

MINUTES
Regular Meeting
Laguna Madre Water District
Board of Directors
Wednesday, September 26, 2018
5:30 PM – 7:44 PM
Board Room

ITEM #1 QUORUM

PRESENT: Chairman, Scott D. Friedman
 Vice Chairman, Rick Wells
 Secretary, Doyle Wells Departed @ 5:48 PM. Returned @ 5:59 P.M.
 Director, Herb Houston
 Director, Alex Avalos

ADMINISTRATIVE STAFF: General Manager, Carlos J. Galvan, Jr.
 Director of Operations, Robert Gomez
 District Engineer, Charles Ortiz
 Purchasing Agent, Enrique Samaniego
 Director of Finance, Eddie Salazar
 Attorney, Eddie Lucio, III

ITEM #2 INVOCATION AND PLEDGE OF ALLEGIANCE

The meeting began with the Pledge Allegiance and an Opening Prayer.

ITEM #3 INVITATION TO THE AUDIENCE FOR PUBLIC COMMENT

- Bill Carr from the Golf Course thanked LMWD for helping and assisting in the installation of a new pump valve at the golf course. It helped minimize the downtime to help the community.
- D. Wells expressed regret on comments made at the last workshop referring to General Manager missing a meeting while on vacation.

ITEM #4 CONSIDER AND DISCUSS FOR POSSIBLE APPROVAL THE MINUTES OF THE REGULAR MEETING ON SEPTEMBER 12, 2018. (C. GALVAN)

Moved by **R. WELLS**, seconded by **A. AVALOS**:

Motion to move.

MOTION CARRIED

ABSTAINED: **S. FRIEDMAN** (he was absent for the Regular Meeting on September 12, 2018)

ITEM #5**GENERAL MANAGER'S REPORT**

- **ELECTION UPDATE**
- **RECOGNITION OF TWO DISTRICT EMPLOYEES**

REPORT:**ELECTION UPDATE:**

- Verifying with the applicants receiving emails on updates and information from the county about the Elections
- Is there going to be a forum? Not by the District, maybe county or Chamber does them.
- A reminder of Early voting starts on October 22nd through November 2nd and Election Day is on November 6th.
- Candidates may call the office with any concerns they might have

RECOGNITION OF TWO DISTRICT EMPLOYEES

- The District mostly only gets calls to hear the bad (about employees), so when something good comes along (the employee) needs recognition
- Omar Valdez got recognized as a good steward by SPI Resident, Jim Fuller on providing knowledgeable and excellent information on answering the customer's questions on meters.
- Kenji Hoshino was recognized as a good Samaritan by a Laguna Vista Resident who contacted the City Manager of Laguna Vista with regards to Kenji stopping and helping out the resident with a flat tire on the side of the road in the night.

GENERAL MANAGER'S REPORT**ITEM #6****DIRECTOR OF OPERATION'S REPORT**

- **AUGUST OPERATIONAL REPORT**
- **REHABILITATION OF WAREHOUSE ROOF AND PURLIN BEAMS REPLACEMENT**
- **UPDATE ON AMI MULLER PROJECT**
- **UPDATE ON REHAB OF THE BACKHOE / CAB REPLACEMENT** 🚧

REPORT:**AUGUST OPERATIONAL REPORT**

- Service Orders for August 2018, 196 total
- Service Orders for Collections Department: 69 total

REHABILITATION OF WAREHOUSE ROOF AND PURLIN BEAMS REPLACEMENT

- Reviewed and discussed copies of photos provided in the packets

UPDATE ON AMI MULLER PROJECT

- Conference call with Ferguson and Muller
- Muller is in the process of talking with Tyler Technologies with Incode, setting up live host data on Cloud.
 - Incode informed of a \$2.00 onetime fee per account to upload each account
 - \$2 per account, is not budgeted but possibly pay it through the 2 ½ million that did get budgeted for the project.

