



WEST-CENTRAL TEXAS MUNICIPAL WATER DISTRICT

410 Hickory Street, Abilene, TX 79601 · Phone 325-673-8254 · Fax 325-673-8272 · www.wctmwd.org

395th Meeting of the Board of Directors

STATE OF TEXAS COUNTIES OF: JONES,
SHACKELFORD, STEPHENS, TAYLOR,
EASTLAND, AND PALO PINTO

REGULAR MEETING
August 29, 2018 · 9:30 AM
ABILENE, TEXAS

DIRECTORS PRESENT

ABILENE

Russell Berry Kelly Kinard
Sam Chase Norm Archibald
Joe Canon

ALBANY

David Cleveland Randall Palmore

ANSON

Keith Gilbert

BRECKENRIDGE

Paul Prater

DIRECTORS ABSENT

ABILENE

Ron Butler

ALBANY

ANSON

Rowland Foster

BRECKENRIDGE

Stan Carstens

STAFF AND OTHER GUESTS PRESENT

Chris Wingert, General Manager
Christy Ferguson, Admin. Services Manager
Ronnie Tilly, Operations Mgr.
Blake Woodall, Planning and Dev. Mgr.

David Buhrmann, Attorney
Debbie Strayer, Admin/Finance Specialist

Call to Order

Joe Canon, President, called the 395th meeting of the West Central Texas Municipal Water District Board of Directors to order at 9:32 a.m. on Wednesday August 29, 2018, in accordance with the statutes of the State of Texas. A quorum was present.

Public Comment

President Canon opened up the floor for public comments. No comments were made.

Minutes

President Canon stated that the minutes from the prior meeting (394) need to be considered for approval at this time.

Mr. Kinard made a motion to approve the minutes. Mr. Prater offered a second and the motion carried unanimously.

Consent Agenda

President Canon asked if there were any comments or concerns with the Consent Agenda items, which include:

- Financial Statements for February, March, April and May 2018
- Quarterly Investment Report for nine months ended June 30, 2018
- Expense Vouchers for April, May, June and July 2018

No comments or concerns were addressed.

Mr. Palmore made a motion to approve the consent agenda as a whole; Mr. Berry offered a second and the motion carried unanimously.

Development, Operations and Water Policy Committee Report:

Quarterly Update of Outstanding CIP/MIP Projects

Mr. Wingert gave a report on the current outstanding CIP/MIP projects. He presented the update and stated that several of the projects have either been closed, completed, or are nearing completion. No action was taken.

Close Out Completed CIP/MIP Board Resolutions

Mr. Wingert stated that Staff has completed work on six CIP/MIP projects listed below:

- | | |
|-----------|-------------------------------------|
| • 2018-01 | Purchase ¾ Ton Pickup |
| • 2018-02 | Purchase ¾ Ton Pickup |
| • 2018-07 | Booster 2 Road Improvements-Phase 2 |
| • 2018-09 | Office Parking Lot Seal Coating |
| • 2018-14 | Abilene Office HVAC Replacement |
| • 2018-15 | Abilene Office HVAC-Engineering |

The Operations Committee recommends that the above projects be closed out. Mr. Prater made a motion that the Board close the six CIP/MIP projects listed above. Mr. Cleveland offered a second and the motion carried unanimously.

Proposed FY 2019 CIP/MIP Budget

Mr. Wingert gave the Board a history of CIP/MIP programs that the District has had since 2012. He noted that in 2018, the District financed the first phase of the Motor Control Center (MCC) improvement program. Mr. Wingert went on to discuss that for the FY2019 CIP/MIP Budget, Staff is recommending delaying the start of the second phase of the MCC replacement program until next year. The delay will lower the proposed FY2019 CIP/MIP Budget to \$520,500. Mr. Wingert reviewed the proposed twelve (12) CIP/MIP projects being considered for approval as listed below:

- Purchasing two ¾ ton trucks
- District Property Upgrades
- Tow Behind Manlift which will allow Staff to service the elevated equipment such as lights, SCADA radios and cameras
- Replacing the 31-year-old Haul Truck
- Purchasing a new large-format scanner for Laserfiche document storage
- Commercial trench boxes to augment the District's single "homemade" box
- Purchase a second Line Locator to assist with 811 calls and normal operations
- Replacing the old "Sab-Nife" Uninterruptible Power Supplies (UPS) at the Hubbard Creek Reservoir related stations
- Replacing the 12-year-old telephone system at the Abilene Office
- Recoating the interior of the 0.5 MG Anson Tank including installing a temporary bypass tank
- Purchasing a shredder for cleaning District pipeline easements

Mr. Wingert reminded the Board that formal action on the CIP/MIP Budget will be considered after the Public Hearing.

