

**MINUTES OF
REGULAR MEETING**

Regular Meeting Minutes
May 21, 2018 – 5:30 pm

Orange County Water Control & Improvement District No. 1 Board Room
460 E Bolivar Street, Vidor, Texas

Robert Viator.....President
Frank Inzer.....Vice President
Tim Beard.....Secretary
Trey Haney.....Director
Guy Groves.....Director
Norman Blackman.....General
Manager
David LeJune.....Operations
Manager

In accordance with Section 551.042 of the Texas Government Code, this agenda has been posted in the lobby and on the front door of the Orange County Water Control & Improvement District No. 1 Administrative office for the time required by law. The President requests that all cell phones and pagers be turned off or set to vibrate.

Members of the audience are requested to step outside the Board Room to respond to a page or to conduct a phone conversation.

The O.C.W.C & I.D #1 Administrative office is wheelchair accessible. Sign interpretation or other special assistance for disabled attendees must be requested 48 hours in advance by contacting the General Manager's Office at 409.769.2669.

CALL MEETING TO ORDER

President Viator called meeting to order at 5:30 p.m.

ANNOUNCE THE PRESENCE OF A QUORUM

Secretary Beard announced the presence of a quorum with all members present.

STAFF PRESENT

General Manager Norman Blackman, Chris Serres and District's Attorney Larry Hunter were present.

OTHERS PRESENT

Jeff Scogin and Toby Davis of LJA Engineering, Inc.

INVOCATION AND PLEDGES

Vice President Inzer gave the invocation and Director Groves led the pledges.

1. Execution and filing of Statement of Elected Officers by unopposed Directors elected to office.

Attorney Larry Hunter executed Statement of Officers by unopposed elected to office.

2. Oath of Office by Robert Viator, Tim Beard, and Trey Haney as unopposed elected Directors of the District.

Attorney Larry Hunter swore in Robert Viator, Tim Beard, and Trey Haney as unopposed elected Directors of the District.

3. Approval of issuance of Certificates of Election to Robert Viator, Tim Beard, and Trey Haney.

A motion was made by Director Groves and seconded by Vice President Inzer to approve issuance of Certificates of Election. All voted Aye.

4. Election of officers of the Board of Directors of Orange County Water Control & Improvement District No. 1.

A motion was made by Vice President Inzer and seconded by Director Haney for sitting officers to remain in their current positions. All voted Aye.

5. Citizen comments.

There were no citizen comments.

6. Consideration and possible action regarding LJA Engineering, Inc. Monthly Status Report concerning ongoing District projects.

Jeff Scogin gave an overview of the ongoing projects as follows:

6560C – SURPLUS FUNDS WATER SYSTEM IMPROVEMENTS PROJECT (Contract No. 1 – Cast Iron Water Line Replacement and Contract No. 2 – Water Well Sites Improvement)

Contract No. 1:

Documents to close this project were submitted to the Board for review at this meeting. This includes Change Order No. 2 (Final), Certificate of Construction Completion, Affidavit of all Bill Paid and Release of Liens and Final Payment Request #14 releasing the retainage.

Contract No. 2:

This project had been completed.

6560D – SURPLUS FUNDS SANITARY SEWER IMPROVEMENTS PROJECT (Contract No. 4 – Sanitary Sewer Lift Station Rehabilitation Project)

LJA has been working on the construction plans.

6560E – SURPLUS FUNDS WATER AND SEWER SERVICE EXTENSIONS PROJECT – (Contract No. 3 – Water and Sanitary Sewer Service Extensions Project)

LJA's efforts this month were concentrated on the water and lift station improvements projects.

B877-1001 – WELL SITE 7 TTHM TREATMENT SYSTEM

Engineering services included resident project representation and construction contract administration. LJA also reviewed handrail and stair submittals during this period.

The header piping and yard piping were completed. The new chlorine feed system modifications and new chlorine analyzer system were completed and the electrical was worked on.

Preparations are being made.

