

Meeting Minutes

April 21, 2014– 5:30 pm

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

Robert ViatorPresident
Billy Perkins Vice-President
Tim Beard Secretary
Percy Foreman Director
Frank Inzer..... Director

Norman Blackman General Manager
David LeJune.....Operations Manager
Karen Sampson..... Office Manager
Chris Serres.....Financial Director

Others present: Larry Hunter, Provost Umphrey Law Firm; Jeff Scogin, Carroll & Blackman Consulting Engineers, Inc.; Calvin Prosen Arceneaux & Gates Consulting Engineers, Inc.; Trey Haney, Citizen

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 TO ORDER

Robert Viator, Board President, called the meeting to order at 5:30 P.M., with a quorum present.

INVOCATION & PLEDGE OF ALLEGIANCE

Mr. Perkins offered the invocation and Mr. Beard led the pledges.

MEETING AGENDA

1. Citizen comments.
No citizens in attendance.
2. Consideration and possible action regarding of Carroll & Blackman, Inc.'s Monthly Status Report concerning ongoing District projects.

Mr. Viator read the agenda item.

Mr. Scogin presented the reports for Projects A, B, and C. The Wastewater Treatment Plant, Project A, is virtually complete, except for punch list items. The plant is fully operational. Mr. Blackman stated that he feels the workmanship on Projects A & B has been exceptional.

On Project B, the Cloverleaf and Tigerlake Lift Stations, and Force Mains.

Mr. Perkins asked how much time was left in the contractors contract, Mr. Scogin replied that he thinks there is less than a month of time remaining. They still have the Craig Street Lift station to complete. They also have to demolish Tigerlake and Cloverleaf Treatment Plants. If the Allco contractors put the manpower on each of the tasks that remain to complete, they could theoretically finish close to their time.

Mr. Scogin presented progress maps to the Board regarding Project C, the sewer rehabilitation. The IH 10 bore is completed and the road crews are busy making the roads more acceptable. Mr. Viator asked if the contractors will replace the concrete on Wilson Street. Mr. Scogin assured the Board that the asphalt is just temporary. The contractors will be subbing out the concrete work, and will most likely wait until they finish Main Street and have all the concrete repaired at one time.

Mr. Viator asked if the Board had any further questions, if not he would entertain a motion.

A motion was made by Mr. Foreman and seconded by Mr. Perkins to approve the Carroll & Blackman, Inc.'s Monthly Status Report concerning ongoing District projects, as presented. Motion carried. See attachment.

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

Invoice No. 20679 for Contract B – Cloverleaf and Tiger Lake Lift Station/Force Main in the amount of \$2,865.00; Invoice No. 20680 Contract C – Sanitary Sewer Collection System Rehabilitation in the amount of \$24,598.00; Invoice No. 20639 for General Services regarding Oaklane Wastewater Treatment Plant Permit Renewal, in the amount of \$1,116.00; Invoice No. 20682 for OCWC #1 GIS and database system, in the amount of \$2,202.00. Invoice No. 20684 for OCWC #1, General Services, in the amount of \$1,610.00. This is a Grand Total of **\$32,391.00**.

Mr. Viator read the agenda item.

Mr. Viator asked if the Board had any further questions, if not he would entertain a motion.

Mr. Viator asked if the Board had any further questions, if not he would entertain a motion.

A motion was made by Mr. Perkins and seconded by Mr. Beard to approve the Carroll and Blackman, Inc., monthly invoices for District projects as listed:

Invoice No. 20679 for Contract B – Cloverleaf and Tiger Lake Lift Station/Force Main in the amount of \$2,865.00; Invoice No. 20680 Contract C – Sanitary Sewer Collection System Rehabilitation in the amount of \$24,598.00; Invoice No. 20639 for General Services regarding Oaklane Wastewater Treatment Plant Permit Renewal, in the amount of \$1,116.00; Invoice No. 20682 for OCWC #1 GIS and database system, in the amount of \$2,202.00. Invoice No. 20684 for OCWC #1, General Services, in the amount of \$1,610.00. This is a Grand Total of **\$32,391.00**, as presented. Motion carried. See attachment.

4. Consideration and possible action on request for payment on Estimate No. 42 from Allco, Ltd., in the amount of \$138,844.79 for Construction Contract TWDB No. 72129-SRF-3358-02 – Contract A Wastewater Treatment Plant. This requested invoice amount represents a reduction of retainage held from 2% to 1% of the total contract amount.

Mr. Viator read the agenda item.

Mr. Blackman presented this agenda item. Mr. Blackman is not recommending this pay request. The contractor has the right to request the retainage reduction, but our legal counsel has previously cautioned against reducing the retainage amount lower than the currently held 2%. Mr. Viator stated that if Mr. Blackman did not recommend payment, he would like the Board to motion for denial of the request.