City of Abilene Bill of Sale-Product Water Pump Station Facilities

Mr. Wingert gave the Board a brief summary of the negotiations between the City of Abilene (City) and the District regarding a Bill of Sale for the Product Water Pump Station (PWPS). Mr. Wingert told the Board that Staff conducted an inspection and testing of the PWPS in early April in order to test for any possible deficiencies prior to the execution of the Bill of Sale and the expiration of warranties. Mr. Wingert explained that the testing resulted in the discovery of the following deficiencies:

1. Staff inspected Pump No. 1 and found that the motor bearing needed repairs. The pump was sent to a company in the Metroplex (Pierce Pump) for repair and has not been returned as of yet.

2. Staff also found that the Product Water Meter and the Contract Point of Delivery (CPOD) Meter vaults were both full of water thus making the operation of the meters faulty. The City had Prime Controls inspect the meters on August 21st and the City stated that the coil on the Veale Park meter was bad but the Product Water Meter was working properly. Mr. Wingert stated that there is an inconsistency with the meter and that further inspection is needed.
3. The Product Water Tank has several spots on the exterior wall and an unknown number of spots on the interior wall where rust is coming to the surface. Mr. Wingert showed comparisons to a tank owned by CRMWD that ended up developing cracks and leaks. Mr. Wingert stated that eventually the whole tank at CRMWD had to be torn down and rebuilt. Mr. Wingert told the Board that he had discussed the issue with Scott Hibbs and that Scott had passed the information on to Rodney Taylor with the City of Abilene. Mr. Wingert felt like the best option would be to fill the tank and put pressure on it. Mr. Wingert emphasized that the District will have a one-year warranty with the bill of sale.

Mr. Wingert addressed the revised draft version of the Bill of Sale with a key difference in section 3 under City Warranty. The revised version is more explicit in defining what a "defective component of the facilities" actually is. Defective components are described as a defect in manufacturing of such component, installation or construction of such component or otherwise. This clarification gives the District more leverage in terms of what a defect is. Mr. Buhrmann stated that he and Lauren Kalisek, attorney for the City, developed a Bill of Sale that is acceptable to both parties.

Mr. Prater made a motion that the Board authorize the General Manager to execute a Bill of Sale, as shown in Handout 2, with the City of Abilene for the equipment and facilities associated with the Product Water Pump Station, including any minor revisions which do not revise the intent of the draft document. Mr. Berry offered a second and the motion carried unanimously.

Further discussion was held regarding the Committee request for Staff to draft a formal idle maintenance agreement for the time that the PWPS is sitting idle. Mr. Wingert stated that he will work with Rodney Taylor on the terms of the agreement.

USGS Joint Funding Agreement

Mr. Wingert told that Board that the District typically executes an agreement with USGS every year to operate and maintain two stream flow gauges, one lake level gauge, and to conduct routine water quality monitoring, including monitoring for the presence of zebra mussels. This year the District's cost for the program increased by \$190 or 0.2% which is the first increase since 2015. Total cost of the agreement will be \$91,209 of which the District will pay \$63,794.

Mr. Kinard questioned how important was the information that the District receives from the water quality data collection to the ownership and maintenance of the reservoir. Mr. Wingert stated that the State actually requires the City to do raw water sampling on the lake

and that the District executes this agreement in order to augment their information. Mr. Wingert noted that it's very important to do the species sampling for zebra mussels in order to know whether or not the District has a problem, because once a zebra mussel issue surfaces, then the District will have to be prepared to address the issue and find a solution.

