

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

December 13, 2018

**Present:**

Scott Roberts, President  
Don Walden, Vice President  
Ray Whisenant, Secretary  
Bill Goodwin, Assistant Secretary  
Eileen Brzoska, Director

**Staff and Consultants:**

Robert Pugh, General Manager  
Jennifer Smith, Controller  
Keli Kirkley, Accountant  
Jennifer Riechers, Customer Service Manager  
Judith Coker, Senior Engineer  
Reuben Ramirez, Engineering Technician  
Trey Cantu, Operations Manager  
Stefanie Albright (Lloyd Gosselink Rochelle & Townsend, P.C.), General Counsel  
David Klein (Lloyd Gosselink Rochelle & Townsend, P.C.), General Counsel  
Dennis Lozano (Murfee Engineering), District Engineer

**I. CALL TO ORDER**

Director Roberts called the meeting to order at 10:00 am.

**II. ESTABLISH QUORUM**

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

**III. PUBLIC COMMENT**

Mr. Mike Koening addressed the Board regarding an ongoing problem of tank overflows over the past 10 years from the Southwest Parkway Pump Station. He was concerned that the General Manager was not aware of this issue. He stated that a great deal of water was overflowing and this is an ongoing problem. He stated that the General Manager is aware and he would work with him to address the issue and report back to the Board.

**IV. CONSENT AGENDA (R. Pugh)**

**A. Approve minutes of November 15, 2018 regular Board Meeting.**

- B. Approve payment of invoices and other related bookkeeping matters.**
- C. Approve Contractor Pay Requests including:**
  - 1. SJ Louis Construction of Texas., Ltd. Pay Request No. 5, \$\$\$, 1340 Transmission Main Project.**
  - 2. CFG Industries, LLC, Pay Request No. 10, \$\$\$, Water Tank and Pump Stations Improvements Project.**
  - 3. Landmark Structures I, LP, Pay Request No. 8, \$\$\$, 1340 Elevated Storage Tank Project.**
  - 4. Payton Construction, Inc. Pay Request No. 10, \$\$\$, Raw Water Intake Pump Station Expansion and Upgrade.**
- D. Approve Contractor Change Orders including:**
  - 1. SJ Louis Construction of Texas., Ltd. Change Order No. 2, \$61,844.45, 1340 Transmission Main Project.**
- E. Approve Service Extension Request (SER) (System) (Location Map) for:**
- F. Approve Non-Standard Service Agreements (NSSAs) (System) (Location Map) for:**
  - 1. Forbes Tract, 107 Water LUEs, 290 System.**

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

The vote was taken with the following result:

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

**V. STAFF REPORTS**

**A. General Manager’s Report (R. Pugh).**

Mr. Pugh presented this item, provided as Exhibit G.

Director Goodwin asked about the mapping updates item in number 6, and confirmed that this was an update to existing maps versus creation of new maps. He next asked about the capital program, and the appraisal of the Southwest Parkway Pump Station land. Mr. Pugh stated that a previous appraisal exceeded \$150,000 and didn’t take into account restrictions on the land, and he confirmed that the revised appraisal of \$25,000 was reasonable.

Director Goodwin next addressed Item 10, regarding the Deer Creek office building, and confirmed that the project met TCEQ OEM compliance.

Director Goodwin next asked about West Cypress Hills, and asked if legal review would be completed prior to the January meeting. Ms. Albright stated that legal is waiting on the results of engineering report and determinations regarding capacity before developing a legal opinion.

Director Walden asked about the procedures for purchasing inventory, and stated that in reviewing the invoicing he noticed many replacements of materials. He asked if there was an inventory control mechanism in place. Mr. Pugh stated that he had observed small item purchases the last 6 months, along with tool purchases, and had asked staff to make sure to check existing supply before buying tools or supplies. He stated that staff is looking to put into place more formal policies on purchasing tools and materials, and to coordinate the purchase process and control of common inventory. Mr. Pugh confirmed that staff is already working on the common inventory list of general maintenance and repair supplies.

