

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

June 21, 2018

Present:

Don Walden, Vice President
Ray Whisenant, Secretary
Bill Goodwin, Assistant Secretary

Staff and Consultants:

Robert Pugh, General Manager
Jennifer Riechers, Program Manager
Jennifer Smith, Controller
Stefanie Albright (Lloyd Gosselink Rochelle & Townsend, P.C.), General Counsel
Judith Coker, Senior Engineer
Pierce Powers, Engineer
Reuben Ramirez, Engineering Technician
Trey Cantu, Agency Operations Manager
Nelisa Heddin, Rate Consultant
Dennis Lozano (Murfee Engineering), District Engineer

I. CALL TO ORDER

Director Walden called the meeting to order at 10:05 a.m.

II. ESTABLISH QUORUM

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

III. PUBLIC COMMENT

Mr. Gene Lowenthal addressed the Board and thanked the Board for sending letters relating to the MOU to the area platting jurisdictions.

IV. CONSENT AGENDA

- A. Approve minutes of May 17, 2018 regular Board Meeting.**
- B. Approve payment of outstanding invoices and other related bookkeeping matters, including:**
 - 1. Invoices from HydroPro Solutions, LLC in the amounts of \$390,374.29 and \$98,185 for the Manual Meter Replacement Project.**

- C. **Approve Contractor Pay Requests including:**
 - 1. **Landmark Structures I L.P., Pay Request No. 3, \$163,960.50, 1340 Elevated Storage Tank.**
 - 2. **Payton Construction, Inc. Pay Request No. 5, \$103,292.55, Raw Water Intake Pump Station Expansion and Upgrade.**
 - 3. **CFG Industries, LLC, Pay Request No. 5, \$115,505.95, Water Tank and Pump Station Rehabilitation Project.**

- D. **Approve Contractor Change Orders including:**
 - 1. **Payton Construction, Inc., Change Order No. 1, \$74,263 (6.56%), Raw Water Intake Pump Station Expansion and Upgrade.**
 - 2. **Payton Construction, Inc., Change Order No. 2, \$52,000 (4.13%), Raw Water Intake Pump Station Expansion and Upgrade.**

- E. **Approve Second Amendment to Non-Standard Service Agreement (NSSA) for Live Oak Springs to extend Agreement for five years to 2023.**

- F. **Approve First Amendment to Non-Standard Service Agreement (NSSA) for the Terrace Project to increase water allocation from 199 to 202 LUEs for median landscape irrigation.**

- G. **Approve Non-Standard Service Agreements for:**
 - 1. **Anthem at Ledgestone Apartment Homes, 67 Water LUEs, 290 System.**
 - 2. **Ledgestone Senior Living Phase 2, 28 Water LUEs, 290 System.**

- H. **Ratify Appointment of Don Bosse to the Impact Fee Advisory Committee and Approve Order Appointing Don Bosse to the Impact Fee Advisory Committee.**

- I. **Approve Service Extension Request and Non-Standard Service Agreement for Fitzhugh 83, 73 water LUEs, 290 system.**

MOTION: A motion was made by Director Whisenant to approve the Consent Agenda Items, provided as **Exhibits A-I**. The motion was seconded by Director Goodwin.

The vote was taken with the following result:

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

V. STAFF REPORTS

A. General Manager’s Report.

Mr. Pugh presented on this item, provided as Exhibit J. He stated that the USFWS public notice period comment ended yesterday, and there were only few minor comments.

Mr. Pugh explained that billing cycles will be reduced from 4 to 2 weeks from the date of the meter read starting in August to assist customers in getting timely feedback on usage. Director Whisenant asked if the PUA was in a point with its meter replacement program where this will be a concern. Mr. Pugh stated that 3,000 of the approximately 7,500 retail meters are manual read.

Director Goodwin asked about the entry regarding the plat notes and the entities. Ms. Albright stated that there is language in the Bee Cave letter relating to the fact that it is rare that the City would be looking at plats for PUA, and making the request applicable to only those plats. Discussion regarding Dripping Springs and confirmation that the same intent would apply to Dripping Springs. Director Whisenant stated that he would convey this intent to the City.

Director Walden asked about the interconnect agreement with the City of Austin, and that there is a final meeting on June 27, 2018 to discuss the agreement prior to the agreement being presented to the Austin City Council.

