vacuum excavation system which can be much faster than conventional excavation. The Board took no action on this information.

16. Upgrade of Security Camera System for STWA Kingsville Site.

Ms. Serrato stated that at the Board's request, she contacted Protection 1 and Alarm Security & Contracting, Inc. for quotes on use of wireless cameras. Mr. David Perkins of Protection 1 responded that he does not recommend using wireless cameras for STWA's Kingsville office and grounds because the area is so spread out and would require use of a very high internet speed. Mr. Matt Cazalas, Alarm Security, provided a quote in the amount of \$15,766. Ms. Serrato stated that staff is willing to continue use of the current system and address problems as they occur. She added that a wireless system may be feasible once the AT&T fiber optic service is in place. Mr. Schultz made a motion to table this item until after the AT&T fiber optic service is operational. Mr. Vaughn seconded and all voted in favor.

17. Conversion of Driscoll Booster Station to a Chloramination Station.
• HDR Contract Amendment

Ms. Serrato stated TCEQ approval has been received on HDR's plans and specifications for conversion of the Driscoll Booster Station. She presented an amendment to the HDR contract for services for the additional work on the project and recommended approval of the \$6,000 amendment. Mr. Schultz made a motion to approve the \$6,000 amendment of the HDR Engineering Service Agreement. Mr. Treviño seconded. All voted in favor.

18. Emergency Generator – Kingsville Pump Station – Contract with D&H United Fueling Solutions.

Ms. Serrato stated that LNV Engineering has provided a contract between STWA and D&H Fueling Solutions, Inc.'s for installation of the Kingsville Pump Station emergency generator. She recommended execution of the agreement in the amount of \$123,586.38. Mr. Schultz made a motion to approve the agreement with D&H Fueling Solutions, Inc. Ms. Rodgers seconded. The motion passed by unanimous vote.

19. Petition for Addition of Certain Lands to the South Texas Water Authority (Tommy Lee Boughton and Karina Trevino – Tract 29 of Tierra Verde Unit 2, Nueces County, Texas).

Ms. Serrato explained that Tommy Lee Boughton and Karina Trevino approached the Nueces Water Supply Corporation requesting service outside of the Authority's district boundaries. Approval of the annexation petition enables the landowner to receive service and pay Nueces Water Supply Corporation's in-district rates while allowing the property to be taxed by STWA. (The Nueces Water Supply Corporation does not have an outside-of-district rate.) Ms. Serrato recommended adoption of Resolution 17-04 approving the annexation.

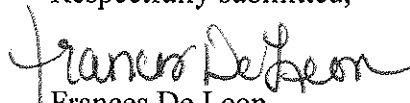
20. Resolution 17-04. Resolution approving Annexation of Certain Lands to the South Texas Water Authority. (Tommy Lee Boughton and Karina Trevino – Tract 29 of Tierra Verde Unit 2, Nueces County, Texas).

Ms. Rodgers made a motion to adopt Resolution 17-04. Mr. Schultz seconded. All voted in favor.

21. Adjournment.

With no further business to discuss, Ms. Lowman adjourned the meeting at 6:59 p.m.

Respectfully submitted,


Frances De Leon
Assistant Secretary