

**MINUTES OF MEETING OF
THE BOARD OF DIRECTORS OF THE
WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY**

February 16, 2017

Present:

Scott Roberts, President
Ray Whisenant, Secretary
Fred Goff, Vice President
Bill Goodwin, Assistant Secretary
Don Walden, Assistant Secretary

Staff and Consultants:

Robert Pugh, General Manager
Curtis Wilson, District Engineer
Jennifer Riechers, Agency Program Manager
Keith Parkan, Senior Engineer
Jennifer Smith, Agency Controller
Stefanie Albright (Lloyd Gosselink Rochelle & Townsend, P.C.), Agency General Counsel
David Klein (Lloyd Gosselink Rochelle & Townsend, P.C.), Agency General Counsel
Dennis Lozano (Murfee Engineering Company, Inc.), Agency Engineer
Autumn Phillips (Municipal Accounts & Consulting), Agency Bookkeeper

I. CALL TO ORDER

Director Roberts called the meeting to order at 9:00 a.m.

II. ESTABLISH QUORUM

A quorum was established. Also present were the above-referenced staff and consultants.

III. PUBLIC COMMENT

Scott Ela is a customer and would like to purchase property that he believes is surplus on Sawyer Ranch Road. He previously worked with LCRA who had agreed that the property was surplus, but negotiations were stopped due to the sale of the system. The Board stated that they would consider this as a future agenda item.

David Tuckfield stated that he was available to answer any questions regarding the City of Dripping Springs/Driftwood PFCS letter.

IV. CONSENT AGENDA

- A. Approve minutes of January 19, 2017 Board Meeting and January 24, 2017 Special Board Meeting.
- B. Approve bookkeepers report, payment of outstanding invoices and other related bookkeeping matters.
- C. Approve 30% Developer Reimbursement Payment to CCNG Development Co., L.P., under Utility Facilities Acquisition Agreement in the amount of \$358,229.67 for water, wastewater, and/or drainage improvements within:
 - 1. Spanish Oaks Section III.
 - 2. Spanish Oaks Section IX.
- D. Approve Contractor Pay Requests including:
 - 1. Pay Application No. 3 for Shops Parkway Utility Relocation Project.
 - 2. Pay Application No. 10 for SH71 1280 Elevated Storage Tank Project.
 - 3. Pay Request No. 6 for the Spillman Pond Liner Project.
 - 4. Approve Change Order #3 for Spillman Pond Liner Project.
 - 5. Approve Pay Applications for Phases 1, 2 and 3 for Stan Nelke, SCADA Upgrade project.
- E. Approve Agreement with USIC, LLC for Utility Locating Services.
- F. Approve Service Extension Requests (SERs) for:
 - 1. High on Austin (14 Water LUEs).
 - 2. Junction Athletic Center (42 Water LUEs).
- G. Approve PFCS Letter for City of Dripping Springs, Eastern ETJ Master Meter Project.
- H. Approve Task Order No. 15 from the Wallace Group, Inc. for Design Services for Tank & Pump Station Coating Improvements.
- I. Approve Project No. 11051.108 from Murfee Engineering for Design Services for Raw Water Intake Upgrade and Rehabilitation Design, Approval, and Construction Administration.

Director Walden asked whether the item regarding the CCNG contributions had been audited. Mr. Pugh stated that these numbers had not been audited because typically the 70% reimbursements are audited. The Board pulled Items C and F.

MOTION: A motion was made by Director Whisenant and seconded by Director Roberts to approve the consent agenda items as presented, with the exceptions of C and F, attached as Exhibits A, B, D, E, and G-I.

The vote was taken with the following result:

Voting Aye: Directors Roberts, Whisenant, Goodwin, Goff, and Walden
Voting Nay: None
Absent: None

Director Walden addressed Item C, and stated that he thought that even the 30% information should be audited unless there is a pressing need to bypass. Ms. Smith confirmed that the LCRA audited previous amounts. Mr. Walden stated that he wanted to have the information audited, but not wait a full month. Director Whisenant stated that he believed there should be some level of diligence in addition to what the LCRA had done.

MOTION: A motion was made by Director Whisenant and seconded by Director Roberts to approve Item C regarding the 30% developer reimbursement to CCNG Development Co., L.P. subject to an audit.

The vote was taken with the following result:

Voting Aye: Directors Roberts, Whisenant, Goff, and Walden
Voting Nay: Director Goodwin
Absent: None

The Board next considered Item F.

Director Goodwin addressed the High on Water PFCS letter, and asked about the transmission issues in the project area. Mr. Pugh confirmed that there are irrigation prohibitions to address these potential transmission problems.

MOTION: A motion was made by Director Goodwin and seconded by Director Whisenant to approve the service extension requests in Item F, attached as **Exhibit F**.