Regarding the Lake Pointe manhole rehabilitation, Mr. Pugh confirmed that the scheduling of the work will be coordinated to avoid disruptions to rush hour traffic.

B. Controller's Report.

Ms. Smith presented this report, provided as Exhibit K. Discussion ensued regarding the utilities line item that was higher than budgeted, and Ms. Smith stated that she would look into the costs.

C. Engineer's Report including:

1. Capital Improvements Plan Update.

Director Walden asked about the Spillman Ridge reference and asked if it was part of the Spillman property, to which Mr. Lozano confirmed that it was. Director Walden stated that there is a Spillman Ridge in Falconhead as well.

Director Goodwin addressed the capital improvements update, provided as Exhibit L, and referenced the Southwest Parkway Pump Station improvements. Mr. Lozano provided a background on the portion of land that the PUA was working with the Nature Conservancy to obtain acknowledgement and consent that the area would be undisturbed. He stated that the PUA may move forward with obtaining an easement. Director Walden asked whether the Nature Conservancy requested compensation, to which Mr. Lozano stated that this issue was first discussed a week prior, and he would follow up with additional information at a future meeting.

Director Walden addressed the Terrace Project, and asked if an effluent line easement was required, to which Ms. Coker stated that it had not been required at this point. Discussion ensued regarding the 1080 Transmission Main and the discussion with this developer on the access needed. Director Goodwin stated that the PUA should notify the City of the timing of the 1080 transmission main project.

D. Operations Report.

Mr. Cantu presented on this item, provided as **Exhibit M**. He stated that the contractor is working on the pump station improvements, and flagged the photos showing the improvements. He stated that water use is increasing, and Stage 2 water restrictions will go into place on July 1.

Discussion ensued regarding the line flushing program.

VI. OLD BUSINESS

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

1. **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.**
2. **Williams R. Holms v. West Travis County Public Utility Agency; in Travis County Court of Law #2; C-1-CV-17-003601**
3. **John Hatchett, Sandra Hatchett and JPH Capital, LLP v. West Travis County Public Utility Agency; in the 201st Judicial District Court, Travis County, Texas; Cause No. D-1-GN-18-001654.**

At 12:28 p.m., Director Walden announced that the Board would convene in executive session to consult with its attorney under Texas Government Code § 551.071 regarding Item VI. A.

At 1:18 p.m., Director Walden announced that the Board would convene in open session and that no action had been taken.

VII. NEW BUSINESS

A. Discuss, consider, and take action regarding amendment to the WTCPUA Purchasing Policy.

Director Walden addressed the purchasing policy, provided as **Exhibit N**. He stated that although the Board adopted this in the past, he flagged the provision delegating approval of change orders by the General Manager. He stated concern that larger change orders could come into play and recommended that the policy be updated to clarify that the delegated approval should be no more than \$25,000. Director Goodwin stated that he preferred to see all change orders to be informed on PUA projects. Director Whisenant stated that he also preferred to see change orders, and Director Walden recommended deleting the paragraph relating to delegation of approval altogether. Mr. Pugh stated that he had only been approving change orders less than \$25,000. Director Goodwin stated that as long as the Board sees contractor pay requests, he doesn't have a concern with the section delegating approval of change orders.

Following discussion, Director Walden directed that change orders approved by General Manager be in an amount not to exceed \$25,000, and be provided in future Board packets, and that pay applications always be provided to the Board for approval.

MOTION: A motion was made by Director Goodwin to amend the Purchasing Policy by revising the first indented/blocked paragraph to read that the General Manager shall have the authority to approve change orders of \$25,000 or less. The motion was seconded by Director Whisenant.

The vote was taken with the following result:

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

B. Discuss, consider, and take action regarding review and update of the WTCPUA Organizational Chart.

Director Walden stated that he had some suggestions to update the organizational chart and stated that there did not necessarily need to be a block for public relations. He also stated that he would like to see a line between Trey Cantu for Operations and Murfee Engineering to clarify that there needs to be consistent and open communication between Murfee Engineering and operations. He directed that Murfee Engineering be designated as the “District Engineer” and stated that CP&Y does work for the PUA, but should not necessarily be in the organizational chart.

Director Whisenant asked if PUA staff were able to handle public relations versus an outside consultant. Mr. Pugh stated that he had been handling all the public relations, and the Sawin Group assisted with public notifications as needed. Mr. Pugh confirmed that public relations did not necessarily need to be in the organizational chart.

