

SOUTH TEXAS WATER AUTHORITY

Regular Board of Directors Meeting

August 4, 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  
Patsy Rodgers

Board Members Absent:

None

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, 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.

Mr. Galvan opened the floor to citizen's comments. Mr. Baldemar Garcia, Ricardo Water Supply Corporation Board President introduced himself and said he would address the Board once discussion on a particular agenda item of concern was opened.

3. Approval of Minutes.

Mr. Treviño made a motion to approve the minutes of the June 23, 2020 Regular Meeting as presented. Ms. Lowman seconded. The motion passed by unanimous vote.

4. Quarterly Report/Treasurer's Report/Payment of Bills.

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

STWA Investment Report for Quarter ended June 30, 2020  
Treasurer's Report for period ending June 30, 2020  
Revenue Fund Income Statement for period ending June 30, 2020  
Tax Fund Income Statement for period ending June 30, 2020  
Special Services Income Statement for period ending June 30, 2020  
STWA Revenue Fund Balance Sheet – June 30, 2020  
STWA Revenue Fund GL Account Summary Report as of June 30, 2020

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STWA Debt Service Fund Income Statement for period ending June 30, 2020

STWA Debt Service Fund Balance Sheet – June 30, 2020

STWA Debt Service Fund GL Account Summary Report as of June 30, 2020

STWA Capital Projects Fund Income Statement for period ending June 30, 2020

STWA Capital Projects Fund Balance Sheet – June 30, 2020

STWA Capital Projects Fund GL Account Summary Report as of June 30, 2020

FY 2020 Cathodic Protection Expenses Breakdown through June, 2020

2012 Bond Election Report

Anticipated vs. Actual Water Rate Charged

Maintenance & Technical Report from O&M Supervisor

Cathodic Protection Update

The following outstanding invoices were presented for Board approval:

• Willatt & Flickinger	\$ 2,261.10
• City of Corpus Christi	\$ 104,605.87
• Willatt & Flickinger	\$ 293.70

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

5. Review of 2020 Certified Appraisal Rolls for the Authority's district in Kleberg and Nueces Counties.

Ms. Serrato presented the Certified Appraisal Rolls from Kleberg County Appraisal District and Nueces County Appraisal District. The KCAD appraisal roll reflects a final certified value of \$1,620,282,325 and a net taxable value of \$1,195,432,280 including \$61,891,594 in properties under protest. The NCAD final certified value is \$1,071,305,287 and the net taxable value is \$1,063,575,583 including an estimated value of \$6,570,248 in properties under protest. Both certified values are an increase from last year. In addition, this year's rolls include an additional 681 properties in Nueces County and 119 additional properties in Kleberg County. She explained that an amount of 62.5% of the value of the properties under protest was used in the calculation. Ms. Serrato recommended approval of Resolutions 20-23 and 20-24 adopting the appraisal rolls.

6. Resolution 20-23. Resolution adopting the appraisal roll for the South Texas Water Authority's district in Kleberg County for tax year 2020.

After reviewing the Kleberg County appraisal roll for tax year 2020, Mr. Treviño made a motion to approve Resolution 20-23. Mr. Graveley seconded the motion. The motion carried.

7. Resolution 20-24. Resolution adopting the appraisal roll for the South Texas Water Authority's district in Nueces County for tax year 2020.

Following review of the Nueces County appraisal roll for tax year 2020, Ms. Rodgers made a motion to approve Resolution 20-24. Ms. Lowman seconded the motion. The motion passed by unanimous vote.

