

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

July 20, 2017

Present:

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

Staff and Consultants:

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

I. CALL TO ORDER

Director Roberts called the meeting to order at 10:02 a.m.

II. ESTABLISH QUORUM

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

III. PUBLIC COMMENT

Jim Koerner addressed the Board as a resident of Belvedere and member of Hamilton Pool Road Matters. He stated that he had some questions about the interconnect study proposal as well as an item regarding the looping of the PUA system. He was concerned as to why there was a consent agenda item and an action item later in the agenda, and there is confusion as to what these items are about. He stated that he wanted additional information on these items. Director Roberts stated that there was a lot of interest in these items and that the Board would take these items up first following public comment.

Pete Golde addressed the Board as a resident of Belvedere and member of Hamilton Pool Road Matters. He stated that his knowledge is based on the previous agenda packet materials and map. He stated that in past meetings it was stated that the Hamilton Pool Road line is committed and there is no more available capacity. He stated that there is a new request for 14 LUEs on this line, as well as items relating to interconnects and looping of the system. He stated that the proposal is not a loop, but rather a line to send water to Hays County, and he is concerned that the cost of such a line would be borne by the existing customers.

Gene Lowenthal next addressed the Board and stated that he is concerned about the proposal of a loop line from a neighborhood perspective. He stated that regardless of the objectives to connect the Hamilton Pool Road line to the 290 System, the existence of these lines will allow water to be sold to dense developments as this is the most cost-effective way to deploy surface water infrastructure. Second, the proposed waterline will increase capacity in the Hamilton Pool Road line and allow more development on Hamilton Pool Road, and will allow the Provence development to obtain additional LUEs. Mr. Lowenthal stated that the residents and Bee Cave want to preserve the semi-rural character of Hamilton Pool Road. He stated that residents have requested that the PUA focus its resources on the PUA CCN, and maintain the character and water quality of the area. He requested that the PUA be done with developing Hamilton Pool Road.

IV. CONSENT AGENDA

- A. Approve minutes of June 15, 2017 Board Meeting.**
- B. Approve payment of outstanding invoices and other related bookkeeping matters.**

This item was pulled for discussion.

- C. Approve Contractor Pay Requests including:**
 - 1. Pay Application No. 15 for SH71 1280 Elevated Storage Tank Project.**
 - 2. Pay Application No. 2 for Crystal Mountain EST Service Area Control Valve.**
 - 3. Pay Application No. 1 for Bohls CCNG Gravity Effluent Line.**
- D. Approve Murfee Engineering Work Authorizations for:**
 - 1. Study to Interconnect 71 and 290 Systems, \$18,000.**

Item IV.D.1 was taken up in conjunction with Item VI.C, and the discussion is detailed under this agenda item under Old Business.

- E. Approve Non-Standard Service Agreements (NSSAs) per previously approved PFCS letters for:**
 - 1. Burba Property (75 LUEs, water only).**
 - 2. High on Austin (14 LUEs, water only).**

Ariel Axelrod addressed the Board regarding the High on Austin NSSA and stated that 14 LUEs for a food trailer park from a consumer standpoint doesn't make sense. He asked what information justifies 14 LUEs.

Mr. Wilson stated that this project is for an outdoor eatery for which there are no comparables to rely on. He stated that the commitment in his opinion may be high, but this was the request made by the developer's engineer. Mr. Wilson stated this capacity amount equates to approximately 17,000 gallons per day (gpd). Director Roberts stated that an 800 seat restaurant barely uses 17,000 gpd. Director Goodwin confirmed that typically impact fees encourage the developers to limit LUEs requested. Director Roberts asked what kind of other users would use this much water, to which Mr. Wilson stated that restaurants are the highest water users. Mr. Wilson stated that the development is only two acres so it isn't possible to have an apartment building or office building, and the developer may not be aware of the fees involved.

Director Goodwin asked that in the future he would like to have maps and exhibits for NSSAs and SERs. Director Walden also asked for clarification on the agenda as to what system the request is in. In response to a question, Mr. Wilson stated that 450 average gallons for an LUE would be 14,000 gallons, but this project does not include irrigation. He stated that it's more likely that 1 LUE is 180 gallons for internal use and external disposal to a septic field.