Mr. Archibald offered a motion that the Board authorize the General Manager to execute the USGS Streamflow, Water Quality Monitoring and Species Sampling Agreement for FY 2019 including an expenditure not to exceed \$64,000 for this purpose. Mr. Cleveland offered a second and the motion carried unanimously.

Finance, Personnel and Customer Service Committee Report:

District Health Insurance

Mr. Wingert commented that health insurance plans are moving towards "catastrophic care" which means higher deductibles and higher out of pocket maximums. He stated that it is getting more difficult to afford basic medical services under the "new" plans. Mr. Wingert highlighted plans received from Blue Cross/Blue Shield (BC/BS), Texas Municipal League, United Health Insurance and First Care.

Mr. Wingert stated that **BCBS Plan G653CHC Gold** was recommended by the District's Health Care Consultant as well as District Staff and that this plan is similar to the District's current plan. Mr. Wingert noted that the proposed plan differs from the previous plan by offering a \$100 increase In-Network Out of Pocket Maximum and a \$200 increase Out-of-Network Out of Pocket Maximum, both for individuals. This plan would cost the District \$30,893 (10.7%) less and would decrease the estimated Employee cost by \$8,635 (27%).

Mr. Chase stated that Mr. Wingert and Staff did an excellent job of putting together the information and numbers to present to the Board.

Mr. Chase made a motion that the Board adopt Blue Cross Blue Shield Plan "G653CHC" for FY 2019. Furthermore, the recommendation includes the District paying a total of 100% for Employee Only coverage, 73.45% Employee and Spouse coverage, 73.05% Employee and Child coverage, and 68.93% Employee and Family coverage. Mr. Prater offered a second and the motion carried unanimously.

Authorization of the TCDRS Plan Provisions for the 2019 Plan Year

Mr. Wingert stated that the District has contracted with Texas County and District Retirement System (TCDRS) since November 1968 for retirement services. He went on to discuss the renewal package for 2019 by stating that the District will actually pay a "Total Contribution Rate" of 8.55% which is made up of an 8.28% "Retirement Plan Rate" and a 0.27% "Group Term Life Rate". The 2018 Retirement Plan Rate was 8.55% and the 2018 Group Term Life Rate was 0.32%. Both have dropped since last year, making this the fourth year in a row for rate reductions.

The Finance Committee recommended that the District continue to utilize TCDRS for FY 2019 with the following provisions:

- A 7% Deposit Rate paid by District employees.
- A 150% Matching Rate for employee contributions.
- No "Cost of Living Adjustment" being applied to retirees.
- A Total Contribution Rate of 8.55% which includes a Retirement Plan Rate of 8.28% and a Group Term Life Rate of 0.27%.
- No additional contribution to the Retirement Plan Rate.

Mr. Archibald made a motion that the Board authorize the General Manager to execute documents providing for the continuation of the TCDRS retirement plan for FY 2019 under the previously listed conditions. Mr. Cleveland offered a second and the motion carried unanimously.

WCBWDS Source Water Rates

Mr. Wingert reviewed the terms of the Purchase Sale and Operations Agreement with the Brazos River Authority (BRA) and stated that the District becomes a middle man in water sales once the current contracts between BRA and end users expire. Mr. Wingert clarified that the District can request to purchase water from the BRA and resell it to end users.

Mr. Wingert told that Board that the District received the FY2019 BRA water rates and that they approved a source water system rate of \$76.50 per acre-foot (+3.4% increase from the prior year) and a source water rate of \$53.55 per acre-foot (also +3.4% increase) for Agricultural users. Mr. Wingert reminded the Board that they have assessed a \$0.50 surcharge to cover incidental costs the past couple of years. He stated that the Finance Committee recommended setting the source water rate at \$77.00 per acre-foot for the timeframe of September 1, 2018 to August 31, 2019. He further stated that the Committee recommended setting an Interruptible Water Rate of \$77.00 for Non-Municipal Customers and an Interruptible Water Rate of \$50.05 per acre-foot for Agricultural Customers for the period of January 1, 2019 to December 31, 2019.

Formal action on the WCBWDS Source Water Rates will be considered after the Public Hearing.