8. Preliminary Fiscal Year 2021 Budget.

Ms. Serrato reviewed the preliminary Fiscal Year 2021 Budget and asked for approval to send the budget to STWA's wholesale customers. The budget is based on certified property values adjusted for the values under ARB review, water sales of approximately 538 million gallons, the same Handling Charge and similar tax rates, an overall 1.8% cost of living adjustment (excluding her salary) and approximately \$243,000 in capital items. The draft budget also allows a 3.5% increase to the tax rate per legislation. An amount of \$288,000 would be added to reserves. The Corpus Christi rate information has not been received. Ms. Serrato reviewed the capital items which include one replacement truck, replacement of three chlorine buildings, technology upgrades, portable tower lights, new accounting software, dual chlorine/LAS scales, the Banquete Pump Station, repair work on the employee parking lot and painting of a ground storage tank at Central Pump Station. Mr. Treviño stated that due to the COVID-19 pandemic and associated costs and its effect on the economy, he felt increases to salaries should be frozen. Mr. Galvan suggested checking with other water districts to see how they are handling the situation. Mr. Graveley suggested holding off on the 1.8% increase for now and possibly adding it back during the fiscal year if conditions improve. Ms. Serrato recommended sending the budget including the salary increase to STWA's wholesale customers and then removing it if the Board decides, rather than adding it into the budget later. Mr. Treviño asked that a notation be made that the 1.8% salary increase is under review. Mr. Treviño made a motion to authorize sending the preliminary budget to STWA's wholesale customers. Mr. Graveley seconded. All voted in favor.

9. Proposed Fiscal Year 2021/Tax Year 2020 tax rate and authorization to publish notice of public hearing.

Ms. Serrato presented the Water District Notice of Public Hearing on Tax Rate reflecting a proposed total tax rate of \$0.086926/\$100 valuation comprised of a Maintenance & Operation tax rate of \$0.070902/\$100 and an Interest & Sinking tax rate of \$0.016024. The proposed total tax rate is 3.49% higher than the current total tax rate of \$0.086911. The public hearing is scheduled for September 8, 2020. Ms. Serrato stated that because of the change in procedures and the amount of property value under protest, she recommends review of the calculation by Bill Flickinger. Mr. Treviño made a motion to authorize staff to publish the Water District Notice of Public Hearing on Tax Rate after review by Bill Flickinger. Mr. Graveley seconded. The motion passed six to one.

10. Nueces County project for construction of Banquete Pump Station to serve the Nueces Water Control and Improvement District #5 (Banquete) and Nueces Water Supply Corporation.

Ms. Serrato reported that work continues on the project and reviewed some photos of the ongoing work. The foundations for the chlorine and ammonia buildings as well as the for the

hydro-pneumatic tanks, generator and ground storage tank have been installed. The hydro tanks and generator have been delivered. She had nothing further to report.

11. Nueces County Water Control and Improvement District #5 Wholesale Water Supply Contract and Contract for Operation and Maintenance of Facilities.

Ms. Serrato stated that the NCWC&ID #5 President Alex Cavazos notified her by email that their board met recently and discussed the water and O&M contracts. He indicated that the office manager would be forwarding some questions pertaining to the contracts to STWA. However, Ms. Serrato stated nothing has been received and she will update the Board if the information is received.

12. Request by the City of Driscoll to Pay Past Due Invoices in Installments – Written Agreement – Authorization to Work with Legal Counsel to Develop Agreement, Presentation to the City of Driscoll for Approval and Execution if Approved by the City of Driscoll Council.

Ms. Serrato presented emails from the City of Driscoll regarding the City's unpaid water invoices and a request to pay \$10,000 monthly on the outstanding balance in addition to the current month's invoice. The outstanding invoices total \$114,215.20 as of the May 2020 invoice. She added that the Board should decide if twelve months to repay the balance is a reasonable amount of time and whether interest should be included. After discussing the matter, Mr. Graveley made a motion to authorize legal counsel to work with staff to develop a payment plan agreement for twelve months with no interest. Mr. Barrera seconded the motion which then passed on a vote of five to two.

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

Ms. Serrato reported that the project is very near completion. Mr. Mercer is expected to return to work on the analyzer to make sure it is working properly. She had nothing further to report.

14. Petition for Addition of Certain Lands to the South Texas Water Authority and setting of public hearing date, time and place (Robstown Hardware Company, 30 Acre Tract out of Section thirty-five (35), Geo. H. Paul Subdivision of the Driscoll Ranch, a subdivision in Nueces County, Texas).

The Board reviewed the Annexation Petition. A Robstown Hardware Company representative recently approached the Nueces Water Supply Corporation requesting service outside of the Authority's district boundaries which is the first step in the process to obtain service on the property. Ms. Serrato recommended approval of Resolution 20-25 setting the Public Hearing on September 8, 2020, 2020 at 5:40 p.m. at the STWA conference room.

