

**MINUTES OF
SPECIAL MEETING**

Special Meeting Minutes

December 11, 2018 – 5:30 pm

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

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| 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

Jared Defrances and Toby Davis of LJA Engineering, Inc., George Garza of the Vidorian, and Ernest Bayard were present.

INVOCATION AND PLEDGES

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

MEETING AGENDA

1. Citizen comments.

Mr. Ernest Bayard wished everyone a Merry Christmas.

2. Consideration and possible action to approve LJA Engineering, Inc.'s Proposal #18-03434CO1 - Work Authorization for Engineering Services regarding the Texas Water Development Board Grant for the Sanitary Sewer Lift Station Restoration Project #B877-1005.

Toby Davis briefed the Board on the Proposal #18-03434CO1 – Work Authorization for Engineering Services. There is a need to have the Work Authorization in by January.

Secretary Beard asked if May was the time frame for work to begin.

Toby Davis stated the District might want to get started on Engineering Services and the Feasibility Report before May.

A motion was made by Director Groves and seconded by Director Haney to approve the Work Authorization for Engineering Services. All Voted Aye.

3. Consideration and possible action to consider **Texas County & District Retirement System (TCDRS)** plan changes regarding vesting and the District Contribution rate for 2019.

Norman Blackman briefed the Board on TCDRS stating that every year we have to approve or send in to TCDRS a certification about whether or not the District wants to make changes to the current retirement plan. At this time the staff is asking for the Board to consider changes to the current TCDRS plan.

President Viator inquired as to whether or not plan changes have to be made now or could consideration to plan changes be made at budget time.

Norman Blackman stated that plan changes can only occur one time a year and the changes have to be submitted in December.

Norman Blackman briefed the Board on information that was received from TCDRS on retirement comparisons with other entities. 64% of entities in Texas match 200% with 94% having a five-year vesting period. The District currently offers match of 110% with employee participation of 7% and an eight-year vesting. The information also shows that, with the District's current plan, if an employee is hired at 35 years of age and retired at 65 years of age they would receive 58% of their salary at time of retirement. A 200% match would net a return of 82% of their salary.

President Viator asked how much the increase would cost the District.

Director Haney asked if the District is guaranteed 7% return on the money invested in the plan and did the District or TCDRS guarantee the 7%.

Chris Serres stated that it is TCDRS guarantees that return.

Director Haney also asked if we are paying 7.7%, then why we are only paying 4%.

Norman Blackman explained that is because we have people that work a while and then leave; the money we have paid for them stays in the plan and lowers what we have to pay in. Chris Serres said that we are paying 3.78% right now. We are not paying the full 110%; all we have to do is maintain the fund at a certain level.

President Viator asked what they are recommending.

Norman Blackman stated what they would like to be considered is moving to the 200% contribution level and a five-year vesting plan. Norman Blackman said you asked about cost and the change from 8-year vesting to 5-year vesting would cost \$2,500.00 per year and on the matching amount, it would \$77,000.00 per year to increase the match from 110% to 200% to the District over and above what they are paying right now. We pay \$58,000.00 right now. The increase would start January 1, 2019.

Secretary Beard asked how many employees would be affected by the change.

Chris Serres stated 31 employees. Over half the staff has been here less than five years, some have been here a year or less.

Norman Blackman stated that by comparison, our District is on the low side of the program.

President Viator asked how, in the condition we are in, we could afford to go up that much?

Norman Blackman answered the only way we could add to our cost that way is we are also considering a rate increase to increase revenue.

President Viator stated that we could have it ready for when the budget is done and put it in force then. Norman Blackman stated unfortunately our fiscal year and calendar year don't match. He also stated, yes it could be done, but it is a full six months between those two events. It would be pretty difficult to make that happen.

At 150% is approximately \$36,000.00 a year increase from the 110% match. The 150% the employee would see 12% in increase at the end of their career.

The Board wants a work up for the amounts of 125, 150, 175, and 200 per cent for matching funds.

A motion was made by Director Groves and seconded by Vice President Inzer to place this item on the next agenda. All Voted Aye.