CITY OF PINE FOREST, TEXAS – FIRST TIME WATER AND SANITARY SEWER SERVICE PROJECT – CDBG PROJECT NO. 7216370

The construction is on hold until the easement forms required by TDA are signed by the homeowners. All the main lines have been installed, with the exception of the line extensions past McVey.

CITY OF VIDOR, TEXAS – SANITARY SEWER LINE REPLACEMENT PROJECT – CDBG PROJECT NO. 7216471

The average cost per home is higher than previously expected; therefore, the construction is on hold. The latest construction pay estimate is under review.

A motion was made by Director Groves and seconded by Vice President Inzer to accept the Monthly Status Report concerning ongoing District projects presented by Jeff Scogin for LJA Engineering. All voted Aye.

7. Consideration and possible action regarding approval of LJA Engineering, Inc. monthly invoices for District projects as listed:

Invoice No. 201805702 in the amount of **\$2,000.00** for project No. 6560C – Surplus Funds Water System Improvement Project; **Invoice No. 201805704** in the amount of **\$1,800.00** for Project No. 6560D – Surplus Funds Sanitary Sewer System Improvement Project; **Invoice No. 201805715** in the amount of **\$3,300.00** for Project No. B877-1001 – Well Site 7 TTHM Treatment System; and **Invoice No. 201805647** in the amount of **\$1,661.50** for Project No. B877-6282 – General Services Contract – TXDOT Permitting Services for Force Main for a **Grand Total of \$8,761.50**

A motion was made by Director Haney and seconded by Secretary Beard to approve payment of monthly invoices as presented by LJA Engineering, Inc. All Voted Aye.

8. Consideration and possible action regarding approval of Allco Inc. **Monthly Estimate No. 6** for Water Well Site 7 TTHM Treatment System, 2017 water System Improvements Project in the amount of **\$51,139.66**

A motion was made by Director Haney and seconded by Secretary Beard to authorize payment to Allco Inc. for Monthly Estimate No. 6 for Water Well Site 7 TTHM Treatment System, 2017 Water System Improvements Project in the amount of **\$51,139.66**. All voted Aye.

9. Consideration and possible action regarding approval of McInnis Construction, Inc. **Monthly Estimate No. 13** for **Contract 1 – Water Line Replacement Project** in the amount of **\$12,957.58**.

A motion was made by Director Groves and seconded by Director Haney to approve payment to McInnis Construction Inc. for Contract 1 – Water Line Replacement Project in the amount of **\$12,957.58**. All voted Aye.

10. Consideration and possible action regarding approval of McInnis Construction, Inc. **Change Order No. 2 (Final)** for **Contract 1 – Water Line Replacement Project**.

A motion was made by Director Haney and Seconded by Vice President Inzer to approve Change Order No. 2 – Water Line Replacement Project of \$1,096,808.00. All Voted Aye.

11. Consideration and possible action regarding approval of the **Certificate of Construction Completion for Contract 1 – Water Line Replacement Project**.

A motion was made by Director Haney and seconded by Director Groves to approve the Certificate of Construction Completion for Contract 1 – Water Line Replacement Project contingent upon the final payment total of **\$109,680.00** being revised to reflect a **\$5,000.00 liquidated damages assessment** for a new total of **\$104,680.00**. All voted Aye.

12. Consideration and possible action regarding approval of McInnis Construction, Inc. **Payment Estimate No. 14 (Final Payment and Release of Retainage for Contract 1 – Water Line Replacement Project** in the amount of **\$109,680.80**.

A motion was made by Director Haney and seconded by Director Groves to approve McInnis Construction Inc. Payment Estimate No. 14 (Final Payment and Release of Retainage) for Contract 1 – Water Line Replacement Project in the **new amount of \$104,680.00**. All voted Aye.

13. Consideration and possible action regarding authorizing LJA Engineering, Inc. to develop and submit a **grant funds application** to the Texas Water Development Board for as much as **\$500,000** to be funded through the Clean Water State Revolving Fund for the reconstruction of the **Lower Lift Station** and possibly other grant eligible projects related to the Hurricane Harvey Disaster.