MOTION: A motion was made by Director Goodwin to update the organizational chart to remove the public relations block and CP&Y block, designate Murfee Engineering as District Engineer in addition to Capital Improvements Program Engineer and draw line between Murfee Engineering and Operations Manager. The motion was seconded by Director Walden.

The vote was taken with the following result:

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

C. Discuss, consider, and take action regarding amendment to the WTCPUA Ethics Policy regarding acceptance of gifts.

Director Walden stated that there had been no violation of the policy or state law but stated that he thought that staff should not be accepting gifts, meals, or gratuities from vendors. He stated that meetings are not a concern, but that PUA staff should not be accepting gifts from any vendor.

Directed Walden stated staff and Board members should not receive gifts or meals from interested parties and asked if it applied to consultants, to which Ms. Albright said no as the policy and law relates to Board members and certain officials of a governmental entity.

Discussion ensued regarding the distinction between entertainment costs, gifts, meals, and gifts provided to the PUA as a whole, such as holiday baskets.

MOTION: A motion was made by Director Goodwin to continue this item to the next meeting. The motion was seconded by Director Whisenant.

The vote was taken with the following result:

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

D. Discuss, consider and take action on Murfee Engineering Co., Inc. \$74,170 increase request for design and construction phase services for Raw Water Intake Expansion and Upgrade Project.

Mr. Lozano presented on this item, provided as Exhibit O. Mr. Lozano stated that at the time a leak was discovered by an interim General Manager, and Murfee Engineering was engaged to look at the options and make recommendations. He provided a general history of the project and considerations regarding repairs and replacement relating to the pump station expansion and upgrade. He stated that the original work order underestimated the cost and efforts as the work required was still in discussion. He stated that because of the transition from time and materials to “amount not to exceed” meant that the work had already been done. He stated that there is additional documentation in the packet backup.

Director Whisenant stated that he appreciated the information and wanted to know what the total budget would be. He stated that with this change Murfee Engineering cost would be 16.7% of the total contract cost.

Director Goodwin confirmed that the original work order was for \$117,000, with this proposed increase of approximately \$74,000, and that the construction contract was approximately \$1.3 million. Director Goodwin confirmed that work began immediately due to long lead times and the urgency of the repairs. He stated that in March 2017 there was a clarification in scope sent to the then-District Engineer that was never responded to in writing. Mr. Lozano confirmed that there was a long history of cooperation between the PUA and Murfee Engineering, and that discussing

this issue and receiving verbal direction was not uncommon. Director Goodwin confirmed with Mr. Lozano that procedures are more buttoned down and thanked the General Manager for these changes.

MOTION: A motion was made by Director Goodwin to approve the Murfee Engineering Co., Inc. \$74,170 increase request for design and construction phase services for Raw Water Intake Expansion and Upgrade Project. The motion was seconded by Director Whisenant.

The vote was taken with the following result:

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

E. Discuss, consider and take action on Office Lease Agreement with Hill Country Texas Galleria, LLC for Galleria Oaks Building B.

Mr. Pugh presented the office lease, provided as Exhibit P. Mr. Pugh confirmed that the provisions directed by the Board were included, and he recommended approval.

MOTION: A motion was made by Director Goodwin to approve the Office Lease Agreement. The motion was seconded by Director Walden.

The vote was taken with the following result:

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

Director Whisenant stated that he was intending to vote no because he believed the entire operating area was not taken into account when seeking office space. Mr. Pugh stated that planning and construction process depended on June approval. Director Whisenant stated that he would, however, vote in favor of the motion because there is only a quorum present and although he had objections, understood the importance of moving operations forward.

F. Discuss, consider and take action on Finance Committee.

MOTION: A motion was made by Director Walden to nominate Director Goodwin to the Finance Committee. The motion was seconded by Director Whisenant.

The vote was taken with the following result:

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

Director Whisenant asked to reconsider this item and volunteered to participate on the committee in lieu of Director Goodwin.

MOTION: A motion was made by Director Goodwin to appoint Director Whisenant to the Finance Committee and remove Director Goodwin. The motion was seconded by Director Walden.

