

**MINUTES OF
REGULAR MEETING**

Regular Meeting Minutes

May 20, 2019 – 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

Norman Blackman, General Manager, David LeJune, Operations Manager, Chris Serres, Finance Director, and Larry Hunter, Attorney.

OTHERS PRESENT

Jeff Scogin and Jared De Francis of LJA Engineering, Inc. were also present.

INVOCATION AND PLEDGES

Secretary Beard gave the invocation and Vice President Inzer led in the pledges.

MEETING MINUTES

1. Citizen comments.

There were no citizen comments.

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

Period from April 6, 2019 to April 26, 2019.

Jeff Scogin presented an overview of the following projects:

6560C – Surplus Funds Water System Improvements Project (Contract No. 1 – Cast Iron Water Line Replacement and Contract No. 2 – Water Well Sites Improvements)

Contract No. 1:

This project has been completed.

Contract No. 2:

This Project has been completed.

6560D – Surplus Funds Sanitary Sewer System Improvement Project (Contract No. 4 – Sanitary Sewer Lift Station Rehabilitation Project)

No work was completed during this period.

6560E – Surplus Funds Water and Sewer Service Extensions Project (Contract No. 3 – Water and Sanitary Sewer Service Extensions Project)

No work was completed during this period.

Jared De Francis presented an overview of the TWDB Lower Lift Project as follows:

Orange County WCID #1 – CWSRF – Sanitary Sewer Restoration Project – April 2019

Services through this month include developing the closing documents for the CWSRF Principal Forgiveness Agreement. Services also include TWDB technical review coordination, development of the Categorical Exclusion, and planning phase services. LJA has coordinated with the City, the TWDB, and the City's consultants.

Norman Blackman asked if the project was moving along as it should. Mr. De Francis responded that project should be moving into the design phase in about 6 weeks.

Jeff Scogin reported on the City of Vidor Grant Project as follows:

City of Vidor, Texas – Sanitary Sewer Line Replacement Project – Period thru May 15, 2019

The construction is in progress. Four (4) service line connections have been replaced from April 11th thru May 15th. A total of 30 houses have been completed.

Norman Blackman commented on the progress of Grant...He stated that the problem with the Grant isn't the contractor; it is getting enough people to apply for the benefits. Chris Serres stated that we have had plenty of applicants; the problem is the lines are not failing. Norman Blackman stated that the customers that qualified, their lines do not need replacing and the ones that need replacing can't be replaced because they don't qualify. Norman Blackman stated the next step may be to do mass smoke testing to locate the leaks and reach out to those customers to see if they qualify and are interested in applying for the grant.

A motion was made by Vice President Inzer and seconded by Secretary Beard to accept LJA Engineering, Inc. **Monthly Status Report** concerning ongoing District projects. All voted Aye.

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

Invoice No. 201906973 for Project B877-1005 CWSRF – Sanitary Sewer Restoration Project (TWDB Grant) in the amount of \$2,640.00 for a grand total of **\$2,640.00**.

A motion was made by Director Groves and seconded by Director Haney to approve the payment request as presented by LJA Engineering, Inc. All Voted Aye.

4. Consideration and possible action regarding **approval/amendments for the minutes** of the April 15, 2019 Regular Board Meeting.

A motion was made by Secretary Beard and seconded by Director Haney to approve the minutes of the April 15, 2019 Regular Monthly Meeting as submitted. All Voted Aye.

5. Board Member comments.

There were no Board Member comments.

6. Consideration and possible action regarding Wathen, DeShong & Juncker, LLP Initial Communication Audit Engagement Letter for the Fiscal Year ending 06/30/2019.

A motion was made by Director Groves and seconded by Vice President Inzer to accept the Initial Communication Audit Engagement Letter as submitted by Wathen, DeShong & Juncker, LLP. All Voted Aye.