ITEM #6**CONTINUED**

- D. Wells departed the meeting at 5:48 PM. A quorum maintained
- AEP has a lot of rules and regulations having to provide our insurance policy and paperwork, possibly go another route, looking into installing poles on our own, but a permit will be needed. Also looking into our lift stations.
- Town of Laguna Vista permitted to use one of the towers (the one next to the library) to install a 3-foot repeater
- South Padre Island gave permission, still pending and waiting on a definite answer
- Received around, 1,700 meters. Equipment stocked at the warehouse. Additional meters arrived yesterday afternoon
- Hopefully by mid-October will start on installation of the meters
- Financing of the meter: see Item #12

UPDATE ON REHAB OF THE BACKHOE / CAB REPLACEMENT

- Rehab of the backhoe is an item for next year's budget
- Got a quote for \$15,000.00 on a used 2000 cab from Doggett John Deere, need to look into what shape it is in. There's an \$11,000.00 charge to install it.
 - District's Construction Manager can install, but not sure if it can get done because there's a lot of hoses and electrical that needs to get taken care of
 - Quote for a new one cabin for \$58,000.00. Quote for a new backhoe for \$111,000.00
- Do we have someone looking at these buildings on a regular basis? What kind of schedule? Does anyone do a walk through and evaluate the facility? Normally, the staff does a monthly report where the whole facility gets checked, and anything that needs attention to create a work order for repairs. Discussion ensued.
 - Suggestion: Stay on top of the repairs and do inspections on a regular basis
 - Don't have the workforce and don't always have the budget

DIRECTOR OF OPERATION'S REPORT**ITEM #7****DISTRICT ENGINEER'S REPORT**

- WATER RIGHTS UPDATE
- CONSTRUCTION PROGRESS AT PORT ISABEL WWTP
- UPDATE ON WP#2 SETTLING POND REHAB/CLEANOUT AND OPTIONS FOR NEW EARTHEN BERM POND
- TEXAS WATER DEVELOPMENT BOARD – UPDATE ON CWSRF LOAN

REPORT:**WATER RIGHTS UPDATE**

- Report through the end of August, reservoirs down 44.6%. The last Report as of September 15th, back up to 47.8% (and more rain coming)
- Completed the change of ownership for the water rights sale on the 269 plus acre-feet. Next step is to convert it to municipal which will add to our water right certificate.
- Watermaster found that 100-acre-feet was changed to Domestic and moved to another account. Watermaster recommends amending water rights certificate to change domestic to multi-use and put it back on the certificate.
- What are our total acre feet with the new additions and the conversions? 7546 once the next step is taken care of in the paperwork.

ITEM #7 **CONTINUED**

CONSTRUCTION PROGRESS AT PORT ISABEL WWTP

- Mechanical side is substantially complete.
- For the next month or two finishing up the electrical instrumentation
- Negotiating the Final change order request, deduct for items not needed will present at the next meeting

UPDATE ON WP#2 SETTLING POND REHAB/CLEANOUT AND OPTIONS FOR NEW EARTHEN BERM POND

- Richard Correa with Garver gave a presentation followed by questions and answers
- Submitted to TCEQ on September 20th, the permit for line application. Hand delivered
- D. Wells returned and joined the meeting @ 5:59 PM

TEXAS WATER DEVELOPMENT BOARD – UPDATE ON CWSRF LOAN

- Got the Loan commitment on September 20th, closing is Dec. 19th
- Procure the Engineering firms for the design of lift station and construction Management for PI sludge holding tanks. Need RFP's put ASAP
- To stay on schedule need-to select corpse of the engineer in November and award the contract in December
- The district should utilize the Water Development Board for more resources, funding, and grant applications. The District is not using it to the most capacity

DISTRICT ENGINEER'S REPORT

ACTIONS:

- **Water Rights:** Information on our total acre-feet with the new additions and the conversions.
- **WP#2 Pond:** Research the most economical way to drain out the existing lagoon and bring it back on the agenda in the near future.

ITEM #8 **PRESENTATION BY TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM ON EMPLOYEE RETIREMENT PLAN AND BENEFITS FOR LAGUNA MADRE WATER DISTRICT (C. GALVAN)**

DISCUSSION:

- Erika Nieto gave the presentation, Representative for TCDRS followed by question and answers
- TCDRS: Savings based benefits. Employees are required to put a percent in their account each month.
- Employees deposit rate 4% to 7%: District's 7%
- District funds its match, district's matching rate: 200%
- Vesting: 8 years of service
- Retirement eligibility:
 - Age 60 with eight years of service
 - Rule of 75 (must be vested)
 - 20 years of service at any age
- Partial Lump -Sum Distribution - choice
- Plan Rate changed 2018 to 2019:

ITEM #8**CONTINUED**

- 2018 Rate, 14.27%
- 2019 Rate, 14.39%
- District makes the call each year for contribution rates: matching rate and employee deposits
- Plan Assessment: goes out every April
 - Unfunded Liability: its Benefits that haven't been paid yet, "unfunded" term is used because members (employees) haven't retired yet. GASB Term. The word unfunded is a misnomer
 - District's Funded Ratio 84.9%. the funded ration is the difference between the assets and liability= anything above 80% is healthy
- Passing Cost of living adjustments: Last COLA for the District: 2009
- Just by paying the rate the District is responsibly funding this plan
- Payroll shrunk two years in a row and employees leaving has been a factor that was not predicted
- A question to finance: Why are we making a 300,000-dollar additional payment this year when we are doing okay at 84%? The Board wanted to increase the amount of funding.
 - Board was led to believing unfunded meant a negative amount
 - Additional contributions are healthy. Are considered proactive measures to increase assets
 - When there are higher assets and less liability the District's rate doesn't spike up because of higher assets to liabilities
 - Additional contributions are not required because the District is responsibly funded
 - More districts are making additional contributions to be more proactive
- TCDRS is a Cash Balance System
- Encourage when an employee terminates that they truly terminate and move on, don't pull money and come back to the same employer. IRS finds that to be a version of collusion because they are pulling money out and coming right back to the same employer. Also, for retirees, they need to be retired for a while and not come right back after retiring (wait at least six months).
- All TCDRS plan changes are due by December

PRESENTATION**ACTIONS:**

- For the next regular meeting, an agenda item to discuss a plan of \$300,000 additional plan of contribution. (budget amendment)

ITEM #9

CONSIDER AND DISCUSS FOR POSSIBLE APPROVAL OF A RESOLUTION AMENDING LAGUNA MADRE WATER DISTRICT RATES FOR WATER, WASTEWATER AND RAW WATER, AND FINANCIAL PLAN (RESOLUTION NO. 165-09-18) (E. SALAZAR) e

Requested by E. Lucio, this item was moved to **Executive Session** and was held to discuss only the matters described in the agenda item named above: A motion by **D. WELLS** and seconded by **R. WELLS**, the Board convened into Executive Session at **6:57 PM** with a five-minute recess, and upon motion by **A. AVALOS** and seconded by **D. WELLS** Executive Session ended at **7:15 PM**.

ITEM #9 **CONTINUED**

DISCUSSION:

- The resolution follows the recommendation from a rate study
- If adopted today, Rates increase pushed to November 2018, instead of October to allow 30-day's notice to customers.
- Is this District under any obligation to sell Raw Water? No.

Moved by **A. AVALOS**, seconded by **H. HOUSTON**:

Made a motion to adopt Resolution No. 165-09-18.

MOTION CARRIED

OPPOSED: **R. WELLS**

ACTIONS:

- For Counsel, E. Lucio to continue to work with current counsel to discuss the ongoing issues.

ITEM #10 **CONSIDER AND DISCUSS FOR POSSIBLE APPROVAL OF TRAVEL AND TRAINING BUDGET FOR BOARD MEMBERS. (E. SALAZAR) ♣**

DISCUSSION:

- Recommendation from the Budget Committee to increase transparency for board travel training
- Request to create a line item per member
- Amendment to next year budget (adopted at the last meeting)
- Need backup material, need information in the packet, a memo why they're traveling
- Make changes: Strike names off only use a place number

Moved by **D. WELLS**, seconded by **A. AVALOS**:

Move to approve with the changes.

MOTION CARRIED

ITEM #11 **CONSIDER AND DISCUSS FOR POSSIBLE APPROVAL OF CONSULTING AGREEMENT FOR IT SERVICES WITH G5 INTERNET SERVICES. (E. SALAZAR) ♣**

DISCUSSION:

- Renewal of current agreement in place
- 1-year agreement with an option to renew for an additional year
- 3% increase
- Is it standard procedure to give a contractor a cost of living increase, IT Person is not considered an employee
- IT services growing, outgrown this agreement
- Need an IT Person inhouse

ITEM #11 **CONTINUED**

- Make sure we have the full control and access of the IT Person
- IT Person needs to be well versed on the new AMI System

Moved by D. WELLS, seconded by A. AVALOS.