Director Roberts asked that the High on Austin NSSA be postponed to a later agenda to allow for discussions with the property owners.

MOTION: A motion was made by Director Whisenant and seconded by Director Roberts to table the High on Austin NSSA until August.

The vote was taken with the following result:

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

Voting Nay: None

Absent: None

3. Junction Athletic Complex (42 LUEs, water only).

- F. Approve purchase of replacement generator for Lift Station No. 15, Generator Field Service, \$35,357.73, and declare existing generator surplus property.**
- G. Approve and award bids to:
 - 1. Brenntag Southwest, 2-year chemical supply, \$194,804.87**
 - 2. Wastewater Transport, 2-year sludge hauling, per bid unit prices and estimated 2-year cost.**
 - 3. PrimeSpec Construction, LLC, Lakepointe WWTP Improvements, \$438,000.****
- H. Approve release of CCN on Circle Drive.**

Item H was pulled for discussion.

MOTION: A motion was made by Director Goodwin and seconded by Director Roberts to approve the Consent Agenda items, provided as Exhibits A-E with the exception of Items IV.B/IV.D.1/ IV.E.2. and IV.H.

The vote was taken with the following result:

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

IV. B. Approve payment of outstanding invoices and other related bookkeeping matters.

Director Walden stated that he and Director Goff reviewed the report and backup and all seems to be working well. He asked to not pay the invoice for Water Boy to allow confirmation of water that was used, and to hold checks 1257 and 1258 for additional feedback, but approve payment for these two checks.

MOTION: A motion was made by Director Roberts and seconded by Director Goodwin to approve the outstanding invoices with the exception of the Water Boy invoice and to hold checks 1257 and 1258.

The vote was taken with the following result:

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

IV. H. Approve release of CCN on Circle Drive.

Director Goodwin asked for some background on this item. Mr. Wilson stated that this item is in response to a request from a landowner that has a tract of land in the margins of the PUA's CCN. Mr. Wilson stated that the maps he viewed were in error showing CCN boundaries that included this property in both Austin and the PUA's CCN. He stated that he has discussed the issue with the City of Austin, and they would not acknowledge that there is an error in mapping and that this land should not be in two CCNs. Mr. Wilson stated that his recommendation is to release this CCN area, and the landowners' engineer asked to postpone the item for a future agenda to allow them to attend. Director Roberts asked if there is any detrimental consequence to doing away with the PUA's CCN. Director Goodwin confirmed that a CCN gives protection to the utility, but does not in all cases obligate the PUA to serve in this area. Director Walden stated that the opinion of bond counsel would need to be obtained to be sure that the CCN was not referenced in bond covenants.

Director Roberts asked for a general item to be put on the next agenda relating to the PUA's CCN in general as well as this particular piece of land.

Mr. Klein stated that the PUC now has oversight of CCNs and added that if there is a tract of land certificated by two entities, there is no need for decertification as each entity is legally able to serve the land. He stated that when the maps were converted some of the lines were shifted which could have resulted in the error Mr. Wilson identified.

V. STAFF REPORTS

A. General Manager's Report, including

- 1. SER and NSSA processing procedures.**
- 2. GM and Controller check signing authority per Purchasing Policy**

Mr. Pugh presented on this item, provided as **Exhibit F**. Director Goodwin confirmed that Mr. Pugh had been informed that Deer Creek Ranch Water Company was in the process of being sold.

Director Walden asked if when the Lake Pointe Q&A was held whether any West Travis County MUD 5 Board members were present, to which Mr. Pugh stated that the meeting was with the HOA.

Director Roberts confirmed that CCNG had assigned the documents needed to the PUA.

Mr. Pugh stated that accounting would be fully in-house by the end of the month, and Keli Kirkley had joined PUA staff in June. Mr. Pugh stated his appreciation for Municipal Accounts& Consulting for their services to the PUA.

B. Controller's Report.

Ms. Smith presented this Report, provided as **Exhibit G**. She stated that the budget is tracking at 52% at this point.