Director Walden asked that the Board see the proposals for lab services. Mr. Pugh stated that the bid opening is on December 14.

Director Walden flagged the vehicle report, and stated that 10 of 24 vehicles are equipped with GPS equipment, and asked whether there were plans for the remaining vehicles to have GPS capabilities. Mr. Cantu stated that it is a goal for all vehicles to have GPS, and stated that if the Board requested so, staff could acquire these capabilities quickly. Mr. Cantu stated that he would add this to his action list.

Director Walden asked next about Lazy Nine MUD's request for 195 LUEs, and Mr. Pugh confirmed that the analysis was done to confirm that no infrastructure or capital improvements would be needed to provide the service. In response to a question from Director Walden, Mr. Lozano stated that there is some capacity in the storage tank outside of the current commitments on the Highway 71 waterline.

Director Whisenant addressed the inventory procurement procedures, and stated that as a previous private business owner, he found an annual inventory worked well by having tools assigned to certain employees.

Director Brzoska addressed the second raw waterline and asked if comments had been received back from Lake Pointe HOA. Ms. Albright stated that the HOA and PUA had worked on language and were close to execution.

Director Pugh stated that he was pleased with the effluent customer communications and efforts to manage treated effluent. He stated that the pond levels have been decreased following this communication.

Discussion ensued regarding the status of the City of Austin interconnect agreement, and Mr. Pugh reported that a future meeting was planned.

Director Walden asked about the flooding and the high turbidity levels in October, and asked if staff was working on procedures or protocols to address should the situation occur again. Mr. Pugh stated that operations staff was directed to put together an SOP, and that documents is being worked on.

**B. Controller's Report (J. Smith).**

Ms. Smith presented on this item, provided as Exhibit H. She stated that water revenue is 1.1% lower than last year due to rain, and some other revenues have not been noted due to the early timing in the month.

Director Walden inquired about the budget item for repair and maintenance, and asked if Ms. Smith had concerns about vehicle expenses. Ms. Smith stated that she does not as these are primarily one-time expenses.

**C. Engineer's Report (D. Lozano/J. Coker) including:  
1. Capital Improvements Plan Update.**

Mr. Lozano presented on this item, provided as Exhibit I.

Director Goodwin stated that there was one remaining item regarding the Raw Waterline No. 2 in order for the PUA to move forward with the project, and that the PUA has only until March 1 to clear the land. After this time, no clearing can be conducted until September 30. Director Goodwin confirmed that requests for an additional survey of the amenity center lot had been made, and Mr. Lozano confirmed that the exhibits and request have been somewhat atypical for this type of project. The PUA conducted an additional field survey where the issues were addressed, and the recent response received on December 12 for information regarding trees would necessitate an additional survey. Mr. Lozano stated that the HOA Board in August approved the easement, and the Board members have been cooperative.

Director Goodwin confirmed that the raw waterline break in the past was a significant issue, that almost resulted in hospitals, schools, and other individuals needing water to potentially be deprived water. He stated that this was the reason why the project was pursued, and it is possible that the delay could have a negative impact if the project is delayed and another emergency break occurs. Director Goodwin confirmed with Mr. Lozano that Lake Pointe MUD could practice eminent domain.

Ms. Albright confirmed that Lake Pointe MUD also would have to execute an easement, but has stated that they will sign the easement once the HOA has signed their easement.

Ms. Sinnott addressed the Board and stated that the entities met in October to discuss the issues relating to the construction of the raw waterline on the Lake Pointe amenity center lot. She stated that the HOA feels confident in its attorney. She has asked that there be a separate survey to show the trees and the buildings, and that this has not been delivered.

Mr. Lozano stated that a sealed survey was provided to the HOA some time ago, and that an additional survey was requested showing the improvements on the lot that has also been provided.

Discussion ensued regarding the documentation requested and the timing. Director Walden stated that the PUA has commissioned this project to assist all PUA customers in the case of a future line break.

Ms. Sinnott stated that she needs a document showing the permanent easement, the temporary easement, and the buildings on the property (pool, parking lot, amenity center building). She stated that she does not need the tree survey on the document. Mr. Lozano stated that she can send this information to the HOA that day. Ms. Sinnott stated that the next HOA meeting is December 17 where this issue will be discussed.

