

**MINUTES OF
REGULAR MEETING**

Regular Meeting Minutes

September 17, 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 the meeting to order at 5:30 p.m.

ANNOUNCE THE PRESENCE OF A QUORUM

President Viator announced the presence of a quorum with all members present.

STAFF PRESENT

General Manager Norman Blackman, Finance Director Chris Serres, and Operations Manager David LeJune were present. Larry Hunter, the District's attorney was also present.

OTHERS PRESENT

Jeff Scogin and Toby Davis of LJA Engineering, Inc. and Mr. Henry Norris

INVOCATION AND PLEDGES

Secretary Beard led the invocation and Director Groves led the pledges.

MEETING AGENDA

1. Citizen comments.

Henry Norris, Sr. and Henry Norris, Jr., 2780 Baywood St. (Lott St.) purchased property with outstanding balance for water and sewer services. Mr. Norris, Jr. presented a report for the Board to consider regarding the unpaid balance/lien on property. The Board thanked Mr. Norris and told him they would take his offer under consideration.

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

Jeff Scogin presented an overview of LJA Engineering Monthly Status Report as follows:

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

This project is complete.

6560D – SURPLUS FUNDS SANITARY SEWER SYSTEM IMPROVEMENTS PROJECT (Contract 4 – Sanitary Sewer Lift Station Rehabilitation Project)

LJA and the electrical sub consultant are working on the plans and specifications for this project.

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

LJA worked on a water line crossing FM 105 and a sewer force main extension to provide services to the new clinic on FM 105. LJA will be turning in a TxDOT Permit in the near future.

B877-1001 – WELL SITE 7 TTHM TREATMENT SYSTEM

The project has been completed except for a recent failure of the pinch valve on the influent line to the air stripper. The contractor has coordinated with their electrician and the valve supplier to order replacement parts for the valve. The contractor is expecting to receive the replacement parts by the end of September.

Vice President Inzer asked what a pinch valve was. Jeff Scogin explained that it was a valve that would pinch the flow of water off as it was needed to control the flow.

Failure of pinch valve caused the Board to table the closure of this project. Contractor expecting to receive replacement parts by the end of September.

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

The construction is in progress. Eight (8) service lines have been replaced from August 16th thru September 10th. A total of seventy-one (71) service line connections have been replaced since the beginning of construction.

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

The construction is complete with all the main lines installed. A total of twelve (12) homes have been completed. A site walkthrough was conducted with the Contractor, the District, and LJA. A punch list will be generated to address clean-up in the project area.

A motion was made by Director Groves and seconded by Vice President Inzer to approve the monthly status report as presented. All Voted Aye.

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

Invoice No. 201813145 in the amount of **\$9,000.00** for Project No. 6560D – Surplus Funds Sanitary Sewer System Improvements Project; **Invoice No. 201813149** in the amount of **\$1,600.00** for Project No. 6560E – Surplus Funds Water and Sewer Service Extensions Project; and **Invoice No. 201813154** in the amount of **\$195.00** for Project No. B877-6282 – General Services for a **Grand Total of \$10,795.00.**

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

4. Consideration and possible action to consider the approval of the **Certificate of Construction Completion** for the Water Well Site 7 – TTHM Treatment System, 2017 Water System Improvements Project.

Jeff Scogin stated that the contractor did send an email requesting payment and to have this issue be considered a warranty item. It is on the Board's hands to decide. Norman Blackman stated that it was on the agenda last time and it was tabled because of the issues it was having. It is not in service yet, but they are addressing and asked that it be handled as a warranty item that they are taking care of. They would like to close this project. They would like to consider the project basically complete and get paid the retainage and they will be on the book through their warranty to get this valve finished out. It is taking a long time to get the parts for it because it has some electronic parts and other parts they don't keep on the shelf.

President Viator asked how long their warranty is. The answer was one year from June 12, 2018. Norman Blackman explained that it was complete, put in service and then they ran into the problem with the valve. It has not been operable since then, but we can make water there if we have to it we have problems with one of our other wells. We can produce water there, we just won't be treating it through the air stripper.

Secretary Beard stated that he didn't think we should release the retainage. But will be happy to listen if they think we should. Norman Blackman stated that the project is substantially complete and the issue is a warranty issue, it has been placed in service, has been tested, but we had a malfunction of a valve. Norman stated that they are addressing the issue and he did not think we should hold up their payment based on this. Secretary Beard asked if they installed the part correctly and it was just a bad part. Norman Blackman stated that the problem was two-fold, he thinks they forgot to put grease in the mechanical device and the electrical installation was such that the conduit fed over into an electrical box on the valve and it did not get sealed up well and rainwater would just drip right down the conduit, so they didn't have a drip lube out here that would let all the water off ahead of the valve. It was human error that was the problem, it wasn't just the

valve was bad from the factory. It wasn't just a random failure, it was just an oversight on their part.