C. Engineer's Report

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

Mr. Wilson presented on this item, provided as **Exhibit H**. He stated that the PUA has put into effect the Tariff policy relating to fire hydrants, and there have already been two violators. Director Roberts stated his concern that in cases where there is water taken with no meter, this is theft of water and should be considered a criminal act. Director Whisenant stated that the message to customers should be that these violators are affecting customers as well. Director Roberts stated that in the future monetary and criminal penalties should be pursued.

Mr. Wilson detailed a situation where a flush valve was being used for irrigation purposes by an individual. Director Whisenant confirmed that these valves were now being checked by operators.

Trey Cantu introduced Bubba Harkrider, the wastewater treatment plant operator and manager of the PUA's lift stations. Mr. Harkrider stated that he works mostly in Lake Pointe. Director Roberts confirmed that odor complaints in Lake Pointe had significantly decreased and thanked him for his work. Director Whisenant thanked Mr. Harkrider for handling this sizable challenge, to which Mr. Harkrider stated that his team provided this service as well.

Mr. Cantu stated that system water use is beginning to increase and efforts are being made to ensure that customers are irrigating on correct days. He stated that the water treatment plants are operating at high capacity. In response to a question from the Board, Mr. Cantu stated that there has been a delay in the manufacturer on the raw water intake pumps, and he hopes to have both pumps installed by next week.

In response to a discussion regarding illegal use of water, Mr. Cantu stated that flush valves are metered to track use. Director Goodwin confirmed that the meter reads confirmed the illegal use stated by Mr. Wilson.

Director Goodwin confirmed that there are fewer cloudy water complaints, and Mr. Cantu stated this was likely due to the flushing program.

Mr. Pugh asked that Mr. Cantu give a summary of water use inspections. Mr. Cantu stated that more than 50 residential homes were watering out of their watering schedules, and more staff would be needed to identify the many more that are likely violating the PUA's watering schedule. Director Whisenant stated that this would be a good opportunity to use public outreach. Director Walden reiterated this point and stated that staff could reach out to HOAs to get out the message to customers. Mr. Wilson confirmed that PUA staff had elected as a management tool to institute twice per week watering days. Director Roberts stated that water management is mostly needed for the 290 System, and there is no need to have this restriction on the 71 System.

Director Roberts asked to have an item on the August agenda to address watering restrictions and whether it is needed for either system.

Director Roberts asked about the wastewater permit major renewal, and asked if the direct potable reuse would include a waiver request relating to storage. Mr. Lozano confirmed that no additional storage was requested. Director Roberts asked to look into how much electricity would be used, and asked about the surface area of the Bohls Pond, to which Mr. Lozano stated the pond is approximately 5 acres. Director Roberts asked Mr. Lozano to look into the possibility of solar panels for the Bohls Pond to offset the potential electricity required by the direct beneficial reuse.

Director Goodwin confirmed that the SER policy included in the report would reduce staff, legal, and customer time in processing service requests. Director Goodwin stated that the process was

set years before and wondered whether the process was cumbersome. Director Walden stated that this was something imposed by the previous General Manager. Mr. Pugh stated the administrative process had become more cumbersome for the smaller LUE requests and it's not germane to every request. Director Whisenant stated that there were a lot of processes the utility needed to get control of at the beginning of its creation, and as the utility moves forward there is no reason not to change these processes.

Director Goodwin confirmed that the policy in the packet relating to purchasing is the current policy, and Mr. Pugh confirmed that this item was included for clarification.

D. Legislative Update.

Ms. Albright provided a final update regarding the 85th Legislative Session, stating that the Southwest Travis County Groundwater Conservation District had passed, not as HB 922, but as an amendment to another bill. Following a question by the Board, she confirmed that the new district would be subject to a confirmation election, and would be funded by a charge per connection for utilities except sole-source surface water utilities.

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.***

No report was provided on this item.

2. ***Travis County Municipal Utility District No. 12 v. West Travis County Public Utility Agency; in the 201st Judicial District Court, Travis.***

Director Walden spoke on this item, stating that discussions were continuing with PUA staff and TCMUD 12 representatives regarding the financial aspects of the settlement discussion.

Mr. Klein stated that additional briefing was requested by the court and these briefs were filed yesterday.

