

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

October 17, 2019

Present:

Scott Roberts, President
Don Walden, Vice President
Ray Whisenant, Secretary
Bill Goodwin, Assistant Secretary
Eileen Brzoska, Director (Arrived at 10:48 a.m.)

Staff and Consultants:

Jennifer Riechers, Agency Interim General Manager
Jennifer Smith, Agency Controller
Keli Kirkley, Agency Accountant
Reuben Ramirez, Agency Engineer Technician
Curtis Jeffrey, Agency Lead Water Operator
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.), District Engineer

I. CALL TO ORDER

Director Roberts called the meeting to order at 10:04 a.m.

II. ESTABLISH QUORUM

A quorum was established with the above-referenced Directors, staff, and consultants present.

III. PUBLIC COMMENT

Matthew Kutac addressed the Board and stated that he was there on behalf of Hays County WCID No. 1. He stated that most of the review seems to be regarding the Endeavor commercial portion of the project, and that the planning of this project was conducted in the 2015-2016 time period when there was a different staff makeup within the PUA. He stated that at that time, it was stated that calculation of the LUEs was a wholesale customer's responsibility. Mr. Kutac stated that he anticipated that the work done in 2015-2016 may not fully align with current PUA policies. He said that this review has gone for 7-8 months and that it is beginning to impact projects, and he asked that the matter be addressed as expeditiously as possible.

IV. CONSENT AGENDA

- A. Approve minutes of September 19, 2019 regular Board Meeting.
- B. Approve payment of invoices and other related bookkeeping matters, including:
 - 1. Quarterly Investment Report.
- C. Approve Contractor Pay Requests including:
 - 1. CFG Industries, LLC, Pay Application No. 14, \$19,576.75, Tank and Pump Station Coating Improvements;
 - 2. DN Tanks, Inc., Pay Request No. 1, \$189,157.35, West Bee Cave Ground Storage Tank No. 2 CIP Project.
- D. Approve Service Extension Request (SER) for:
 - 1. Longleaf at Bee Cave, 34 Water and Wastewater LUEs.
- E. Approve Non-Standard Service Agreements (NSSA) for:
 - 1. Longleaf at Bee Cave.

Director Walden flagged that the General Manager had switched IT providers for a lesser cost.

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

The vote was taken with the following result:

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

V. OLD BUSINESS

At 11:51 a.m., Director Walden announced that the Board would convene in executive session to consult with its attorney under Texas Government Code § 551.071 regarding Items V.A, V.C and V.D.

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

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

1. *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;*
2. *John Hatchett, Sandra Hatchett and JPH Capital, LLP v. West Travis County Public Utility Agency, No. 03-18-00668-CV in the Court of Appeals for the Third District of Texas at Austin;*
3. *John Hatchett, Sandra Hatchett and JPH Capital, LLP v. West Travis County Public Utility Agency, Civil Action No. 1:19-CV-00260 in the United States District Court for the Western District of Texas, Austin Division.*

This item was discussed in executive session.

**B. Discuss, consider and take action on tariff amendment regarding:
1. Meter Opt-Out Program.**

MOTION: A motion was made by Director Roberts to approve the tariff amendment regarding the meter opt-out program, provided as **Exhibit F**. The motion was seconded by Director Whisenant.

The vote was taken with the following result:

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

Director Goodwin stated that he was opposed to the program, but that he will vote in favor as it's the will of the Board to adopt such a program.

Director Whisenant stated that if there is a ratepayer who is willing to pay for such a program, that he was in favor of the PUA offering the option.

C. Discuss, consider and take action regarding Amendment to Easement Agreement between the WTCPUA and 71 Bee Cave, Ltd.

This item was discussed in executive session.

Mr. Klein addressed this item stating that the property owner has requested that the LUEs be available to be transferred to other individuals but still tied to the property, and recognition that the easement can be extended.

Director Roberts asked that the language be deleted regarding the extension request and include a basic reference that additional extensions may be requested.

MOTION: A motion was made by Director Goodwin to approve the Amendment to Easement Agreement between the WTCPUA and 71 Bee Cave, Ltd, provided as Exhibit G, with the changes recommended by Director Roberts. The motion was seconded by Director Roberts.