4. Consideration and possible action regarding **health insurance** for **District Retirees**.

Chris Serres briefed the Board on the Policy concerning health insurance for District Retirees. We have one retired employee, who until we changed to BlueCross Blue Shield was covered under the group plan and we were paying one half of the premiums. He would come and give us a check every month for his half of the premiums. Blue Cross Blue Shield will not cover retirees, so we had to buy a separate policy for our retiree and the rates are much higher. The District put a cap on what they will pay on insurance per employee. We are paying more for the retiree right now due to the insurance policy change. The Board decided to pay half of the retiree's insurance until he is on Medicare.

A motion was made by Secretary Beard and seconded by Director Groves to table the Health Insurance Policy Amendment. All Voted Aye.

5. Consideration and possible action regarding rates for water and sewer services.

President Viator stated that he had been on the Board for a lot of years and is proud to say the District has gone about 11 years without having a rate increase and he felt like the time would come that the rates would need to be addressed. He stated his recommendation was to give the authority to use approximately \$300,000.00 to \$500,000.00 out of the Contingency Fund on account of the storm. He asked if we had the money from Contingency Fund that we could make it until the end of the budget.

Chris Serres stated that yes she is sure if the Board allowed her that much. She also stated that she does not know exactly how much would be needed. She said at least \$300,000.00.

President Viator's recommendation is that we do not do a rate increase now and get everything ready and when the budget time comes to consider the increase for the budget.

Secretary Beard asked if we know how the property valuations are coming back in line after Harvey. He thinks that is impacting a lot of our operating funds.

Norman Blackman explained that the taxes haven't changed. The District's customer base was down approximately 200 customers due to the flooding caused by Hurricane Harvey.

Chris Serres stated that we are still over 120 less than before the storm. Norman Blackman stated more like 140.

Secretary Beard asked what the provisions were to repay the Contingency Fund.

President Viator stated that we would add a line item to the budget to pay it back and remove it once the funds are paid.

Secretary Beard stated that we would have to have a timeline to pay the money back.

Norman Blackman stated that the staff has prepared several scenarios regarding a rate increase and is prepared to present the information. He then stated that if the Board desired, the information could be presented at a later date for a July 1st rate increase.

Director Haney stated that he thinks that they should talk about the needs for a rate increase at each meeting.

Secretary Beard stated that he personally would like to have the staff present the rate increase information in an effort to become more familiar with the budget needs. He then stated that if the other Board Members would like to table this item, he would be agreeable to hearing the information at a later date.

Norman Blackman presented the information prepared by the staff regarding needs for a rate increase stating that the District has not had an increase in water or sewer rates in 11 years. That coupled with the effects from Hurricane Harvey and the loss of approximately 140 customers has accelerated the need for the rate increase. Also, Mr. Blackman pointed out that the inflation rate of approximately 1.6% per year for a total of 19% over the past 11 years has caused the cost of operations to go up. Also affecting expenditures are increases in personnel that was necessary to comply with the TCEQ requirement for I & I reduction along with increased maintenance and repair cost. Bottom line is that the staff feels an 11% increase to water and sewer rates is necessary for the continued maintenance and operation of the District.

A motion was made by Vice President Inzer and seconded by Secretary Beard to table the rate increase until the new budget year with a provision for use of Contingency Funds and to call a Workshop Meeting during Budget preparations. All Voted Aye.

6. Board Member Comments.

Vice President Inzer asked why the meter box around Moreland has a new supply line and two curb stops stating that he knows there are a lot of meter boxes in that area with two curb stops.

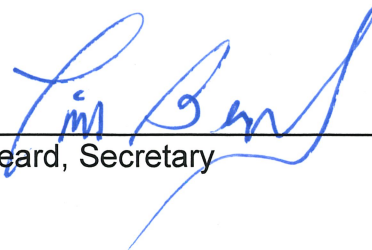
David LeJune said it would cost than the salvage value to harvest the 3/4" valves.

7. Adjournment.

A Motion was made by Vice President Inzer and seconded by Director Haney to adjourn at 6:55 p.m. All Voted Aye.



Robert L. Viator, Sr., President



Tim Beard, Secretary