The vote was taken with the following result:

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

G. Discuss, consider and take action to approve Murfee Engineering Co., Inc. Professional Services Proposals for (D. Walden):

- 1. One-year warranty inspection of 1280 Elevated Storage Tank, \$5,167.50.**
- 2. Hamilton Pool Road Pump Station Conversion and Upgrade, Design and Construction Administration, \$77,060.**

Mr. Lozano presented on this item, provided as Exhibit Q. Director Walden stated that he had asked that these items be moved from the consent agenda as these are new contracts. Director Walden asked if the warranty inspection included materials or other matters, to which Mr. Lozano stated this is all of Murfee Engineer's cost unless there were any repairs noted in the inspection.

Director Goodwin asked if warranties typically extend beyond a year, to which Mr. Lozano stated that it depends on the project and the materials.

MOTION: A motion was made by Director Whisenant to approve the Murfee Engineering Professional Services Proposal for: One-year warranty inspection of 1280 Elevated Storage Tank, \$5,167.50 and Hamilton Pool Road Pump Station Conversion and Upgrade, Design and Construction Administration, \$77,060. The motion was seconded by Director Goodwin.

The vote was taken with the following result:

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

H. Discuss, consider and take action on Jerry Kyle Engagement Letter for Orrick, Harrington, and Sutcliffe, LLP Bond Counsel Services including:
1. Termination and transfer of Bond Counsel Services from Andrews Kurth.

Director Walden presented this item, provided as **Exhibit R**. Director Goodwin asked about the fee schedule and had confirmed with the City that the rate was consistent with these services. Mr. Pugh stated that he reviewed the engagement letter and ensured that the fee schedule was identical to the previous letter. Ms. Albright stated that the engagement was being proposed as the team the PUA had worked with as bond counsel had moved firms.

Director Whisenant noted that Hays County also had a contract with this firm.

MOTION: A motion was made by Director Walden to approve the engagement letter with for Orrick, Harrington, and Sutcliffe, LLP Bond Counsel Services, including the termination and transfer of Bond Counsel Services from Andrews Kurth. The motion was seconded by Director Goodwin.

The vote was taken with the following result:

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

I. Discuss, consider and take action on Award of Contract to Austin Underground in the amount of \$278,000 for the Lakepointe Manhole Rehabilitation Project.

This item was provided as **Exhibit S**. Gopal Guthikonda with CP&Y stated that the recommended contractor had done work in the area. Director Whisenant stated that the bids were well under the engineer estimates. CP&Y confirmed that they would be conducting project management inspection.

MOTION: A motion was made by Director Whisenant to award the contract to Austin Underground in the amount of \$278,000 for the Lakepointe Manhole Rehabilitation Project. The motion was seconded by Director Goodwin.

The vote was taken with the following result:

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

J. Discuss, consider and take action on CP&Y Park at Bee Cave effluent line engineering agreement.

Director Walden stated that he had requested this item be included to discuss cost feasibility when there is only one customer that will be receiving effluent irrigation at this time with an irrigation acreage of only 2 acres. He stated that the Park at Bee Cave NSSA has requirements primarily on the developer, but no obligations as to timing of when effluent would need to be provided by the PUA.

Mr. Guthikonda with CP&Y stated that construction costs would be \$50,000 - \$100,000.

Ms. Albright stated the requirements under the contract for the PUA are triggered by the execution of a reclaimed water agreement, but that there is discretion as to timing. The PUA's obligations are to construct delivery facilities when effluent is made available, but there are no obligations as to when this effluent must be made available.

Mr. Lozano stated that the PUA's permitted disposal area is 350 acres.

Mr. Pugh stated that he had spoken to the developer for the Park at Bee Cave, and there was no concern from the perspective of the developer as to the timing of effluent being provided. Mr. Lozano also stated that in context, at that time the PUA was concerned with adding additional disposal area, but that facilities improvements have eliminated this urgency.

Director Walden stated that he had wanted to get a better handle on the cost benefit, and that there may be other customers out there that would make this project more feasible. Director Whisenant stated that he supported holding off on this project while staff ascertains cost benefit and when the full irrigation capabilities for this project will be available.

In response to a question from Director Goodwin, Mr. Pugh stated that the intent to move forward was based on this reasonable cost and the contractual obligation. He stated that this effluent line may also have some value for future projects. Director Goodwin stated that the Backyard project has indicated effluent disposal capabilities, and that the project may pay for this line. Director Walden stated that this is a cost benefit and timing issue that needs consideration, and that consumption was also a concern.