The vote was taken with the following result:

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

Voting Nay: None

Abstained: None

Absent: None

D. Discuss, consider and take action regarding Hays County WCID 1 Wholesale Contract audit.

This item was discussed in executive session.

MOTION: A motion was made by Director Walden to approve in concept a letter to Hays WCID 1 regarding the wholesale contract audit and changes to standard operating procedures in concept, and authorize the General Manager, General Counsel, and the District Engineer to bring the final documents to the Board for consideration. The motion was seconded by Director Whisenant.

The vote was taken with the following result:

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

Voting Nay: None

Abstained: None

Absent: None

VI. NEW BUSINESS

A. Discuss, consider and take action on Alternative Wholesale Model proposal from Pix Howell.

Pix Howell addressed the Board on this item. He provided a brief history of the PUA system and LCRA's decision to divest itself of the water and wastewater utilities. He stated that his vision at the time was for the organization purchasing the facilities to be a wholesale provider. The PUA is currently providing retail and wholesale water service, and there are difficulties with legacy LCRA agreements with its wholesale providers that he has observed. Mr. Howell works with the Headwaters MUD relating to the usage demand relating to irrigation that was exacerbated by multiple wholesale contracts. His recommendation to the Board is to prepare a model wholesale contract with the anticipation that other customers would adopt the same. Mr. Howell asked that

the PUA look into whether a template contract would be beneficial for wholesale customers, and asked that the PUA Board authorize staff to explore the issue.

Director Roberts stated that he would be supportive of a standardized wholesale contract, but he did not want to expend staff time in working on this issue. He stated that if Mr. Howell's team proposed options, he was open to reviewing them.

Director Goodwin stated that he is not sure what is being asked of the PUA, and stated that although it has been a burden to look at the individual agreements, no one would want to re-negotiate a contract that they liked. Although he doesn't disagree with the concept, he doesn't see how the customer would be willing to re-negotiate agreements.

Mr. Howell responded that he did think the proposal would be successful, and that he was asking for the Board to review the information when presented.

Mr. Lozano stated that he and Ms. Riechers had met with Mr. Howell and had suggested an early Board item as the concepts proposed by Mr. Howell could impact Board policies.

Director Walden stated that the Board did not want to dedicate staff time to this issue at the time, but if Mr. Howell wanted to explore the issue, the Board would review future information.

Director Whisenant stated that Mr. Howell has as much depth in the background as any person, but as one director he agreed that he did not want to put a great deal of staff or consultant time into this issue. He stated that he did want to hear what wholesale customers would have to say on the proposal. Director Whisenant stated that he doesn't have any problem with initiative, and if the wholesale customers and the PUA can agree upon an agreement that is good for the customer and good for the utility, then he was interested to see the proposal.

Director Roberts directed that the Board would first review any proposal, and then make the determination as to whether staff and consultants would conduct a review of the proposal.

B. Discuss, consider and take action regarding analysis of LUE table regarding restaurants.

Ms. Riechers presented information on this item, provided as Exhibit H. She stated that she continued Mr. Lozano's presentation from September and looked at restaurants in the system. She stated that she looked at the last 12 months' usage for approximately 12 restaurants. She stated that what they likely paid in LCRA impact fees is likely well under the actual usage. She stated the conclusion is that the PUA's table allows the usage of actual data, and is a resource if there is no data as a guideline for what the PUA would assess; but if there is specific data, the PUA would review it. Ms. Riechers stated that the PUA can look at the table but it will take some time to review, and that four other entities are using a consistent table and that she did not see that the PUA is using a different methodology than other entities.

Director Goodwin stated that he thought that the PUA's impact fees originally triggered this issue. He discussed the PUA table and stated that several restaurants built in the PUA era paid impact

fees lower than actual usage. Ms. Riechers responded that these customers presented information on usage, and that they did not use the table. She provided one example where usage information indicated 20 LUEs of usage, but actual usage was 30 LUEs and the table would have dictated 31 LUEs. She stated that it would be beneficial to the PUA to include a provision in the NSSA allowing a lookback at the amount of impact fees paid versus actual usage.