Mr. Cleveland questioned whether the \$0.50 allows the District to cover maintenance costs along the lines and Mr. Wingert stated the maintenance costs are covered by the transportation charges and that the \$0.50 surcharge covers administrative costs.

WCBWDS Transportation Rates beginning September 1, 2018

Mr. Wingert said the WCBWDS Transportation rates were calculated based on a FY 2019 Draft Budget including the BC/BS G653CHC insurance rate. He stated that the total WCBWDS expenditures are \$523,363. Mr. Wingert then explained that Transportation

Charges are up \$2,229 (0.43%) from last year's budget which consists of the "Fixed Charges" totaling \$391,275 and the "Variable Charges" totaling \$132,088 in electric power for the Possum Kingdom Intake Station. Mr. Wingert stated that the \$5,500 charge for the Veale Parks Pump Station will be billed directly to DFG since they are the only large customer on the Ranger Line and that Abilene will pay a fixed charge of \$178,358 which has decreased by \$3,720 or 2.0%.

Mr. Wingert told the Board that the Finance Committee proposed a Fixed Rate of \$162.83 per acre-foot (which is \$7.62 (4.9%) more than the current year's \$155.21 rate) and a proposed Variable Rate of \$79.39 per acre-foot (which is \$0.88 or 1.1% less than the current year's rate of \$80.27 per acre-foot) for FY 2019.

Formal action on the WCBWDS Transportation Rates will be considered after the Public Hearing.

Proposed FY 2019 General Fund Budget

Mr. Wingert stated the Draft FY2019 General Fund Budget was reviewed by the Finance Committee and that it includes a transfer of \$520,500 from the General Fund to the Capital Projects Fund in order to fund the proposed CIP/MIP projects and a transfer of \$171,430 from the General Fund to the Contingency Fund for the WCBWDS purchase repayment. Other elements included within the Draft Budget are:

- A 7% aggregate increase to the "Manager" and "Leader" Categories
- Estimated Water Use
- Power cost reduction
- TCDRS Retirement Costs
- Health Insurance
- CIP/MIP Budget

Formal action on the General Fund Budget will be considered after the Public Hearing.

Executive Session under Section 551.074 of the Texas Open Meetings Act

President Canon stated that the Board of Directors of the West Central Texas Municipal Water District will now convene in a closed, Executive Session beginning at 10:58 am in accordance with the Texas Open Meetings Act section 551.074 Personnel Matters. Mr. Wingert and Mr. Buhrmann were asked to stay for Executive Session.

The Board reconvened in an Open Session at 11:20 am and President Canon stated that no action was taken in Executive Session.

Formal Action Regarding the WCBWDS Water Rates

Public Hearing Regarding WCBWDS Water Rates

President Canon announced the opening of the public hearing regarding WCBWDS Water Rates at 11:23 a.m. and asked if there were any public comments. No public comments were made and the public hearing was closed at 11:24 a.m.

Adoption of Proposed WCBWDS Water Rates

Mr. Palmore made a motion that the Board set a FIRM WATER RATE of \$77.00 per acre-foot for Non-Municipal Customers for the time period covering September 1, 2018 through August 31, 2019. Mr. Cleveland offered a second and the motion carried unanimously.

Mr. Archibald made a motion that the Board set an INTERRUPTIBLE WATER RATE of \$77.00 per acre-foot for Non-Municipal Customers and an INTERRUPTIBLE WATER RATE of \$54.05 per acre-foot for Agriculture Customers for the time period covering January 1, 2019 through December 31, 2019. Mr. Kinard offered a second and the motion carried unanimously.

Public Hearing regarding WCBWDS Transportation Rates beginning September 1, 2018

President Canon announced the opening of the public hearing regarding WCBWDS Transportation Rates at 11:25 a.m. He asked if there were any public comments. No public comments were made and the public hearing was closed at 11:26 a.m.

Adoption of Proposed WCBWDS Water Rates beginning September 1, 2018

Mr. Palmore made a motion that the Board set a FIXED TRANSPORTATION RATE of \$162.83 per acre-foot and a VARIABLE TRANSPORTATION RATE of \$79.39 per acre-foot for WCBWDS customers during the period of September 1, 2018 through August 31, 2019. Mr. Kinard offered a second and the motion carried unanimously.