3. ***William R. Holms v. West Travis County Public Utility Agency; in Travis County Court of Law #2; C-1-CV-17-003601.***

No report was provided on this item.

B. Discuss, consider and take action on process of amending Impact Fee Study, including Attorney General Opinion.

Mr. Klein stated that he was working with the General Manager to craft an opinion to be submitted to the Attorney General. Director Walden asked about the generation of the questions in the draft opinion request. Mr. Klein stated that the question regarding “purposes” under Chapter 395 was something the Board would likely request interpretation of.

- C. Discuss, consider and take action on Study interconnecting 71 and 290 Systems including:**
 - a. Impacts on hydraulic efficiencies, CIP program, water delivery to DSWSC and City of Dripping Springs, and potential revenues.**
 - b. Amending CIP program.**

The Board took up this item with Item IV.D.1.

George Murfee addressed the Board, stating that the 290 and 71 systems are single-feed systems, and the goal of the proposals was to look at potential interconnect agreements for emergency situations. He stated that the most water that could currently be moved in an emergency is approximately 1 MGD. He stated that the quickest and most efficient way to connect the two systems was down Crumley Ranch Road, and that it would be complicated to make it work due to the Hamilton Pool Road line being in two different pressure zones. Mr. Murfee explained that operationally there are complications of having stagnant water, which further complicates use on an emergency basis. The loop line project is estimated to be \$4-7 million dollars, and there is not a large amount of benefit to the system.

Director Whisenant stated that current requests and commitments were close to the 32 MGD cap, to which Mr. Murfee stated that they’re close to 25 MGD committed at this point. Director Whisenant confirmed that the true benefit would be in an emergency, and in his opinion if there was any efficiency to be gained the project would be beneficial as well as to provide emergency water within the system. He asked what other emergency provisions could be addressed to meet such a need. Mr. Murfee replied that the PUA could look at a looping of the 290 System, and that the major storage is at the end of the lines which can assist in an emergency. Mr. Murfee stated that when there was a raw waterline break the PUA experienced a great deal of cooperation with Travis County WCID 17, the City of Austin and other area utilities. Mr. Murfee stated that there is an informal interconnect capability with the City of Austin, but there are no agreements to allow for this interconnect. He stated that these existing interconnects are on the Highway 71 system, and there are no interconnects on the Highway 290 System.

Director Roberts asked whether the 71 System should be looped as well, to which Mr. Murfee stated that as an alternative he was proposing an option to work with the City of Dripping Springs and Dripping Springs WSC regarding use of their water in an emergency.

Director Roberts confirmed that the direction to consultants regarding this agenda item was to study the feasibility of the looping of the system, as well as whether or not looping would provide additional capacity. Director Roberts confirmed with Mr. Murfee that the Hamilton Pool Road line is committed from a planning perspective.

Director Roberts asked how it would be possible to expand capacity on Hamilton Pool Road so that residents would know what projects to be aware of, to which Mr. Murfee stated that the best option to increase capacity would be an additional Hamilton Pool Road waterline and additional pump station capacity.

Director Roberts confirmed that to protect the 290 System in an emergency, the PUA needs to obtain an interconnect with the City of Austin. Mr. Wilson stated that staff is working on this issue. Director Roberts stated that he would like to contact the Mayor of the City of Austin on this issue.

Regarding the agenda item proposal, Director Roberts stated that looping the system is not a prudent project for the PUA. Director Whisenant stated that the Board had needed to ask questions of consultants and staff to make this determination, which is why this issue was included as an agenda item. Director Roberts also confirmed that a Hamilton Pool Road additional waterline or additional pump capacity are not on the current CIP.

Director Roberts asked for an additional item to discuss commitments on the 71 System and the 290 System on a future agenda.

Director Whisenant stated that as a single Board member, he determined from this study that the utility as a whole has a service area that does not have the emergency capabilities in one portion of the system, and the Board should proceed with discussions with the City of Austin.

Director Walden stated that he supported asking Murfee Engineering to provide a feasibility analysis for tying the systems together for the PUA's core mission, which is system reliability for both systems. He stated that he Board has the answer now that such a project would not be beneficial.

