

SOUTH TEXAS WATER AUTHORITY  
Regular Board of Directors Meeting  
February 27, 2018  
Minutes

Board Members Present:

Kathleen Lowman  
Patsy Rodgers  
Rudy Galvan  
Filiberto Treviño  
Steven Vaughn

Board Members Absent:

Dr. Albert Ruiz  
Charles Schultz  
Lupita Perez

Staff Present:

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

Guests Present:

Sherrel Mercer, Mercer Controls, Inc.  
Co., P.C.  
Rudy Mora, City of Kingsville

1. Call to Order.

Ms. Kathleen Lowman, Board President, called the Regular Meeting of the STWA Board of Directors to order at 5:47 p.m. A quorum was present.

2. Citizen Comments.

Ms. Lowman opened the floor to citizen's comments. Mr. Rudy Mora, Kingsville City Engineer, introduced himself to the Board. Mr. Mora stated that he was newly hired by the City of Kingsville and was attending the meeting at the request of City Manager Jesus Garza.

Mr. Sherrel Mercer also addressed the Board. He gave a brief update on the Driscoll LAS project. He added that he wanted to be present to answer any questions that might arise from the quote he provided to be discussed later in the meeting. He also stated that Jacob Hinojosa and Dony Cantu had proven to be very helpful on the Driscoll LAS project and that he has enjoyed working with Ms. Serrato.

3. Approval of Minutes.

Ms. Rodgers made a motion to approve the minutes of the January 23, 2018 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, 2018  
Revenue Fund Income Statement for period ending January 31, 2018  
Tax Fund Income Statement for period ending January 31, 2018

Special Services Income Statement for period ending January 31, 2018  
STWA Revenue Fund Balance Sheet – January 31, 2018  
STWA Revenue Fund GL Account Summary Report as of January 31, 2018  
STWA Debt Service Fund Income Statement for period ending January 31, 2018  
STWA Debt Service Fund Balance Sheet January 31, 2018  
STWA Debt Service Fund GL Account Summary Report as of January 31, 2018  
STWA Capital Projects Fund Income Statement for period ending January 31, 2018  
STWA Capital Projects Fund Balance Sheet – January 31, 2018  
STWA Capital Projects Fund GL Account Summary Report as of January 31, 2018  
STWA 2012 Bond Election Report  
Anticipated vs. Actual Water Rate Charged  
Maintenance & Technical Report from O&M Supervisor

The following outstanding invoices were presented for Board approval:

|                                    |              |
|------------------------------------|--------------|
| • Kevin Kieschnick-NC Tax Assessor | \$ 2,140.45  |
| • Willatt & Flickinger, PLLC       | \$ 934.50    |
| • Russell Corrosion Consultants    | \$ 3,935.87  |
| • Russell Corrosion Consultants    | \$ 1,417.98  |
| • City of Corpus Christi           | \$ 93,024.09 |
| • Kevin Kieschnick-NC Tax Assessor | \$ 3,741.64  |

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

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

Ms. Serrato reported that the most recent Quarterly Report was submitted on February 20th. TCEQ has approved the Lab Approval form. The next conference call is scheduled to occur during the second week of March.

6. Assessment of STWA's 42" Waterline – Russell Corrosion Projects

- Examination of Section 0 – 5000 LF

Ms. Serrato presented the Russell Corrosion draft report on the Cathodic Protection Evaluation of Section 0 – 5000 of STWA's 42" waterline. The draft report recommends bonding all joints and adding anodes where there are none, instead of every third joint as originally recommended. The report also recommends upgrading cathodic protection now rather than performing further evaluations and provides a cost estimate of \$150,000 for additional anodes and pipe joint continuity repairs from Station 0+00 to 51+67.49 but also notes that the work can be performed by STWA personnel in order to minimize costs. Mr. Bruce Norred of Russell Corrosion indicated that they do not do this type of work. Ms. Serrato stated that about \$1,000,000 remains in bond funds and this type of work would be eligible for use of those funds even if performed in-house. She asked that the Board consider hiring two extra Field Technicians to work on the cathodic protection project. The Board agreed by consensus for Ms. Serrato to present a proposal at a future Board meeting.