Toby Davis presented the two-step process to apply for grant funds as follows:

- 1) Complete and submit project information form. The **Engineer Fee** may cost up to a **couple thousand dollars** to submit the project information form.
- 2) Once we are approved for consideration, apply for the grant funds. We must apply quickly as the grant is on a first come, first serve basis.

A motion was made by Director Haney and seconded by Secretary Beard to submit a grant funds application to the Texas Water Development Board for as much as \$500,000. All voted Aye.

14. Consideration and possible action regarding approval/ amendments for the minutes of the **April 16, 2018 Regular Board Meeting**.

A motion was made by Director Haney and seconded by Director Groves to approve the minutes of the March 19, 2018 regular meeting as presented. All voted Aye.

15. Board Member comments.

There were no Board Member comments.

16. Consideration and possible action regarding General Manager's monthly status and financial report as follows:

On-Going Topics

- **Hurricane Harvey Recovery**

- **Field Office and Warehouse Area Repair/Upgrades** - We have still not been able to return to our field office building as the improvements have not been completed. It has dragged on for much longer than we anticipated. We hope to move in soon.
- **WWTP**- After a long period of troubleshooting and ordering electrical and electronic controls, some of those elements have arrived and are being installed. The **sludge dewatering system** is up and running on new control panels, sludge pumps, sludge grinders, dry cake pump motor, and other gear. The **control building** is almost ready to move back into. Primary **electrical distribution gear** has been changed out as have

most of the thousands of feet of **wire** that had to be pulled and replaced. The **Aeromod control panel** will be here soon. **Generators** have been shipped and arrangements have been made to remove the old flooded generators. Fabrication of new **U/V disinfection** equipment is nearing completion.

- **Collection System** – New lift station control panels are being fabricated. New motors are being ordered for all flooded lift stations. At Lower Lift Station we are also looking into converting it to a submersible lift station to make it more resistant to flooding hazards.
- **FEMA Assistance** – The FEMA grant application for Dogwood Drive manhole replacement had been submitted and supplementary information provided.
- **Sugar Pines MHP/Iwanda MHP/Future MHP Water/Sewer Line Extensions** - I had hoped to have made more progress by now on this project, but I have remained snowed under so much of the time that I have not worked much on it. Jeff Scogin put together a set of overview plans of the FM 105 route for TxDOT permit application and included the route along West Circle Drive for our use as well. We did get approval of the permit from TxDOT. I have asked Jeff to put a cost estimate together representing the cost of having a contractor perform the installation. David LeJune and I will need to estimate the cost of performing the installation with our own forces for comparison to the contractor constructed option.
- **City of Vidor 2017-2018 Block Grant** - No development on this project yet.
- **City of Pine Forest 2015-2016 Block Grant** - Progress on this project has been slow this past month. We have worked on adding a few hundred feet of water and sewer line and one or two additional homes to the scope of this project, and the paperwork to accomplish this has been significant. We were required to re-acquire the easements necessary to construct the grinder pump station of each property. The final phase of the project will be the installation of the individual water and sewer taps (grinder pump stations) which will begin this week of May 21.
- **Field Personnel Shortage** - We hired four people to fill out the existing third work crew and the new fourth work crew. Three of the four have reported for work, with the fourth being a little uncertain.
- **Equipment Needs** - We have acquired one replacement trackhoe, one additional new trackhoe, one new truck, and one new trailer.
- **City of Rose City Sewer Service** - We are trying to schedule a meeting with Rose City officials to discuss revising the interlocal agreement with them to provide for the District to bill and collect for sewer services directly with the users of our sewer system instead of the current process of the City billing the residents for both water and sewer and submitting the sewer service fees to the District.
- **Extension of Services to in-District Properties at FM 105 and Caney Creek** - One of our Surplus Funds Projects will provide for extension of water and sewer services along both sides of FM 105 from its intersection with FM 1132 south about 2,500 feet. That project has had a lower priority than the Cast Iron Water Line Replacement and the Lift Station Upgrade Projects, and as a result no construction has begun yet. Now, there are two tracts in that region that are in need of water and sewer services, one is a residential area with two homes recovering from flood damages and the other is a commercial tract to be the site of a new medical clinic. I

believe we should find a way to accelerate the extension of service to these two tracts in a way that would coordinate with our eventual extension plan to that area. If possible, I would propose to fund these efforts with the same Surplus Funds that we will use to do the full project when the plans are fully completed.