The vote was taken with the following result:

Voting Aye: Directors Roberts, Whisenant, Goodwin, Goff, and Walden
Voting Nay: None
Absent: None

V. STAFF REPORTS

- A. **General Manager's Report including:**
 - 1. **Update on CIP/Capital Planning Process.**

Mr. Pugh presented on this item, provided as Exhibit J. He gave a general update regarding the needs for projects, and stated there are projects that may be needed that are not included in the CIP at this time. He stated that staff is also looking at major maintenance and repair items that will be needed in the future to ensure that these are budgeted for. Mr. Pugh also stated that there is approximately \$14 million in liabilities for developer reimbursements and staff has been meeting with these developers to determine the amounts and timing of the reimbursements for budgeting and planning purposes.

Mr. Pugh introduced Ruben Ramirez as the new engineering technician for the PUA.

B. Controller's Report

Ms. Smith presented on this item, provided as Exhibit K.

Director Walden asked if a payment would be due from USWUG as a true-up, and Ms. Smith confirmed that there is approximately a \$412,000 payment anticipated.

C. Engineer's Report

- 1. Capital Improvements Plan Update.**
- 2. Operations Report.**

Mr. Lozano presented the Capital Improvements Plan Update, provided as Exhibit L.

Director Walden asked about the raw water transmission line planning efforts. Mr. Lozano stated that consultants are in discussion with LCRA regarding mitigation credits that can be used for USFWS. Mr. Lozano stated that there are up to 60 acres of potential mitigation needed.

Mr. Parkan provided the operations report, included as Exhibit M.

D. Legislative Update

Ms. Albright presented this item giving an update on general bills of interest to the PUA, including HB 1523 and HB 922, both carried by Representative Workman. Ms. Albright stated that HB 1523 would create a special utility district in West Travis County whose boundaries could coincide with the service area of the PUA. Discussion ensued regarding the potential impacts of the legislation to the current customers and service area of the PUA. Ms. Albright also detailed HB 922, a groundwater conservation district to be created in Southwest Travis County that is proposed to be funded by a water utility connection fee imposed on utilities that do not use surface water as a sole source. Ms. Albright stated that because it is early in the Legislative Session, the PUA has the opportunity to discuss potential impacts of the legislation with Representative Workman, and to suggest modifications to the legislation to mitigate such impacts.

Director Goodwin stated that ramifications need to be considered regarding this proposed legislation and that Travis County recently approved 3300 home subdivision west of the PUA's service area. Mr. Pugh stated that this is a bill he is interested in tracking.

George Murfee stated that this bill is a direct outgrowth of the PUA of serving the west area of Travis County. He stated that it could affect the PUA by being another source of water to the region.

Director Roberts asked that this be on the March agenda item with a map to show how the district may affect service.

The Board directed the General Manager to engage Lloyd Gosselink to track and analyze HB 1523 and HB 922 during the 85th Legislative Session.

Ms. Albright also stated that West Travis County Municipal Utility District No. 3 (“MUD 3”) is planning to file legislation to adjust their enabling act to ensure that MUD 3 has powers and authority consistent with WTCMUD No. 5 relating to the provision of water, as well as to change MUD 3’s election date. She stated that this change is to assist in facilitating future consolidation by the two districts, and ensure that no necessary powers of MUD 5 are lost by consolidation.

VI. OLD BUSINESS

A. Discuss, consider and take action regarding pending and/or anticipated litigation, including:

- 1. Cause No. D-1-GN-16-000538; *Travis County Municipal Utility District No. 12 vs. Public Utility Commission of Texas in the 250th District Court of Travis County, Texas***

This item was discussed in Executive Session.

- 2. *Travis County Municipal Utility District No. 12 v. West Travis County Public Utility Agency; in the 201st Judicial District Court, Travis County, Texas; Cause No. D-1-GN-16-002274***

This item was discussed in Executive Session. Following executive session, the Board stated in open session that the PUA continues to be interested in settlement, but there needs to be a technical, legal, and financial review conducted of any settlement scenarios.

- 3. Cause No. D-I-GN-15-002149; *West Travis County Public Utility Agency v. Severn Trent Environmental Services, Inc.*, in the 98th District Court of Travis County, Texas and Cause No. D-I-GN-15-002169; *Severn Trent Environmental Services, Inc. v. West Travis County Public Utility Agency*, in the 98th District Court of Travis County, Texas**

This item was discussed in Executive Session. After the executive session concluded, the following motion was made in open session:

MOTION: A motion was made by Director Whisenant and seconded by Director Roberts to authorize the General Manager to execute the settlement agreement with Severn Trent as contemplated in settlement mediation.