A motion was made by Director Groves and seconded by Secretary Beard to table items 7 and 8 until after the Board met in Executive Session. Vice President Inzer, Secretary Beard and Director Groves Voted Aye. Director Haney abstained from voting due to not being present for the discussion regarding tabling these two items.

11. **Executive Session** pursuant to Section 551.074(a)(1) of the Texas Government Cod to evaluate certain public employees of the Water District.

A motion was made by Director Groves and seconded by Secretary Beard to adjourn the regular meeting and to enter into Executive Session at 6:20 p.m. for the purpose of evaluating certain public employees of the District. All Voted Aye.

12. **General Open Session**, if necessary, for the consideration of any action necessary following the evaluation in executive session concerning certain public employees of the Water District.

A motion was made by Director Groves and seconded by Vice President Inzer to close the Executive Session and re-open the Regular Board Session at 6:43 p.m. All Voted Aye.

President Viator announced that there is no action to be taken and that the Executive Session was held to discuss personnel matters.

8. Consideration of and possible action approving a proposed rate increase in water and sewer rates effective July 1, 2019.

Norman presented an overview of the rates and increases for water and sewer minimum in district customers from \$42.12 to \$47.34 for 2,000 gallons and rate per 100 gallons from \$.26 to \$.31 and an average 5,000-gallon user will increase from \$57.80 to \$66.03 per month.

Vice President Inzer stated that in the committee meeting the members were given several options for rates and this was the least of the rates projected. The idea is to go with the least and if the rates need to go up later then will have to go up.

A motion was made by Secretary Beard and seconded by Vice President Inzer to accept the proposed rate increase as presented. All Voted Aye.

7. Consideration of and possible action approving the Operating Budget for the fiscal year 2019/2020 as presented by the Budget Committee and Staff.

Vice President Inzer sat on the Budget Committee and presented information on both the 2018/2019 budget performance and the upcoming 2019/2020 Budgetary needs. In the current budget, there were several overruns in expenditure and shortages in the projected collections. Items that seemed to go over the budget limitations includes salaries and overtime, the cost of LPSS repairs, maintenance and repairs of District vehicles and equipment and the cost of fuel. It is the consensus that the amount of overtime needed throughout this fiscal year indicated that there was a shortage of personnel needed to meet the demands and needs of the customers. The General Manager and Operation Manager did increase personnel to accommodate this shortage. Another overrun in this budget is the cost to repair LPSS units. Many of the units were under water during Harvey which we believe is one of the causes of the increase in repairs. Another contributor is that the LPSS pumps are getting close to the end of the life expectancy. These two coupled to culminate in doubling the expenditures that were allotted for this fiscal year. The cost of maintaining/upgrading/repairing the District continues to rise. Listening to the Finance

Director and Administration, we are getting to a place where we could get ourselves into trouble if we don't do a little forward planning with our finances. Vice President Inzer also stated that we need to be careful when making a decision regarding a rate increase, adding that it is difficult. If we don't adjust our income, we may not be able to cover all needed costs without having to take the costs out of a different fund, thereby, depleting those other funds that have been set aside for other projects. He stated that he did not know if there could be action taken on the budget until the some information regarding personnel is covered in the Executive Session.

Secretary Beard asked the number of pumps under consideration approaching 15 years. Norman Blackman responded that we have just fewer than 600 in our system and that the District began installing LPSS units in 2003.

President Viator stated that the District lost approximately 142 customers after Harvey and that personnel is spread out a lot more than we used to be. We had to hire more people to keep up with the work. If we hadn't lost these customers and did not have the storm and could have kept the same amount of income coming in, we probably would not be looking at a rate increase. When you lose that many customers and have a lot of repair work to do and have to hire more people to take care of the work, plus, with the T.C.E.Q. SSO, the District had to hire more people to do the I & I work. President Viator added that we just do not have a choice except to raise rates and made note that that the District has not had a rate increase for maintenance and operations in 11 years.