Ms. Albright, in response to a question from Director Goodwin, stated that legal counsel would have to look into the potential of including a “lookback” provision and what provisions would be advisable to include in such an agreement.

Director Goodwin stated that he didn’t want to negatively impact the small businesses that would have to rely on the LUE table, versus the chain entities that could present comparable data.

Mr. Lozano stated that one recommendation would be to clarify what square footage is applicable when reviewing applications, as this is a strong determinant on usage per square foot.

In response to a question from Director Goodwin, Mr. Lozano stated that he wasn’t in favor of changing the LUE table and didn’t see a compelling reason to break from what other utilities are doing, as the PUA’s table is consistent with what these other entities are doing.

Director Walden stated that the PUA had worked to reduce its impact fees, and that he had thought there was an ability to make an adjustment if data is provided on actual usage. Ms. Riechers stated that this is done at the beginning during the application process, but not after service is typically commenced. The Board directed Ms. Riechers to look into a proposal to allow the PUA to look back on actual usage history after service is commenced. Director Walden stated that he didn’t know how it would work if the adjustment would not be to the favor of the customer.

Director Goodwin stated that the Board is okay with leaving the table as-is, and that they would like staff and legal to discuss a proposal for conducting a lookback.

C. Discuss, consider and take action regarding WTCPUA Organizational Chart.

Ms. Riechers stated that she is proposing to add an in-house IT employee, as indicated on Exhibit I, to reduce some of the third party expenses related to IT services. She stated that the other addition to the chart was adding the vacant operations manager position in the case that the decision was made to fill this position.

MOTION: A motion was made by Director Roberts to approve the WTCPUA organizational chart. The motion was seconded by Director Goodwin.

The vote was taken with the following result:

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

Voting Nay: None

Abstained: None

Absent: None

D. Discuss, consider and take action regarding proposal from CP&Y for SCADA system improvements.

Scott Wetzel with CP&Y presented this proposal, provided as Exhibit J. He stated the proposal would review the SCADA system and allow for options to upgrade the system for better functionality.

Director Walden asked how much experience CP&Y had in looking at SCADA, to which Mr. Wetzel stated that this is routine for the group in Dallas that only does this type of work. Director Goodwin stated that he instigated this proposal given the annual amounts spent on work on the SCADA system. Mr. Wetzel confirmed that these expenses was not uncommon for a utility the PUA's size and that technology in this area is constantly changing, but that there was a value in reviewing these expenses.

MOTION: A motion was made by Director Walden to approve the proposal from CP&Y for SCADA system improvements. The motion was seconded by Director Whisenant.

The vote was taken with the following result:

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

E. Discuss, consider and take action regarding proposal from Murfee Engineering Company for preliminary research regarding the feasibility of Aquifer Storage and Recovery, \$20,000.

Mr. Lozano presented this proposal, provided as Exhibit K. He stated that this is a high level preliminary feasibility analysis to look into the issue. He stated that the Dripping Springs WSC ("DSWSC") is also interested in such a project that may be a possibility for coordination. Mr. Lozano stated that although this is not a new water supply, this will assist with managing capacity by leveling out the seasonal peaks.

Director Goodwin confirmed that this is aquifer storage recovery, and that the PUA is just authorizing a high level look into the possibility of doing such a project to manage peak demands. Director Whisenant stated that both SAWS and the City of Kerrville are successfully implementing this program and that it is something to look into. He stated that the consultant hired by DSWSC would be worth talking to given his experience.

Director Goodwin asked, if there are other entities looking at the issue, why would the PUA hire its own engineer to look at this same information. Mr. Lozano stated that this review would take

this information and determine what is applicable to the PUA, and what benefits and pitfalls would be considered by the PUA's system, especially in the context of the future DPR system.

Discussion ensued regarding the basic details on ASR and the potential benefit to the PUA system.

MOTION: A motion was made by Director Roberts to approve the proposal from Murfee Engineering Company for preliminary research regarding the feasibility of Aquifer Storage and Recovery, \$20,000. The motion was seconded by Director Walden.

The vote was taken with the following result:

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

VII. STAFF REPORTS

A. General Manager's Report.

This item was presented by Ms. Riechers and provided as Exhibit I.