President Viator asked if all we owe them is the retainage. Norman Blackman answered yes, we owe them \$59,535.00. Norman Blackman also stated that without their retainage, they can't release the retainage for their vendors. They hold that until they get their retainage and then split it out to their vendors.

President Viator stated that he thinks we started the warranty too soon, we should have run the system a while before we started it. Director Haney asked how long it was run before we had failure. President Viator state not very long. Norman Blackman stated he did not remember exactly, it took us a while to get the controls set up, it is a pretty complex control system. David LeJune stated they had a couple of problems when it went down but the pinch valve happened just a couple of days before the last Board meeting. It was run for about two months before it went out. Norman Blackman stated that it has not operated on a continuous basis since it was installed. Secretary Beard stated that his thoughts are if we release the retainage, we would lose any leverage we have, he understands that we have an obligation to pay.

President Viator stated how about we give them the retainage if they give a full year warranty on the valve from now. Secretary Beard stated that if they don't agree to that, we hold the retainage until it is repaired and operational. Norman Blackman stated he thought that is something that would work and if they don't like it, they will have to wait a month.

A motion was made by Director Haney and seconded by Secretary Beard to approve the Certificate of Completion contingent upon the repair of the pinch valve and the warranty to be increased a year from now the date the valve is placed back in service. All Voted Aye.

5. Consideration and possible action on **Contractor's Payment Request #8, the Final Payment and Release of Retainage**, for the Water Well Site 7 - TTHM Treatment System, 2017 Water System Improvements Project in the amount of **\$59,535.00**.

A motion was made by Director Haney and seconded by Secretary Beard to approve **Contractor's Payment Request #8, the Final Payment and Release of Retainage** in the amount of \$59,535.00 contingent upon the repair of the pinch valve and the warranty to be increased a year from the date the valve is placed back in service. All Voted Aye.

A motion was made by Secretary Beard and Seconded by Director Groves to recess the meeting at 6:00 p.m. All Voted Aye.

The meeting was called back to order at 6:30 p.m.

6. Consideration and possible action regarding approval/amendments for the minutes of the August 20, 2018 Regular Board Meeting.

A motion was made by Director Groves and seconded by Vice President Inzer to approve the minutes of the August 20, 2018 Regular Board Meeting. All Voted Aye.

7. Board Member comments.

Vice President Inzer commented on the TTHM Project. He asked if we had seen any results for our air stripper. Norman Blackman stated not in the overall system, they have checked what is going in and what is going out at the well. It is a lot and

thinks they have noticed a dip in the overall system, but started having some issues and couldn't keep running the average. You have to test every day to see how it effects the system.

8. Consideration and possible action regarding General Manager's monthly status and financial report.

General Manager Norman Blackman presented the manager's report as follows:

On-Going Topics

- **Hurricane Harvey Recovery**

- **Field Office and Warehouse Area Repair/Upgrades** - We have had the roof on the Field Office building replaced and had a 20' X 21' canopy constructed on the north end of that building. The canopy gives coverage as well as a dry workspace during raining weather. It also gives coverage over the back door stoop during heavy rains to help keep the water from gathering right at the door with the possibility of making its way into the building. They are going to build a trench with a grate to go around the area to make sure that the water does not get into the building.
- **WWTP**- All repairs and/or replacements are progressing at the wastewater Treatment Plant. The progress is slow at times, but we are steadily moving forward. We have the UV disinfection system in place now.
- **Collection System** - New lift station control panels are being fabricated. New motors have been ordered for most flooded lift stations. At Lower Lift Station we are still looking into converting it to a submersible lift station to make it more resistant to flooding hazards.
- **FEMA Assistance** - We have received approximately \$92,000 from FEMA. We are expecting another about another \$100,000 but they have come back and have deducted about \$50,000 because they looked at our insurance and said that it provides \$50,000 for miscellaneous items. That \$50,000 from the insurance was used for plenty of miscellaneous items like the portable building rentals, etc. We are still chasing additional FEMA assistance, but have had some problems.
- **West Davis LS** - Still waiting for Kinder-Morgan Pipeline Co. ROW department to get back to me about an easement we need. We can not move forward with the plans and specifications for the lift station until we have the easement.
- **City of Vidor 2015-2016 Block Grant** - This project is still under construction.
- **City of Vidor 2017-2018 Block Grant** - No development on this project yet.
- **City of Pine Forest 2015-2016 Block Grant** - This grant project is complete.
- **Field Personnel Shortage** - We have been able to hire a few additional personnel, but lost a few as well. We still are short one or two people and continue to advertise for field personnel. We have hired a couple recently and have several

more that will be interviewing. We need people with experience operating a track hoe. We need crew leaders and if you can't operate a track hoe, you can't be a crew leader. We are making some progress. We think we are picking up some pretty good people, so it is looking a little more promising.