Director Roberts asked that staff and consultants prepare a letter that outlines the terms that were discussed in the meeting, and that health and safety concerns that could come from delay, and request that letter agreement be executed next Monday by the HOA Board.

#### **D. Operations Report (T. Cantu).**

Mr. Cantu presented on this item, provided as **Exhibit J**. He addressed Mr. Koenig's public comments, stating that overflows had been an issue in past years under the previous contract operator. He stated that as of 2017, there has only been one incident in addition to the recent overflow. Mr. Cantu explained that an operator failed to note alarms, and that this situation had been addressed to avoid future issues. Discussion ensued regarding past issues regarding the Southwest Parkway Pump Station overflows and improvements to address communication in the SCADA system. In response to a question from Director Goodwin, Mr. Cantu stated that he would anticipate that the flow of water was less than a million gallons, but he would make this calculation.

### **VI. OLD BUSINESS**

At 10:19 a.m., Director Roberts announced that the Board would convene in executive session to consult with its attorney under Texas Government Code § 551.071 regarding Items VI. A, B, C, D; Item VII. H; and Items VI. B, C; and relating to personnel matters pursuant to Texas Government Code § 551.074 regarding Items VI. B and C.

At 12:55 p.m., Director Walden announced that the Board would convene in open session and that no action had been taken in closed session.

Director Roberts left the meeting at 12:55 p.m.

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

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

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 (S. Albright).*

This item was discussed in executive session.

**B. Discuss, consider and take action on employee annual reviews and compensation (R. Pugh).**

This item was discussed in executive session.

**MOTION:** A motion was made by Director Goodwin to authorize a salary increase be granted based on direction to GM, including: (1) hourly employees making less than \$20.00/hour be increased by \$2.00/hour; (2) hourly employees making more than \$20.00/hour be increased by \$1.00/hour ; (3) that this aggregate hourly increase in addition to the General Manager's salary increase be subtracted from the budget of \$250,000, and the remainder be distributed to salary employees in the form of annual salary increases by the General Manager; and (4) all salary increases (including for the General Manager) be retroactive to October 1, 2018. The motion was seconded by Director Whisenant.

The vote was taken with the following result:

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

**C. Discuss, consider and take action on annual review and compensation of General Manager (R. Pugh).**

This item was discussed in executive session.

**MOTION:** A motion was made by Director Goodwin to authorize an annual salary increase be granted to the General Manager in the amount of \$4,000. The motion was seconded by Director Walden.

The vote was taken with the following result:

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

**D. Discuss, consider and take action regarding Wholesale Water Supply Agreement Between the WTCPUA and the City of Dripping Springs, and related water service issues in Hays County.**

Director Roberts confirmed that the City of Dripping Springs had requested consideration on this item, and he had not asked that the item be on the agenda.

This item was discussed in executive session. Director Roberts abstained from participation on this item.

**E. Discuss, consider and take action on Murfee Engineering Company additional fee requests for Raw Waterline No. 2, Permitting, ACI Consulting, \$31,652.**

Director Roberts directed that staff not bring back this item until the required documentation had been received.

**VII. NEW BUSINESS**

**A. Discuss, consider and take action on Beneficial Re-Use Agreement with CCNG, Inc. (R. Pugh/D. Klein).**

Mr. Pugh presented this agreement, provided as Exhibit K, stating that this agreement allows not only for CCNG to be a 210 customer, but also to provide effluent to additional PUA customers. He also stated that this allows CCNG to install a filtration system at Lift Station No. 14 to polish the treated effluent. All costs with this filtration system are to be borne by CCNG, and the PUA will maintain the facility after construction and acceptance. Mr. Pugh estimated that in the summer months the development could use up to 100,000 of gallons of effluent a month.

Director Roberts asked if there may be other areas in CCNG that could be irrigated with effluent, and Mr. Pugh stated that staff was looking into this request with Murfee Engineering.