Director Walden asked about the noted meeting with Scott Foster. Ms. Riechers stated that she met with Scott Foster relating to the BCP 23 project, and that there has been no application submitted at this point.

B. Controller's Report.

Ms. Smith presented this report, provided as Exhibit J. She stated that water sales were high in August and the PUA was able to meet the budget projections for the 2019 fiscal year. She stated that the numbers are preliminary because the books were closed early due to the timing of the Board meeting, but overall the finances and budget look good for the year.

Director Whisenant thanked staff for their work on the budget and impact bringing operations in-house.

Ms. Smith stated that the quarterly investment report was in the consent agenda, but the PUA has brought in \$1.8 million in investment interest.

**C. Engineer's Report including:
1. Capital Improvements Plan Update.**

Mr. Lozano presented this report, provided as Exhibit K. Mr. Lozano stated that the site plan information for the raw waterline project had been submitted to Travis County. He stated that

Murfee Engineering is still waiting on a response for the site plan, and his recommendation is to proceed with construction pending sign-off from engineering.

MOTION: A motion was made by Director Walden to approve that Murfee Engineering proceed with construction on the raw waterline project and to send notice to Travis County. The motion was seconded by Director Whisenant.

The vote was taken with the following result:

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

Director Brzoska asked if there is a meeting scheduled with Lake Pointe regarding this project. Mr. Lozano responded that the contractor has been on notice that an updated schedule is needed, and that once they have this information there will be a follow up meeting scheduled.

Director Goodwin asked about the ground storage tank flagged in the report and discussion ensued on the project identified.

Director Walden asked about the SWPPS project, and Mr. Lozano confirmed that The Nature Conservancy had agreed on an easement, but that there is some current outstanding issues relating to some land retained by LCRA in the sale of the system. Mr. Lozano stated that the hope is to start construction in the second quarter of next year, and that design is basically completed but the permit issue is still outstanding. Director Whisenant asked how long the LCRA has known about this real estate issue, to which Mr. Lozano replied that it has likely been a year.

Director Roberts asked if the PUA has the DPR permit, to which Mr. Lozano stated that the PUA needs two permits: the wastewater permit and water permit. He stated that the wastewater permit is not finally issued, but anticipated it to be issued before the end of the year. He stated that the water supply permit is still in process, and that authorization is likely still six months to a year away.

Mr. Lozano flagged in the report data regarding CIP and long-term usage. He stated that the trend in wastewater flow is clearly trending upwards over an extended period of time.

D. Operations Report.

Mr. Jeffrey provided this report, provided as **Exhibit L**. Discussion ensued regarding the inventory program and the budget amounts for this program. Ms. Smith stated that the previous operations manager was in process of developing a program, and that staff has plans to have modules in the software conversion to track some equipment. Director Walden directed that Mr.

Jeffrey work with Ms. Smith to develop an inventory and control program. Mr. Jeffrey confirmed that this will be a joint effort of all the supervisors.

VIII. ADJOURNMENT

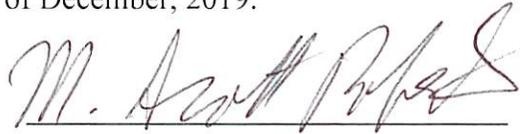
MOTION: A motion was made by Director Brzoska to adjourn the meeting. The motion was seconded by Director Roberts.

The vote was taken with the following result:

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

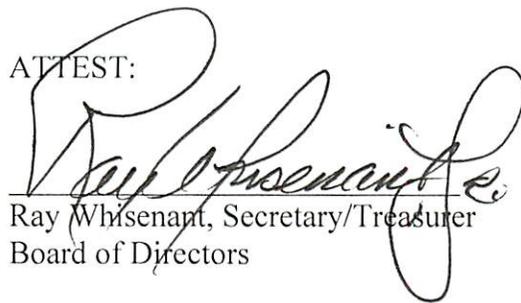
The meeting adjourned at 1:23 p.m.

PASSED AND APPROVED this 12th day of December, 2019.



Scott Roberts, President
Board of Directors

ATTEST:



Ray Whisenant, Secretary/Treasurer
Board of Directors