K. Discuss, consider and take action regarding Bohl's Floating Solar Array investigation.

Mr. Lozano stated that this was a directive from Director Roberts, and presented the summary memo provided as **Exhibit T**. He stated that in order to provide a detailed study, the solar array company requested approximately \$15,000 for a design and feasibility estimate.

Director Goodwin asked whether the companies responding had done a floating array, to which Mr. Lozano stated that they had not. Discussion ensued regarding the details about operations and maintenance, which were unknown at this time as previous projects had not been done on effluent ponds. Director Goodwin stated that there may be some aesthetic concerns, and Mr. Lozano

confirmed that this would be an issue to explore, especially related to glare. Director Walden stated that the aesthetic concerns could be ascertained without financing a review of the potential project.

L. Discuss, consider and take action on FY2019 Budget and Rate Planning Calendar.

Ms. Smith presented this item, provided as Exhibit U. She stated that meetings in July were proposed to meet with staff and the finance committee and planned for final review and approval in September. She asked whether budget planning should be conducted with the committee or the entire Board. The Board directed that a workshop be held and noticed for the entire Board to attend. The workshop was directed to be scheduled for July 11 starting at 10 am at Bee Cave City Hall.

MOTION: A motion was made by Director Whisenant to schedule a workshop on July 11 at 10:00 am. The motion was seconded by Director Walden.

The vote was taken with the following result:

Voting Aye: Directors Goodwin, Walden, and Whisenant

Voting Nay: None

Absent: Directors Roberts and Brzoska

M. Discuss, consider and take action on Impact Fee Study workshop, including:

- 1. Land use assumptions.**
- 2. CIP update.**
- 3. Impact fee calculation methodology, and report completion.**
- 4. Impact Fee Fund Policy.**

Mr. Lozano first addressed this item, providing information on the feedback from wholesale customers. He went through planning worksheets, provided as Exhibit V. He stated that the development potential identified in the system will likely not be realized in 10 years.

Mr. Lozano next discussed wastewater land use assumptions. He stated that as a part of the study, a calculation was made relating to the total capital allocated to growth, showing that there is a slight reduction in allocated capital as compared to the 2014 study.

Mr. Lozano next highlighted proposed projects for the water system, stating that projects for the 290 System are the last projects to maximize existing facility capacity without building parallel facilities. He highlighted the proposed wastewater projects, stating that the effluent disposal item had been changed to relate to general effluent disposal versus subsurface irrigation, which would allow capital to be used for the direct beneficial reuse facilities.

Director Walden asked if there was system-wide benefit to the Circle Drive station, to which Mr. Lozano stated that it could possibly be used for a system-wide benefit if efficiencies are found. In

response to a question from Director Goodwin, Mr. Lozano stated that there would be three points for interconnect with the City of Austin under the proposed agreement.

Ms. Heddin next provided a presentation to the Board, provided as **Exhibit W**. Ms. Heddin stated that the maximum impact fee is likely to be reduced, but the actual assessed impact fee would be dependent on Board policy. Director Whisenant stated that as the utility matures, the PUA is basing forecasting on actual operations data, and the financial stability will add to the possibilities of reducing impact fees. Director Goodwin asked whether a reduced impact fee could spur growth and impact assumptions. Ms. Heddin stated that previous studies found that there is a fairly inelastic relationship to growth and impact fees.

Next, Ms. Smith presented a memo, provided as **Exhibit X**, proposing a policy to provide increased financial flexibility regarding the use of impact fees. She stated that the policy change would allow payment of principle and interest on debt, cash funding of CIP projects up to \$10 million, early retirement of bond debt secured to fund CIP projects, and the requirement that a \$15 million minimum balance be maintained in the Impact Fee Fund. Mr. Pugh stated that there are robust impact fee funds available and using these funds to cash-fund projects would provide flexibility and less debt. Discussion ensued regarding historical impact fee studies and the assumption that projects would be debt-funded, as well as use of impact fee funds, and the restriction on previously collected funds versus future assessments.

VIII. ADJOURNMENT

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

The vote was taken with the following result:

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

The meeting adjourned at 2:24 p.m.

PASSED AND APPROVED this 16th day of August, 2018.



Scott Roberts, President
Board of Directors

ATTEST:



Ray Whisenant, Secretary/Treasurer
Board of Directors