15. Resolution 20-25. 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. (Robstown Hardware Company).

Mr. Treviño made a motion to adopt Resolutions 20-25 setting the Public Hearings on September 8, 2020 at 5:40 p.m. at the STWA conference room and authorizing publication of the public hearing notice. The motion was seconded by Mr. Graveley and passed unanimously.

16. Aegion/Corrpro Cathodic Protection Report – STWA 42-inch pipeline.

Ms. Serrato presented a Cathodic Protection Inspection Report from Aegion/Corrpro. She explained that she and O&M Supervisor Armando Yruegas reviewed the report. She also discussed it with the Aegion/Corrpro and the engineer who wrote the report has made some revisions and corrections but is awaiting approval to release the updated report. Ms. Serrato stated that the report recommends making some repairs to broken bonds and performing a CIS Survey every five years. She added that repairs would be made after crops at these sites have been harvested. No action was taken by the Board.

17. Part-Time/Full-Time office clerk.

Ricardo Water Supply Corporation President Baldemar Garcia addressed the Board and asked that the STWA Board consider the financial impact that hiring an additional employee would have on RWSC and NWSC customers. Mr. Treviño suggested a freeze on any new hires or position changes and noted that some companies address staffing shortages by distributing tasks among current employees. Ms. Serrato explained that the request is to transition a ¾ time employee to a full-time position. Although the position would increase by 10 hours per week, the majority of the increase in cost is due to adding fringe benefits. The corporations are each currently charged 45% of the part-timer's salary and STWA pays 10%. She proposes that the cost for a full-time employee be split evenly between the three entities. She reviewed the job description of the new position as well as the changes to current positions and explained how this employee could assist in areas that need more attention. Ms. Serrato noted that the NWSC Board met this morning and made a motion and a second in support of adding the full-time position. The RWSC Board met on August 3<sup>rd</sup> and tabled the item. She added that RWSC board member James Fischer requested additional information which she provided to him.

Mr. Galvan suggested waiting to see the impact of the Green Mountain software, if purchased, before hiring a full-time person. Mr. Graveley stated that although NWSC has shown support, it is the Authority's decision. Mr. Garcia pointed out that for now, the impact to RWSC customers is \$1.00 per month, but he is concerned about future increases and how they could affect customers who can not afford the increase.

Ms. Serrato added that the current billing system for the corporations will be upgraded to include online service applications and once an agreement is finalized it should take 30 days to go live. If the Black Mountain accounting software is purchased, it will be part of the next budget year starting October 1<sup>st</sup> and it could be December before the system is up and running so it will be several months before it can be determined what kind of difference it makes on staffing.

The Board made no motion and took no action.

18. Carry over of employee Vacation, Personal and Compensatory hours due to COVID-19 pandemic.

Ms. Serrato requested that due to the continued pandemic the Board consider temporarily suspending the maximum hour requirement for vacation and personal leave and pay overtime for any comp time exceeding the maximum. She explained that some employees are near the maximum number of hours and taking time off under the COVID-19 circumstances is difficult. Mr. Treviño suggested extending the carry over for one year and reviewing circumstances at that time. He then made a motion to suspend the maximum hour requirement for vacation and personal leave and pay overtime for comp time exceeding maximum for one year and reviewing the circumstances next year. Ms. Rodgers seconded. All voted in favor.

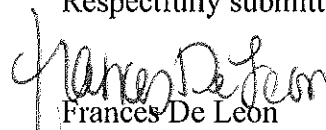
19. Letter of Engagement with John Womack and Company, P.C. for Independent Auditor Services for FY 2020.

The Board reviewed the Letter of Engagement from John Womack and Company for the fiscal year ending September 30, 2020. Ms. Serrato stated that the cost is \$8,925 which is the same as last year's cost. She added that \$9,475 has been budgeted for the audit including \$550 to cover the cost of another firm that will oversee Womack's audit process. She recommended approval of the Letter of Engagement. Mr. Treviño made a motion to approve the Letter of Engagement with John Womack and Company, P.C. for Independent Auditor Services for FY 2020. Ms. Perez seconded. All voted in favor.

20. Adjournment.

With no further business to discuss, Mr. Graveley made a motion to adjourn the meeting at 7:05 p.m. Ms. Lowman seconded. The motion passed by unanimous vote.

Respectfully submitted,

  
Frances De Leon  
Assistant Secretary