Motion to approve the agreement with the typos corrected and to make sure staff evaluates that all needs are addressed for the District in the agreement and with changes mentioned.

MOTION CARRIED

ACTIONS:

- Change wording: remove "cost of living increase" , add "3% increase"
- Fix typos
- Fix typo for the date under the section, A. Term
- Under section B. Scope of services: add item "and any other related needs the District may need" phrase (catch all)
- Change from 60-day termination to 30-day
- Page 4, section J. Conduct of G5 and confidentiality: remove Finance Director leave only General Manager for authorization

ITEM #12 **CONSIDER AND DISCUSS FOR POSSIBLE APPROVAL METHOD OF FINANCING FOR AMI METER PROJECT. (E. SALAZAR) ♣**

DISCUSSION:

- The follow-up to the Financing for AMI Meter Project
- Options:
 - "A." Cash payment from the Fund Balance
 - "B." Private Placement Revenue Bonds
 - "C." TWBD Loan
- TWBD financing will possibly set plans back about two months
- For changes will require a second Resolution to modify the language from the private placement to TWBD

A motion made by H. HOUSTON, seconded by R. WELLS:

Motion to go with the (C.) Texas Water Development Board Loan.

MOTION CARRIED

ITEM #13 **CONSIDER AND DISCUSS FOR POSSIBLE APPROVAL OF WRITE OFF ACCOUNTS FOR THE FISCAL YEAR 2017-2018 (E. SALAZAR) ♣**

DISCUSSION:

- Annual write off for bad debts
- List total updated since prepared, some accounts paid. Total is 1,963.07
- Will continue to collect outstanding debts
- If a customer returns in the future for water will collect the bad debt
- Making efforts to collect in-house

ITEM #13 **CONTINUED**

A motion made by **D. WELLS**, seconded by **A. AVALOS**:

Motion to approve the amended amount.

MOTION CARRIED

ITEM #14 **CONSIDER AND DISCUSS FOR POSSIBLE APPROVAL OF THE 5-YEAR CAPITAL IMPROVEMENT PLAN (C. ORTIZ)**

DISCUSSION:

- Are all the items budgeted? To discuss at the next meeting
- Item tabled and deferred to the next Regularly scheduled meeting on October 10, 2018.

A motion made by **H. HOUSTON**, seconded by **D. WELLS**:

Motion to table for the next meeting.

MOTION CARRIED. TABLED.

ITEM #15 **CONSIDER AND DISCUSS FOR POSSIBLE APPROVAL OF THE PURCHASE OF A VACUUM TRUCK (E. SAMANIEGO)**

DISCUSSION:

- Staff's recommendation of a new vacuum truck to replace unit #21, 2000 Volvo vac-con truck
- Staff recommends board approval of award to Rush Truck Center of Texas-Houston for \$325,4889.00
- Reasonable lead time
- Chassis can be serviced here in the valley
- Does this have the positive displacement vacuum as discussed? Yes

A motion made by **H. HOUSTON**, seconded by **D. WELLS**:

Motion to accept Staff's recommendation.

MOTION CARRIED

ITEM #16 **CONSIDER AND REVIEW EXPENDITURES FOR SEPTEMBER 1-15, 2018 (C. GALVAN)**

DISCUSSION:

- No comments from Board or Staff

A motion made by **D. WELLS**, seconded by **H. HOUSTON**:

Motion to accept as presented.

EXPENDITURE REVIEW

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ITEM #17

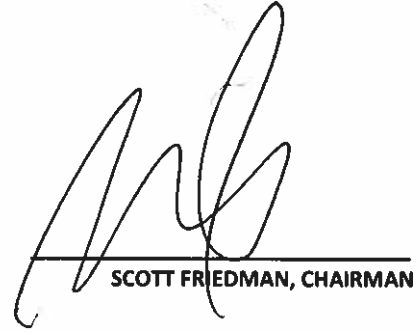
ADJOURNMENT

The **CHAIRMAN** adjourned the meeting at **7:44 PM**.



Handwritten signature of Doyle Wells, Secretary, written in black ink over a horizontal line.

DOYLE WELLS, SECRETARY



Handwritten signature of Scott Friedman, Chairman, written in black ink over a horizontal line.

SCOTT FRIEDMAN, CHAIRMAN

MINUTES APPROVED THIS 10th DAY OF OCTOBER 2018.