The vote was taken with the following result:

Voting Aye: Directors Roberts, Whisenant, Goodwin, Goff, and Walden

Voting Nay: None

Absent: None

4. *CCNG Development Co., L.P. v West Travis County Public Utility Agency and Lower Colorado River Authority; in the 345th Judicial District Court, Travis County, Texas; Cause No. D-1-GN-14-000163*

This item was discussed in Executive Session.

- B. Discuss, consider and take action on maintenance, repair and expansion of raw water pump station.**

Mr. Lozano presented on this item and provided a memo, included as **Exhibit N**. He stated that the previous plan was to pull out Pump No. 1, which is now out of service. He stated that two stages of the 4-stage pump had fallen off the bottom, which explained why the pump wasn't properly functioning. Mr. Lozano is recommending removal and inspection of additional pumps. He stated that a replacement pump has already been selected and a purchase order executed, with June 30 as the latest delivery date anticipated. Director Roberts confirmed that because certain maintenance and design details weren't addressed correctly by the previous operator, the PUA now has to spend funds to address the situation.

Mr. Lozano confirmed that all the pumps share a wet well.

Mr. Pugh stated that the motor for Pump No. 3 can be repaired, and the motor on Pump No. 1 was put on Pump No. 3 which appears to be fully operational at this time. He also stated that Pump No. 2 has shaft wear and this pump is only used when needed.

- C. Discuss, consider and take action on order appointing one new member to the Impact Fee Advisory Committee.**

Mr. Klein addressed the Board on this item, stating that there was still a vacant spot on the Committee. There were no nominations at this time and the Board directed staff not to bring this item back on the agenda until the Board notified them that a recommendation was ready.

- D. Discuss, consider and take action on pre-treatment pilot study for Rosie's Tamale House.**

Mr. Parkan stated that an agreement had been reached on this issue.

VII. NEW BUSINESS

A. Discuss, consider and take action on pre-treatment surcharges for McDonalds, Inc.

Mr. Parkan presented this item and asked if the item could be postponed until March due to a scheduling conflict with McDonalds.

MOTION: A motion was made by Director Roberts and seconded by Director Whisenant to postpone this item until March.

The vote was taken with the following result:

Voting Aye: Directors Roberts, Whisenant, Goodwin, Goff, and Walden

Voting Nay: None

Absent: None

B. Discuss, consider and take action on preparation and format of Board meeting packets.

Discussion ensued regarding getting paper packets the Friday before Board meetings. The Board stated that they would like to leave the procedures as-is at this time.

C. Discuss, consider and take action on proposal to bring rate and financial planning services in-house, including cost of service studies, rate studies and Impact Fee studies.

This item was discussed in Executive Session.

D. Discuss, consider and take action on policy for Impact Fee Funds usage.

This item was discussed in Executive Session.

E. Discuss, consider and take action on proposal from CCNG, Inc., for additional effluent irrigation area and infrastructure.

Mr. Parkan presented on this item, provided as Exhibit O. The proposal is to offset the infrastructure costs of the improvements against PUA fees, in an amount up to \$75,000. Director Walden stated that he sees the benefit to this proposal to dispose of additional effluent.

MOTION: A motion was made by Director Roberts and seconded by Director Whisenant to authorize staff to coordinate with legal counsel to prepare documents in this endeavor, but to negotiate up to \$75,000.

The vote was taken with the following result:

Voting Aye: Directors Roberts, Whisenant, Goodwin, Goff, and Walden

Voting Nay: None

Absent: None

Director Goodwin stated that this is an inexpensive measure for the PUA to dispose of additional effluent.

F. Discuss, consider and take action on revision to Budget Policy and Order Adopting the Annual Budget Policy.

Ms. Smith presented on this item, provided as Exhibit P. She stated that the Policy clarifies and streamlines the current budgeting policy to make it more user friendly.

MOTION: A motion was made by Director Goodwin and seconded by Director Goff to approve the revision to the Budget Policy and Order Adopting the Annual Budget Policy, as provided in Exhibit Q.

The vote was taken with the following result:

Voting Aye: Directors Roberts, Whisenant, Goodwin, Goff, and Walden

Voting Nay: None

Absent: None

G. Discuss, consider and take action on establishment of Purchasing Policy.

Ms. Smith presented the Purchasing Policy, provided as Exhibit R. She stated that this policy was created in consultation with Chapter 49 of the Texas Water Code as guidance. Director Goff asked how the procedures are different, to which Mr. Pugh stated that there was no procurement procedures currently in place. Ms. Smith clarified that procurement was typically handled by USWUG, so there are new issues that have arisen now that the purchasing is done in-house. Mr. Pugh stated that the policy follows Chapter 49, and that staff added purchasing limits for the General Manager and staff.

MOTION: A motion was made by Director Goodwin and seconded by Director Roberts to approve the Purchasing Policy, as presented in Exhibit R.