7. Driscoll Pump Station LAS Chemical Feed System Addition.

Ms. Serrato presented a Request for Payment from Mercer Controls in the amount of \$46,217.50 but added that Shay Roalson, HDR Engineering, does not recommend full payment. Because the project is not substantially complete and STWA has not determined whether liquidated damages will be assessed, Ms. Roalson recommends withholding \$13,250 (53 days of liquidated damages) from the pay request. If STWA opts not to assess the full liquidated damages and the system remains functioning satisfactorily, then the portion that is not assessed and the retainage can be authorized for payment at the Board's March 27<sup>th</sup> meeting. Mr. Vaughn made a motion to authorize payment of \$32,967.50 as recommended by Ms. Roalson. Mr. Galvan seconded. All voted in favor.

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

Ms. Serrato stated that she had spoken with bond attorney Noel Valdez about whether basing the City of Bishop's contract on a percent of usage rather than a dollar amount such as in the City of Kingsville's contract would establish a different class of customers. Mr. Valdez has advised that this would not be considered a different class because the same amount is being charged. She also asked legal counsel Bill Flickinger about other ways to proceed with negotiations since Bishop's attorney Gerald Benadum is unavailable. Mr. Flickinger has advised that if the City is willing to meet without Mr. Benadum, he requests that the City provide written confirmation that it is okay to do so. Mr. Treviño stated that he would prefer face to face meetings with the City. Based on Board consensus to arrange negotiation meetings, Ms. Serrato agreed to make that request.

9. Report on Surplus Sale.

Ms. Serrato reported that bids on the surplus sale were opened on February 23<sup>rd</sup> and totaled \$4,344.52. The items that did not receive bids were donated or recycled.

10. Incremental Increase Charges for Customers without a Long-Term Contract.

Ms. Serrato reported that there has been no contact from Bishop, Driscoll or Banquete regarding the Incremental Increase charges on the invoices that were mailed out on January 19<sup>th</sup>. Invoices including the Incremental Increase have been paid by these entities.

11. Quote from Mercer Controls for elimination of repeater on Driscoll elevated storage tank.

Ms. Serrato presented a quote in the amount of \$34,475 from Mercer Controls to eliminate the Driscoll EST repeater station. She stated that there have been problems with the electric service at the Driscoll EST which interrupts all STWA SCADA communication. There is also a \$3,600 annual rental fee for use of antenna space on the City of Driscoll's EST. Recent upgrades of STWA's SCADA equipment allows for use of a repeater station that does not require the greater height of the EST. Although installing an antenna at another location involves a significant expense, the cost will eventually be recouped by elimination of the annual rental fee. After reviewing the quote, Mr. Treviño made a motion to accept the Mercer Controls proposal and

proceed with the project to eliminate the Driscoll EST repeater station. Mr. Vaughn seconded. All voted in favor.


12. Kleberg County Extension Agency funding request for private water well screening.

Ms. Serrato presented an email request from Kleberg/Kenedy County Agriculture Extension Agent Frank Escobedo. The request is for \$4,147 to provide funds for a Water Quality Screening study of private water wells located in Kleberg and Kenedy Counties. The total cost of the joint study is \$12,441 to be divided equally among the three participants providing funding – STWA, Texas A&M AgriLife Extension Service and Kenedy County Groundwater Conservation District. The screening will involve thirty private wells and will be conducted between March 15, 2018 and December 31, 2018. Since it is possible that some of the wells are outside of STWA's district boundaries, Ms. Serrato confirmed with Mr. Flickinger that funding the joint study should not violate any rules. Mr. Galvan made a motion to provide \$4,147 for the Water Quality Screening study of private water wells located in Kleberg and Kenedy Counties. Mr. Treviño seconded. All voted in favor.

13. Adjournment.

With no further business to discuss, Ms. Lowman adjourned the meeting at 6:49 p.m.

Respectfully submitted,

  
Frances De Leon  
Assistant Secretary