Director Goodwin confirmed that the effluent pump at the CCNG golf course currently has a screen filter.

Director Walden asked about the PUA's risk in litigation, and discussion ensued with Mr. Klein regarding the language in the agreement to mitigate this risk. Mr. Klein stated that this reclaimed water use agreement is good for CCNG and the PUA, and the supply is interruptible for both parties.

Director Goodwin confirmed that TLAP customers are generally required under the PUA's permit to accept reclaimed water pursuant to the contracts, and confirmed that raw water is provided when effluent is not available. Mr. Klein stated that when reclaimed water is not available, the PUA is not required to provide water, but that the expectation is that CCNG would take treated water unless the PUA agrees otherwise.

Discussion ensued regarding the definitions of reclaimed water, and Mr. Klein stated that 210 water is based on state 210 requirements, and that reclaimed water relating to the TLAP permit is defined by the permit. Mr. Lozano stated that from a system basis, it's the same water, but with two different definitions based on state law.

Director Walden asked if the Spanish Oaks Golf Course, a TLAP customer, would become a 210 customer. Mr. Klein stated that this agreement would not impact CCNG's obligation to take treated water for the golf course or the status of the golf course as a TLAP customer. Director Walden asked if terms could be added to the agreement to require Spanish Oaks to take effluent. Mr. Klein stated that this issue is not contemplated in the agreement currently, and would be a new negotiation point.

Director Whisenant asked about the designation of the golf course as "Class A" and questioned why these qualifications were not considered in the agreement. Discussion ensued regarding these qualification.

Jack Creveling addressed the Board on behalf of CCNG. He provided history regarding the LCRA agreement where Spanish Oaks had requested carve outs to ensure that the golf course wasn't over-saturated. He stated that the agreement for consideration increases the footprint where Spanish Oaks will take effluent. Director Goodwin asked if there may be situations where the golf course would not want to take effluent, but that native and common areas may be irrigated. Mr. Creveling stated that it could be a possibility that in areas where playability isn't an issue, Spanish Oaks would be able to take effluent other than the golf course.

Director Roberts asked if out of play areas could be irrigated, and Mr. Creveling stated that he couldn't answer that question, but he saw it as a reasonable request for consideration.

Discussion ensued regarding the rates charged for effluent and raw water. Following discussion, Mr. Lozano confirmed that this agreement would mitigate effluent management concerns leading to winter months.

Director Goodwin asked to postpone the item to clear up engineering questions.

**MOTION:** A motion was made by Director Goodwin to postpone this item for additional engineering information. The motion was seconded by Director Walden.

The vote was taken with the following result:

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

- B. Discuss, consider and take action on Conveyance Agreements to convey facilities to the WTCPUA from the following (S. Albright):**
- 1. Sweetwater Crossing Phase 2.**
  - 2. Pure Wash Car Wash.**

**3. LTISD Middle School No. 3.**

These items were presented as Exhibits L-N.

**MOTION:** A motion was made by Director Walden to approve the Utility Conveyance Agreements for Sweetwater, Phase II, Pure Wash Car Wash, and LTISD Middle School No. 3. The motion was seconded by Director Roberts.

The vote was taken with the following result:

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

- C. Discuss, consider and take action on 2-year Extension of Developer Letter Agreements between WTCPUA and (S. Albright):**
- 1. Driftwood Investments, Inc. (23 LUEs)**
  - 2. Driftwood Austin, LLC (230 LUEs).**

Director Roberts abstained from participation and voting on this item and Director Walden took the chair.

Ms. Albright presented these items, provided as Exhibit O-P, stating that these documents extend an expired letter agreement for the project referred to as the Creek Tract for a period of 2 years.

**MOTION:** A motion was made by Director Walden to approve the developer letter agreements provided as Exhibits O-P. The motion was seconded by Director Whisenant.

The vote was taken with the following result:

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

- D. Discuss, consider and take action on Consent to Assignments for (J. Smith/S Albright):**
- 1. Driftwood Investments, Inc. to Maile's Development Company, 230 Water LUEs, 290 System.**
  - 2. Maile's Development Company to Driftwood Austin, LLC, 230 Water LUEs, 290 System.**

Director Roberts abstained from consideration and voting on this item.