A motion was made by Mr. Beard and seconded by Mr. Perkins to deny the request for payment on Estimate No. 42 from Allco, Ltd., in the amount of \$138,844.79 for Construction Contract TWDB No. 72129-SRF-3358-02 – Contract A Wastewater Treatment Plant. This requested invoice amount represents a reduction of retainage held from 2% to 1% of the total contract amount. Motion carried. See attachment.

5. Consideration of and possible action regarding request for payment on Estimate No. 18 from Allco, Ltd., in the amount of \$181,628.11 for Construction Contract TWDB No. 72129-SRF-3358-02 – Contract B - Cloverleaf & Tiger Lake Lift Stations and Force Mains.

Mr. Viator read the agenda item.

Mr. Scogin presented this item. Mr. Blackman recommended payment, stating that most of the amount was the IH 10 bore.

Mr. Viator asked if the Board had any further questions, if not he would entertain a motion.

A motion was made by Mr. Foreman and seconded by Mr. Beard to approve the request for payment on Estimate No. 18 from Allco, Ltd., in the amount of \$181,628.11 for Construction Contract TWDB No. 72129-SRF-3358-02 – Contract B - Cloverleaf & Tiger Lake Lift Stations and Force Mains. Motion carried. See attachment.

6. Consideration of and possible action regarding request for payment on Estimate No. 7 from T. Construction LLC., in the amount of \$112,256.96 for Construction Contract TWDB No. 72129-SRF-3358-02 – Contract C – Sanitary Sewer Rehabilitation Project.

Mr. Viator read the agenda item.

Mr. Scogin presented this item. Mr. Scogin pointed out that currently, the project is running under budget by \$127,000, and if the under runs continue, it is anticipated to come in close to \$227,000 under the contracted amount by the end of the project.

Mr. Viator asked if the Board had any further questions, if not he would entertain a motion.

A motion was made by Mr. Beard and seconded by Mr. Perkins to approve the request for payment on Estimate No. 7 from T. Construction LLC., in the amount of \$112,256.96 for Construction Contract TWDB No. 72129-SRF-3358-02 – Contract C – Sanitary Sewer Rehabilitation Project.

7. Consideration of and possible action regarding Arceneaux & Gates Consulting Engineers, Inc. Monthly Status Report on Water Well, Elevated Tank, and Transmission Lines Projects.

Mr. Viator read the agenda item.

Mr. Prosen presented the report. The project for Well #7 is completed. The contractor cannot complete the final testing of the well until the Water Transmission Lines are completed. The SCADA system is still being completed.

The Overhead Storage Tank is complete, and has been operational since March 13, 2014. The SCADA system is being completed. Currently Mr. LeJune is operating the pumps at the tank manually.

The Water Transmission Line project the bores on Shivers are complete. The only thing left is the bore at Burt and Hwy 12. The Citgo Encroachment Agreement is in Citgo's hands and it is in their legal department. The District is waiting on Citgo's response. This is also delaying the Well #7 contractor. T Johnson cannot do the testing on the high power pumps until the transmission lines are complete. Mr. Hunter asked for a copy of the certification of insurance covering the transmission line contractor, McInnis Construction. He will forward that document to the Citgo representatives.

Mr. Prosen presented the progress photographs.

Mr. Viator asked if the Board had any further questions, if not he would entertain a motion.

A motion was made by Mr. Foreman and seconded by Mr. Perkins to approve the Arceneaux & Gates Consulting Engineers, Inc. Monthly Status Report on Water Well, Elevated Tank, and Transmission Lines Projects, as presented. Motion carried. See attachments.

8. Consideration and possible action regarding Arceneaux & Gates Consulting Engineers, Inc. monthly invoices: Invoice No. 14273 in the amount of \$16,280.00 for Water Well No. 7 Project.

Mr. Viator read the agenda item.

Mr. Viator combined Agenda Items 8, 9, 10 and 11 for one motion. Mr. Blackman informed the Board that the Arceneaux & Gates invoice amount had changed, due to a credit memo on a past invoice. The correct amount is \$8,678.00.

Mr. Viator asked if the Board had any further questions, if not he would entertain a motion.

A motion was made by Mr. Beard and seconded by Mr. Foreman to approve Arceneaux & Gates Consulting Engineers, Inc. monthly invoices: Invoice No. 14273 in the amount of \$8,678.00 for Water Well No. 7 Project; the request for payment of Estimate No. 12 for Contract No. 2 - Water Well No. 7 in the amount of \$109,026.45 to T. Johnson Industries, Inc.; the request for payment of Estimate No.9 for Contract No. 3 – 500,000 gallon Elevated Storage Tank in the amount of \$96,975.00 to Landmark Structures LLP; and payment request for Estimate No. 6 for Contract No. 5 –Water Line Extension (FM 1132/Hwy 12) in the amount of \$25,768.80 to McInnis Construction. Motion carried. See attachments.