- **2018-2019 Budget Development** – Traditionally we have developed the annual budget during April for approval at the May board meeting. This year we are about a month behind on almost everything. We will present the budget for approval at the June meeting. Meanwhile we have scheduled a Budget Committee meeting for May 29 to review budget data that we expect to have ready.
- **Property Tax Outlook for 2018 and Beyond** - Chris and I have prepared some analysis of our projected tax rates for this year (2018) and future years taking into consideration the following:
 - Our bond payments for 2019 will increase per the amortization schedule produced at the time of bond sales and will remain at a level higher than the 2018 annual payment.
 - The 2019 bond payments (due in Feb and Aug) must be paid with 2018 calendar year tax collections (due by January 31, 2019) so the tax rate for 2018 must be set to generate more tax revenue than we collected with 2017 taxes, in other words a tax rate increase for this year.
 - To aggravate the situation, preliminary tax valuations for 2018 are 8% to 10% lower than for 2017 and will drive the tax rate even higher for 2018.
 - We currently have a surplus of tax revenue in the tax fund due to an accumulation of delinquent taxes that are collected in subsequent years. This surplus should probably be reduced.
 - We could consider using the surplus to reduce the anticipated increase in the tax rate discussed above for 2018 and possibly 2019.
 - By 2020 the tax rate will have to be high enough to generate the full increase in tax bond payment, but property values should recover to some extent by then.
 - Exhibits have been produced to illustrate some possible scenarios to dampen the jump in tax rate.

Chris Serres presented the Financial Report as follows:

The monthly billing is up this month by about \$18,000.00. All of the accounts balance. On the Special Projects Account, we had our monthly transfer of \$4,166.67, interest earned of \$181.22, and expended \$19,385.93. We ended the month with \$140,385.93 left, however we will be reimbursed by FEMA for the Hurricane Harvey Disaster. On the Water and Sewer Major Maintenance Account, we had the monthly transfer of \$4,166.67, interest earned of \$142.68, and expended of \$4,241.75.

On the Budget Comparison Report our revenues were \$335,294.00 which is \$14,389.00 below the monthly budget. The expenditures for the month were \$301,138.00 which is less than the monthly budget by \$34,379.00. We are over on the total budget on overtime salaries by \$248.00.

We earned \$11,337.36 in interest for the month of April 2018.

Chris Serres presented the Field Report as follows:

We pumped 30,200,000 and accounted for 27,082,500. The percentage unaccounted for was 10.32%. We treated 40,814,000 of wastewater. We performed a total of 267 water jobs and 66 sewer jobs for a total of 333 jobs. We had 24 LPSS service calls for the month.

A motion was made by Director Haney and seconded by Secretary Beard to approve the General Manager's monthly status and financial reports as presented. All voted Aye.

17. Consideration and possible action regarding payment of the District's monthly bills.

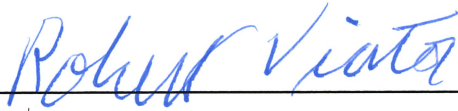
A motion was made by Director Groves and seconded by Vice President Inzer to pay District's monthly bills. All voted Aye.

18. Consideration and possible action regarding Wathen, DeShong and Juncker, LLP Initial Communication Audit Engagement Letter for the Fiscal Year ending 06/30/2018.

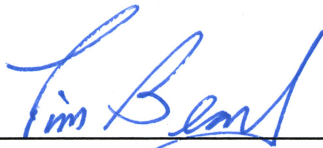
A motion was made by Director Groves and seconded by Director Haney to hire Wathen, DeShong, and Juncker for the fiscal year ending 06/30/2018. All voted Aye.

19. Adjournment.

A motion was made by Vice President Inzer and seconded by Director Haney to adjourn the meeting at 8:40 p.m. All voted Aye.



Robert Viator, President



Tim Beard, Secretary