Secretary Beard asked if we had an idea or put a pro-rata figure on how many LPSS repairs a year would need to be replaced. He stated that roughly 600 units at \$2,000 each is \$1.2 million. Is that what we are trying to re-coop?

Norman Blackman responded that the information on the grinder pumps is background information as to how the budget has performed this year. It has been a tough year budget-wise. We have had less revenue than predicted and quite a bit more expense than expected, so we are in a negative position on the budget. The budget letter outlines where we are and why we think we are there. Norman Blackman also explained that the letter touches on the top five items that were over budget and broke it down as to what caused them to be over budget.

Norman Blackman also stated that the last portion of the letter represents the proposed budget and where the rate increase plays into it. He presented an overview of the proposed budget and the projections of the budget indicating what the needs are for both revenues and expenses.

A motion was made by Director Groves and seconded by Director Haney to accept the 2019/2020 Budget as presented. All Voted Aye.

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

Norman Blackman stated that the preliminary values for the tax valuations for the District are up above pre-storm values. The value has gone up to \$516,000,000. Chris stated it is a 5% increase over pre-storm to now values. From last year to now it is about a 15% increase in values.

The driveway repaving is going to take place Thursday and Friday, May 23 and May 24, 2019. In consideration of weather and everything else, we are closing the driveway those two days.

Chris Serres presented the financial report as follows:

For the month of April we billed \$225,632.12, which is right under our projected billing. We are about \$13,000 under our projected billing for the month. She stated that so far this year we have not hit the projected billing yet.

The next report is the bank balances. General Fund is about \$135,000.00 which is lower than we normally like to see it. There is money in all accounts and they all balance.

Director Haney asked how much we have left in the Surplus Funds. He understands that we still have projects to do.

President Viator asked about the Contingency Account and what account will be paying the money back. Chris Serres and Norman Blackman stated that it is coming from the Surplus Funds Account. Chris Serres stated that when we get the reimbursement from the Trihalomethanes, we will use those funds to pay back Contingency. Norman Blackman stated that T.C.E.Q. will approve the use of Surplus Funds for the project that we have already built out of other funds so we can reimburse ourselves. It will be about \$750,000.00. He also stated from that \$750,000.00 we will put \$200,000.00 back for the Contingency Fund. We are not getting any money from anyone, it is our money already, we just can't use the funds until it is released. Chris Serres stated that it is bond money and it has to be approved to use the funds. Norman Blackman stated that after all projects are done we should have \$500,000 to \$600,000 left.

The next report is on the Capital Projects. The Special Projects Account has \$47,439.57 in the account and right now the only thing coming out of the account is payment for the grant with the City of Vidor.

The Water/Sewer Major Maintenance Account has \$134,606.84 and basically there is no projects going on out of that account right now.

The next report is the Budget Comparison Report. For the month of April our revenues were \$334,895.00 and the expenditures were \$379,947.32, so we actually spent about \$45,052.32 more than we took for the month.

The interest earned for the month of April was \$15,185.84.

David LeJune presented the Field Report for the month of April as follows:

30,370,000 gallons were pumped from the wells and accounted for 27,337,865 gallons. 9.98% of water pumped is unaccounted. 40,746,000 gallons were treated at the wastewater treatment plant.

327 water jobs and 71 sewer jobs for a total of 398 jobs for the month were completed with 31 of those sewer jobs being LPSS service calls.

Director Groves asked how Rose City billing was going. Chris Serres stated that we have 12 customers that have signed up with the District for service. Some people are still working on their homes and are not ready for service.


A motion was made by Vice President Inzer and seconded by Director Haney to accept the General Manager's Status Report and financials as presented. All Voted Aye.

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


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

13. **Adjournment.**

A motion was made by Vice President Inzer and seconded by Director Haney to adjourn at 7:30 p.m. All Voted Aye.



Robert L. Viator, Sr., President



Tim Beard, Secretary