- **Extension of Services to in-District Properties at FM 105 and Caney Creek -** We are planning to bore under FM 105 with a water line of either 6" or 8" diameter and plan to extend the existing force main that is already on the west side of FM 105 to the south to their facility. We have been working with Harbor Diagnostic Clinic to provide the needed services. The facility is now under construction and is scheduled to be completed in 4 months. We believe we can have the needed extensions in place by then. My next step is to write the necessary easements.
- **Lien on Stan Turner's Tract on Lott Street @ Baywood -** We have received (today) a proposal from Henry Norris, the new owner of the subject tract, to satisfy the lien and return the property to full sewer service. The proposal is not particularly rich in monetary benefit to the District but should be considered as a possible route to resolve the whole issue.

Mr. Norris' proposal to resolve the issue concerning the lien on the property and the damage to the lift station by previous residents is that he would repair the L.P.S.S. with new components, dual alternating duplex control panel, and 2 new Hydromatic grinder pumps and will warranty this work for 1 year. In addition, he will reimburse the District \$2,500.00 in lost revenue due to non-payment of the previous owner. Once the repairs are made, the District will once again begin receiving service income for the system. The L.P.S.S. sewer unit will never again be touched by unauthorized personnel.

Norman Blackman stated that he told Mr. Norris that \$2,500.00 against a lien of \$16,000.00 was pretty light. Mr. Norris stated that they paid full price for the property, that they were pretty desperate to get control of it. It had been discussed that the District would possibly accept \$8,000.00 when Mr. Turner still owned the property.

Mr. Viator asked Larry Hunter what kind of legal fees we had on it so far. Larry Hunter stated he did not know because he did not know what kind of fight it was going to be. The fees are a minimum of \$2,500.00. Right now we have spent about \$1,000.00 with a potential of \$2,500.00 in the future. President Viator suggested that we would accept \$3,000.00, that would help pay the legal fees and get it back on the District's system. With the \$3,000.00 and the approximate \$5,000.00 for the repair work to the L.P.S.S. we would be at the \$8,000.00 that was offered to Mr. Turner to settle. Norman Blackman stated he would take what was discussed and visit with the Norris' and see what they will do with it and hopefully they will come with a revised proposal and we can have it on the agenda next time.

- **Fire Hydrant Maintenance -** Currently we do not have a firm policy regarding fire hydrant maintenance. I would like to discuss a potential policy for the upkeep of fire hydrants.

We have had the situation where a hydrant will be leaking and we don't want to just let it keep leaking and we don't want to turn the hydrant off in case there is a fire. We have had to repair the leak. This has been at times when we just had so much going that we barely knew which end was up. David LeJune and Norman Blackman have discussed what needs to be done. We do have an understanding with the Emergency Services District that they would take care of maintenance on the fire hydrants. We really don't like them working on our system. The fire hydrants are on our system, they are our fire hydrants in a way, they have bought some and we installed them. They open them up and there is a possibility of contamination. We don't like anyone using the fire hydrants except for the Fire Department. Vice President Inzer stated that they are supposed to be certified. Norman Blackman stated that yes technically if you are working on they system, you are supposed to have a license. Secretary Beard stated that they have a new Fire Chief coming in and this would be a good time to discuss it.

President Viator stated that he understood that Norman Blackman wants us to take care of the fire hydrants. He also, suggested that we may work up an agreement with the Emergency Services District to pay for repair parts for maintenance so it is not costing the District everything to maintain the fire hydrants.

Norman Blackman stated that the Emergency Services District and the Water District covers much of the same area and our customers are mostly their patrons also. We have an organization that is capable of taxing people, we don't tax them for fire hydrants, but we do have rates to work with. It is not a huge number of repairs each year, maybe two or three. We are in a better position to do repairs than the E.S.D., they are limited on their tax rate. They don't have a lot of room to go with it. It isn't going to kill us to do it, we are serving the same people, if at some point our rate reflects it, it is a small sliver of change in the first place. It seems to him that it would be a cleaner situation for us just to take care of the internal stuff and repair. They do the fire-fighting, they go out and paint them and do all the exterior maintenance.