Ms. Albright presented this item, provided as **Exhibits Q-R**, stating that these documents are consenting to the assignment of the reservation letter agreement. Ms. Smith confirmed reservation fees had been paid.

**MOTION:** A motion was made by Director Goodwin to approve the Consent to Assignment documents for Driftwood Investments, Inc. to Maile's Development Company, and for Maile's Development Company to Driftwood Austin, LLC for 230 LUEs. The motion was seconded by Director Whisenant.

The vote was taken with the following result:

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

**E. Discuss, consider and take action on Murfee Engineering Company engineering services proposals including (D. Lozano):**  
**1. WTCPUA Zebra Mussels Control System, \$73,690.**

Mr. Lozano presented this item, provided as **Exhibit S**. Director Goodwin asked if this technology was evolving, and Mr. Lozano confirmed that the technology is new. He stated that the PUA had discussed the strategies of addressing zebra mussels with other utilities, and that it was clear that the selected approach is the best strategy at this time.

Pat Sinnott with the Lake Pointe HOA addressed the Board, and asked that if the injection is being moved to the raw water intake. She asked if the Lake Pointe community had been notified and requested that this be done.

**MOTION:** A motion was made by Director Goodwin to approve the Murfee Engineering Company engineering proposal for WTCPUA Zebra Mussels Control System in the amount of \$73,690. The motion was seconded by Director Whisenant.

The vote was taken with the following result:

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

**F. Discuss, consider and take action on Equipment Return and Release Agreement between LCRA and WTCPUA (R. Pugh/R. Ramirez).**

Mr. Pugh presented on this item, provided as **Exhibit T**. He stated that this agreement is a release for the PUA to return leak detection equipment to the LCRA as a component of a previously received grant from the LCRA. Leak detection equipment is being returned, but survey equipment is to be kept by the PUA and the PUA will reimburse the LCRA accordingly. He stated that this

agreement was commenced in 2015, but Mr. Pugh determined that the scope of the project was not realistic for staff. Mr. Pugh stated that he discussed with LCRA limiting the scope, but the cost/benefit analysis did not work out to proceed with the program. The agreement at issue allows the PUA to return the leak detection equipment, and keep the survey equipment.

**MOTION:** A motion was made by Director Goodwin to approve the Equipment Return and Release Agreement as provided in Exhibit T. The motion was seconded by Director Walden.

The vote was taken with the following result:

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

**G. Discuss, consider and take action on Annual Review of WTCPUA Investment Policy (J. Smith).**

Ms. Smith presented this item, provide as Exhibit U. She stated that there were no changes recommended to the Investment Policy, but that annual review is required under the Texas Public Funds Investment Act.

**MOTION:** A motion was made by Director Goodwin to approve the annual review of the Investment Policy. The motion was seconded by Director Whisenant.

The vote was taken with the following result:

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

**H. Bee Cave Oaks Reimbursement**

This item was discussed in executive session.

**MOTION:** A motion was made by Director Brzoska to approve the reimbursement as discussed in executive session. The motion was seconded by Director Whisenant.

The vote was taken with the following result:

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

**I. Discuss, consider and take action on authorizing staff to pursue issuance of up to \$20M in bonds for final LCRA installment payment and capital projects (J. Smith).**

Ms. Smith presented on this item, stating that this is to authorize staff to work with the financial consultants to move forward with the 2019 bond issuance.

**MOTION:** A motion was made by Director Goodwin to authorize PUA staff and consultants to move forward with the 2019 bond issuance. The motion was seconded by Director Walden.

The vote was taken with the following result:

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

**VIII. ADJOURNMENT**

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

The vote was taken with the following result:

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

The meeting adjourned at 12:56 p.m.

PASSED AND APPROVED this 17th day of January, 2019.



Scott Roberts, President  
Board of Directors

ATTEST:



Ray Whisenant, Secretary/Treasurer  
Board of Directors