9. Consideration and possible action on request for payment of Estimate No. 12 for Contract No. 2 - Water Well No. 7 in the amount of \$109,026.45 to T. Johnson Industries, Inc.

See Agenda Item #8.

10. Consideration and possible action regarding request for payment of Estimate No.9 for Contract No. 3 – 500,000 gallon Elevated Storage Tank in the amount of \$96,975.00 to Landmark Structures LLP.

See Agenda Item #8.

11. Consideration and possible action on request for payment of Estimate No. 6 for Contract No. 5 –Water Line Extension (FM 1132/Hwy 12) in the amount of \$25,768.80 to McInnis Construction.

See Agenda Item #8.

12. Consideration and possible action regarding approval of Pipeline Encroachment Agreement with Citgo Pipeline Corp. for the installation of District's 16" water transmission line parallel to and within Citgo's pipeline easement in the vicinity of the intersection of Hwy 12 and Burt Street.

Mr. Viator read the agenda item.

Mr. Blackman presented this agreement. He is asking the Board to approve the Encroachment Agreement with Citgo Pipeline Corp, so that Citgo can approve it on their end, so we can move forward with our project.

Mr. Viator asked the Board to approve the agreement as recommended by our Attorney and General Manager.

A motion was made by Mr. Perkins and seconded by Mr. Beard to approve the Pipeline Encroachment Agreement with Citgo Pipeline Corp. for the installation of District's 16" water transmission line parallel to and within Citgo's pipeline easement in the vicinity of the intersection of Hwy 12 and Burt Street, as presented. Motion carried. See attachment.

13. Consideration and possible action regarding approval/amendments to the minutes of the March 17, 2014 regular meeting and March 31, 2014 workshop meeting.

Mr. Viator read the agenda item.

Mr. Viator asked for questions from the Board, if no questions were needed, he would entertain a motion.

A motion was made by Mr. Foreman and seconded by Mr. Beard to approve minutes of the March 17, 2014 regular meeting and March 31, 2014 workshop meeting, as presented. Motion carried.

14. Board Members comments.

Mr. Perkins stated, "It's been nice, bye". Mr. Foreman answered back, "we're gonna miss you Billy".

There were no other Board comments.

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

Mr. Viator read the agenda item.

Mr. Blackman presented ongoing topics:

- There will be a meeting with our consultant regarding the BP/Restore Act on March 27, 2014. The Orange County coalition urged all parties to approve a resolution supporting a fine magnitude on parity with the Exxon Valdez settlement. There is no schedule for award of funds.
- Kenwood Street de-annexation request. Mr. Blackman has an agenda item later in the meeting
- TCEQ enforcement –talked with Mr. Nichols office, sent more information to TCEQ. We are hoping the fine will be at a lesser amount, due to all the information and intervention of our representative. The original problem has been resolved and the downstream samples are good.
- Update on Mr. Coffman's Mobile Home Park on West Davis St. Mr. Coffman had disappeared owing the District a sum upwards of \$4,000. His tenants had continued to pay the monthly bill to keep the services. Mr. Coffman appeared one day and agreed to pay his past due bill. He has brought his bill up to date.
- 2014-2015 budget work has begun, and will need to have a budget committee meeting on May 8th at 10:00 A.M. we will tentatively set the meeting contingent on Mr. Inzer being able to attend.
- Pirate Cove Sub-Division developer David Brewer sent a letter to the District asking for a reduction in tap prices, as he thinks he will be selling several

properties soon. The letter is attached for the Board to consider. Mr. Brewer included papers showing he pays taxes on several properties that he owns in the District.

Ms. Serres presented the financial reports. She informed the Board that based on the average income on the budget so far, it looks as though the budgeted revenue will come in much closer to the projected numbers than reported earlier. Mr. Blackman pointed out that the expenditures look to come in less than budgeted and the revenues will come in a more than budgeted. Mr. Beard asked about the Health/life insurance and the payroll line items. Ms Serres explained that the Health insurance had gone up in December and had impacted the budget. Mr. Blackman explained that the payroll account had included a staff position that was not filled, so the line item will come in under the budgeted amount. Ms. Serres continued with the budget comparison and the interest reports.

Mr. LeJune presented the Field and LPSS reports.

Mr. Viator asked if the Board had any further questions, if not he would entertain a motion.

A motion was made by Mr. Perkins and seconded by Mr. Beard to approve the General Manager's monthly status and financial report, as presented. Motion carried. See attachments.