Director Haney asked if the new fire hydrants would still be the E.S.D. responsibility to furnish them.

Norman Blackman stated that the fire hydrants should be provided by the E.S.D. or the City of Vidor. His personal opinion is that when we do a line extension, we should put in some number of fire hydrants.

President Viator asked how many we had left to put in. The answer was one left and that we had gotten 2 or 3 put in fairly quick. The one that has not been installed is because we can't figure where they want it installed. It is hard to find a place that we have enough valves to isolate the location without having to shut down a large area of the system. David LeJune stated that we could hot tap it but everything is so congested where the E.S.D wants to put it by Popeye's Chicken and First Financial Bank. They want it there for Crossroads Shopping Center. It is going to be very difficult to install it there.

President Viator suggested that Norman Blackman meet with the new Fire Chief and work with him to set up an agreement on what each entities' responsibilities are.

Rate Increase - We have been studying the District's financial position for some time. The Harvey flood changed a lot of things for the District and has clouded our financial position such that it is harder to determine how we are doing financially. Basically, we have lost approximately 125 to 150 customers and the associated revenue. In addition, our expenses have steadily increased over time. Our billing has continued to fall below our previous average for many months, and the Harvey flood depleted some of our reserve balance in the General Operating Fund. It is beginning to look like we need to consider a rate increase. We will gather additional financial information and request a workshop to look at the need for an increase.

- **TCDRS Retirement Plan** - As we have noted previously, our TCDRS retirement plan looks a little weak compared to other governmental entity plans. We will study the situation and present information and potential alternatives at a later date.

Research indicates the majority of entities are matching from 2-2.5 to 1. Norman Blackman stated that he would have more information in the future.

- **General Manager's Retirement Planning** - I am growing a little older and beginning to think about slowing down while I still have some years left in me. I just want to let you know that I am putting some thought into establishing a plan for your consideration regarding my own retirement and a potential succession plan. I have no set dates in mind, but I am looking for a plan that would serve both the District's needs and my own.

Norman stated that it will be for a 2-year transition planning. No set date named.

- **Public Hearing/Special Meeting** - A Public Hearing/Special Meeting had to be scheduled for Thursday, September 20, 2018 to set the tax rate. The Notice of Public Hearing did not get published in time to hold the Public Hearing in conjunction with tonight's Regular Board Meeting.
- **Late Item** - Entrance Drive Repaving

Paving the driveway to the Administration Offices - construction plans are almost ready.

There will be 2 twelve-inch (12") drainage pipes (galvanized) to be installed by the City of Vidor across the driveway.

Norman Blackman will present the plans to the Board once they are complete.

Chris Serres presented the financial report as follows:

The monthly billing is up this month by about \$8,000.00 from last month. We projected that we would bill \$118,333.00 for water and this month we billed \$119,573.45 which is about \$1,400.00 more than projected. We projected that we would bill \$120,833.00 for sewer and this month we billed \$118,902.09 which is

about \$1,900.00 less than projected. All the accounts balance. On the Special Projects Account, we had our monthly transfer of \$4,166.67 and interest earned of \$243.33, and expended \$51,115.00. We ended the month with \$120,890.68. On the Water and Sewer Major Maintenance Account, we had our monthly transfer of \$4,166.67 and interest earned of \$88.25, with no expenditures leaving a balance of \$59,435.45.

On the Budget Comparison Report our revenues were \$350,633.00 which is \$636.00 more than the Monthly Budget of \$349,997.00. The expenditures were \$367,532.00 which is over the monthly budget by \$10,447.00. We are over on the total budget for wages by \$10,681.00 and also overtime wages by \$5,363.00.

We earned \$14,181.57 in interest for the Month of August, 2018.

David LeJune, Operations Manager presented the Field Report as follows:

We pumped 32,932,000 and accounted for 29,616,170. The percentage unaccounted for was 10.07%. We treated 36,101,000 of wastewater. We performed a total of 533 water jobs and 74 sewer jobs for a total of 607 jobs. We had 24 LPSS service calls for the month.


A motion was made by Director Groves and seconded by Secretary Beard to approve the General Manager's Monthly Status and Financial Reports. All Voted Aye.

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

A motion was made by Vice President Inzer and seconded by Director Groves to approve payment of the monthly bills. All Voted Aye.

10. Adjournment.

A motion was made by Vice President Inzer and seconded by Director Groves to adjourn the meeting at 7:50 p.m. All Voted Aye.



Robert L. Viator, Sr., President



Tim Beard, Secretary