The vote was taken with the following result:

Voting Aye: Directors Roberts, Whisenant, Goodwin, Goff, and Walden

Voting Nay: None

Absent: None

- H. Discuss, consider and take action on Impact Fee Advisory Committee discussions and recommendations including:**
- 1. Update on actual LUE build out vs. projected demographic study LUE build-out, next scheduled Impact Fee Study, and possible advancement of study.**
 - 2. Recommendation to review and revise WTCPUA LUE Table.**

Mr. Lozano presented on this item, provided as Exhibit S. Mr. Pugh stated that staff and consultants have been meeting with the Impact Fee Advisory Committee. Discussions have entailed differences between the planning documents and the demographic study. Mr. Pugh stated a review of the LUE table would take approximately 2 weeks of staff time, as well as assistance from Murfee Engineering, at an anticipated cost of \$50,000.

Director Whisenant asked how beneficial the LUE table review would be and whether it is necessary. Ms. Smith stated that there is a lack of historical data. Director Goodwin stated that feedback from engineering staff and consultants have stated that the table is accurate. Mr. Lozano confirmed that this is correct, and with any average there will be exceptions.

Mr. Lozano also stated that the determinations with the PUA aren't uncommon usage numbers as compared to other utilities.

Mr. Lozano went through the presentation, and the comparison of impact fee payments received to planned demographics. He stated that housing units were projected in the demographic study, and he anticipates that the LUE number will be lowered due to conservation measures. He stated that he didn't see a reason at this point to adjust land use assumptions.

Mr. Lozano referred to the presentation, and stated that customer accounts had been translated to geographic connections and usage. He stated that his recommendation would be to do a study before 2019 to update the information.

Director Roberts asked about the LUE calculations for a restaurant. Mr. Lozano stated that the information provided is for planning purposes, but there are other mitigation measures that a restaurant can take that can lower the attributed LUEs.

The Board determined that no action would be taken at this time.

- I. Discuss, consider and take action on six-month performance review of General Manager.**

This item was discussed in Executive Session.

- J. Discuss, consider and take action on proposed date and time in May, 2017 for Special Board Work Session on Capital/CIP planning, policy, and financial and rate planning.**

The Board determined that they would meet on Thursday, May 4 at 10:00 am at Bee Cave City Hall.

K. Discuss, consider and take action on WTCPUA customer payment options, charges, and fees

Jennifer Riechers presented on this item, provided as **Exhibit T**. Director Goff stated that automatic payments by bank draft don't work for varying amounts. However, credit card payments done automatically have a surcharge. Ms. Riechers stated that the credit card companies charge a fee to the PUA for the transactions. Ms. Riechers confirmed that bill pay online does not have a charge, but would have to be adjusted by the customer each month.

Director Walden stated that for the different utilities that he pays by credit card there are no fees. Director Whisenant stated that this is a common topic for governmental entities, and if the customer doesn't pay the fee it becomes an obligation of the organization.

Director Goodwin stated that the reasoning behind the policy was that the customers who don't choose to use credit cards should not be subsidizing those who do.

Director Roberts asked how much was collected to cover credit card fees, to which Ms. Smith confirmed that she would have to consult with billing data.

Mr. Pugh confirmed that this fee is a pass-through. Director Roberts asked that the next time rates are adjusted, this fee be included in rate calculations.

Director Goff stated that online bill pay with no fee should include paying each time or automatic payment. Ms. Riechers stated that ACH bank draft allows AVR to withdraw from the customer account the amount of the bill for a \$1 fee per each payment. Bill pay is done through the customer's bank, and is customer-initiated so there is no fee.

Director Roberts announced that the Board would go into executive session at 11:57 a.m. pursuant to Texas Government Code § 551.071 – Consultation with Attorney to address the following matters:

VI. A and VII. C and D.

And under Texas Government Code § 551.074 – Personnel Matters to address the following item: VII. I

Director Roberts announced that the Board would go back into open session at 2:29 p.m. and that no action was taken in executive session.

VIII. ADJOURNMENT

Director Roberts asked that future meetings start at 10:00 a.m.

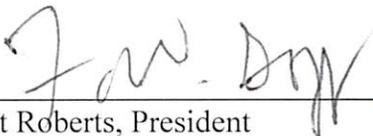
MOTION: A motion was made by Director Goff to adjourn. The motion was seconded by Director Whisenant.

The vote was taken with the following result:

Voting Aye: Directors Roberts, Whisenant, Goodwin, Goff and Walden
Voting Nay: None
Absent: None

The meeting adjourned at 2:32 p.m.

PASSED AND APPROVED this 16th day of March, 2017.



Scott Roberts, President
Board of Directors

ATTEST:


Ray Whisenant, Secretary/Treasurer
Board of Directors