Director Goodwin asked whether the Hamilton Pool Road waterline was committed based on what land use is projected to be, and not current commitments. Mr. Murfee stated that the planning is for 1 LUE for net usable acre. Director Goodwin stated that the answer to Provence development was that the Hamilton Pool Road line water capped out from a capacity perspective, and there can be some confusion when new requests come up. Mr. Wilson stated that the requests that are being considered by the Board, such as the Mason Subdivision, was a previously platted lot. Mr. Wilson stated that the 14 LUEs on the agenda today is a development that has agreed to not have any landscape watering. Director Goodwin asked from a general perspective what type of request is too large for the Hamilton Pool Road waterline. Mr. Lozano stated that there is an engineering analysis involved with these requests, and it involves modeling and comparison to the CIP in projecting the demands. He stated that the Provence development request included modeling of planning what projects would be outside the CIP. Mr. Lozano stated that there are tracts along Hamilton Pool Road that aren't currently connected, but could be connected under the current CIP.

Director Roberts asked Mr. Lozano how capacity could be expanded on Hamilton Pool Road, to which Mr. Lozano confirmed that an additional waterline and more transmission capacity from the water treatment plant would be needed. Director Roberts asked for a memo for Mr. Pugh to

detail what would be necessary to provide more capacity to the Hamilton Pool Road waterline, and directed Mr. Pugh to provide the memo to Hamilton Pool Road Matters.

The Board authorized an amount not to exceed \$10,000 for Item IV. D. 1.

VII. NEW BUSINESS

A. Discuss, consider and take action on FY 18 General Operating Fund Budget Work Session No. 1.

Ms. Smith presented a draft of the FY 2018 budget for the Operating Fund, provided as **Exhibit I**. She stated that staff looked at the last four years of data and assumed a 4% growth rate. She stated that information was also processed regarding the impact of bringing operations in-house. Ms. Smith stated that revenue will assume no rate adjustments, but revenues are budgeted for an increase relating to growth. She stated that staff is also looking to maximize investments that may provide additional revenue.

Director Roberts stated that there was \$1.375 million transferred from the impact fee fund, and Ms. Smith stated this was transferred to debt service for bond payments. Director Roberts asked about paying bonds earlier, to which Ms. Smith stated that there is a 10-year call on the most recent bonds.

Ms. Smith stated that there are no major changes to the water department. For the wastewater department, sludge disposal has increased, but this number is based on a 3-year average. In shared expenses, payroll is the highest expense and includes full staff and benefits. She confirmed that the PUA will be fully staffed in the next year. Ms. Smith stated that the bookkeeping line item will go away as these functions have been brought in-house.

Ms. Smith stated that the net increase to the fund balance for the next fiscal year would be approximately \$2 million.

Ms. Smith stated that staff had reviewed future needs, including savings related to creation of 3 in-house positions including a project engineer, IT administration, and general legal counsel. She stated that the next steps are to get feedback from the Board on the information presented, and staff would like guidance on the proposed three new in-house positions.

Director Whisenant identified the increase in bad debt collection, and Ms. Smith stated that it is lower than the last year and anticipates that the full amount will not be used.

Director Goodwin asked about the project engineer, and Mr. Pugh stated that a more junior engineer would be beneficial to the project reviews that utilize a lot of staff review and time that could be more efficiently handled by a less senior engineer. In addition, during high workloads, plan review required assistance from consultants.

Director Roberts asked about the litigation budget item, and asked Ms. Smith if the number was high. She stated at first glance it does seem high, but utilizing a 3-year average supports the number.

Mr. Pugh stated that staff met with an investment company to look at better investment options for the utility's funds. He stated that there were recommendations about other investments that may provide better returns.

Director Whisenant confirmed that the utility could participate in TexPool.

Director Walden asked about an IT specialist, and stated that this is a good position if the right person could be identified.

VIII. ADJOURNMENT

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

The vote was taken with the following result:

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

The meeting adjourned at 12:24 p.m.

PASSED AND APPROVED this 17th day of August, 2017.



Scott Roberts, President
Board of Directors

ATTEST:



Ray Whisenant, Secretary/Treasurer
Board of Directors