16. Consideration and possible action regarding citizen request for extension of water and sewer services to a home in a currently un-served neighborhood inside District boundaries on Frazier Street located off Mansfield Ferry Road.

Mr. Viator read the agenda item.

Mr. Blackman informed the Board that the District had a request for water and sewer service, stating the property had been in the District, paying taxes for 20 years. Mr. Blackman does not expect action to be taken on this item. Mr. Blackman wants the Board to be aware of requests like this request. These types of requests come into the District periodically. Getting water to the address will not be a problem, but sewer to that address will be approximately \$25,000 for LPSS, if we considered gravity sewer it would be much more costly up front. Mr. Blackman suggested to the homeowner to poll the neighborhood, and see if there are more properties that want the service. Mr. Viator suggested we look into a grant to fund the services necessary for the neighborhood. If we run a water line to Frazier Street, it would be sufficient to accommodate 50 houses.

Mr. Viator asked if the Board had any further questions, if not he would entertain a motion to table the item.

A motion was made by Mr. Foreman and seconded by Mr. Perkins to table this agenda item. Motion carried.

17. Consideration and possible action regarding extending water and sewer services to two residences on Kenwood Street in a currently un-served neighborhood inside District boundaries.

Mr. Viator read the agenda item.

Mr. Blackman went into the background leading up to the current problems regarding the Lear properties of 1170 and 1180 Kenwood. The District annexed this area and these properties have paid District taxes. There are a total of four homeowners that have been told that the District could not serve them with water and sewer services. At the time the District was of the perception that the District could not cross into Mr. Brewer's CCN. It has been researched and learned that Mr. Brewer's CCN does not cover that area, and the District can serve those properties. Mr. Lear is proposing that the District provide water and LPSS services to both 1170 and 1180 Kenwood at no cost to the home owners. Mr. Blackman is in favor of the Board considering the request from Mr. Lear.

Mr. Viator asked if the Board had any further questions, if not he would entertain a motion.

A motion was made by Mr. Beard and seconded by Mr. Foreman to approve the District extending water and sewer services to two residences on 1170 and 1180 Kenwood Street at the District's cost. Motion carried.

For: Tim Beard, Percy Foreman, and Mr. Viator.

Abstained: Mr. Perkins

18. Consideration and possible action regarding adopting a Resolution supporting the position that a consent decree between the United States and BP for all environmental fines from the *Deepwater Horizon* oil spill should be of an amount that would represent parity with the widely supported dollar per barrel fine precedent set by the *Exxon Valdez* settlement with the United States and the State of Alaska.

Mr. Viator read the agenda item.

Mr. Blackman presented the Resolution to the Board. The lawsuit should conclude later this year. Whether BP is found to be simply "negligent" or found to be guilty of "gross negligence" makes a huge difference in the amount of fines that could be required. Our consultant has advised the District, and all other parties in Orange County that form the coalition, to adopt this Resolution. Mr. Blackman read the Resolution to the Board and asked the Board to adopt the Resolution in support of the fine being between \$15.1 and \$28.1 billion.

Mr. Viator asked if the Board had any further questions, if not he would entertain a motion.

A motion was made by Mr. Perkins and seconded by Mr. Beard to approve the Resolution supporting the position that a consent decree between the United States and BP for all environmental fines from the *Deepwater Horizon* oil spill should be of an amount that would represent parity with the widely supported dollar per barrel fine precedent set by the *Exxon Valdez* settlement with the United States and the State of Alaska, as presented. Motion carried. See attachment.

19. Consideration of local option residence homestead exemption for the tax year 2014.

Mr. Viator read the agenda item.

This is a renewal of the District's Homestead Exemptions for the year 2014.

A motion was made by Mr. Perkins and seconded by Mr. Foreman to approve the local option residence homestead exemption for the tax year 2014, as presented. Motion carried. See attachment.

- 20. Consideration and possible action regarding payment of the District's monthly bills. Mr. Viator read the agenda item.

Mr. Viator stated he would entertain a motion.

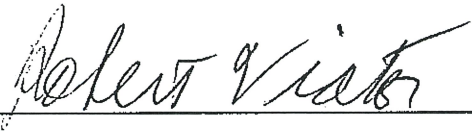
A motion was made by Mr. Perkins and seconded by Mr. Foreman to approve payment of the District's monthly bills, as presented. See attachment.

- 21. Adjournment

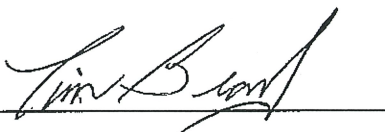
Mr. Viator asked for a motion.

A motion was made by Mr. Perkins and seconded by Mr. Foreman to adjourn the meeting. Motion carried.

Meeting adjourned at 7:25 P. M.



Robert Viator, President



Tim Beard, Secretary