Formal Action Regarding the District's FYE 2019 Budget

Public Hearing Regarding the District's Budget

President Canon announced the opening of the public hearing regarding the District's Budget at 11:27 a.m. He asked if there were any public comments. No public comments were made and the public hearing was closed at 11:28 a.m.

Adoption of Proposed FY 2019 CIP/MIP Budget

Mr. Kinard made a motion that the Board authorize expenditures not to exceed \$520,500 from the General Fund for the twelve CIP and MIP projects listed on Page 4.04. Mr. Archibald offered a second and the motion carried unanimously.

Adoption of Proposed FY 2019 General Fund Budget

Mr. Prater made a motion that the Board adopt the FY 2019 General Fund Budget as presented on Pages 5.06-5.13 which includes funding for Blue Cross / Blue Shield Insurance plan G653CHC and with an amendment to the Leadership and Management aggregate salary increase. The Board lowered the aggregate increase from 7% to 5% and clarified that this increase will be separate from the 3% merit increase. Mr. Chase offered a second and the motion carried unanimously.

President and Officer's Report

Calendar for Fiscal Year 2019 Meeting Dates

President Canon mentioned that the meeting dates for the next Finance Committee Meeting has been changed from the traditional Thursday date (October 18th) to Wednesday October 17, 2018.

Manager's/Staff Report

District Rules & Regulations

Mr. Wingert stated that last year staff discussed a situation where a landowner adjacent to the Hubbard Creek Reservoir was raising "show pigs" and that a neighbor complained about the noise and the smell. Mr. Wingert told the Board that Ronnie Tilly, Assistant General Manager/Operations Manager, went out and investigated and determined that it did not pose a threat to the quality of water in the reservoir.

Mr. Wingert told the Board that Section VI (6) of the current Rules and Regulations states:

"It shall be unlawful for any person to keep, maintain or confine any livestock or fowls, on lots or tracts bordering on the Reservoir, except those persons who retained grazing rights in the sale of property to the District so that the reservoir could be constructed."

Mr. Wingert stated that this language is very restrictive and that Staff is recommending language as shown in Handout 1. Mr. Chase expressed his concerns regarding the wording of "potential" and "active" threat. The Board then addressed his concerns and after much discussion, the following wording agreed on:

"It shall be unlawful for any person to keep, maintain or confine any livestock or fowl on lots or tracts bordering on Hubbard Creek Reservoir which could pose a

potentially-active threat to the water quality of the Reservoir, except for those persons who retained grazing rights upon the sale of property to the District so that the Reservoir could be constructed. The possibility of a potentially-active threat shall be deemed present if:

1. *The animal operation, or evidence of contaminated runoff, is located within 100 feet of the Reservoir's conservation level (1183.31 msl); and*
2. *District staff has visited the site and determined that there is a potentially-active threat to the Reservoir's water quality, after considering factors such as the type and density of animals on the land, the slope of the land, the presence of retention ponds or berms, the caging or sheltering of the animals, and other factors."*

Mr. Prater and Mr. Archibald made the comment that the Board has the right to revise this in at the November meeting.

Mr. Kinard recommended the Board approve the replacing of existing wording contained in Section VI (6) of the District Rules and Regulations with the language listed above. Mr. Prater offered a second and the motion carried unanimously.

Water Supplies and Projections

Mr. Wingert discussed water supplies and projections and stated that as of Friday, HCR elevation was 1177.46 which is 75% full and 5.85 ft. low. He said that HCR is not in any drought stage at this point.

No Board action is needed for this item.

WCBWDS Issues

Mr. Wingert began his discussion on an issue with the Robert Boyer easement along the WCBWDS line. He stated that the original easement was executed in 1975 and that no changes could be made without written consent of the Grantor. Mr. Wingert said that the BRA and Mr. Boyer had a "disagreement" regarding the time when the BRA cleared the easement after stating that they would not do so and Mr. Boyer was injured from debris with his four-wheeler. Mr. Wingert further stated that the BRA executed an easement amendment on April 12, 2016 but the BRA did not inform the District of such an amendment. Mr. Wingert gave a summary of the amendment and stated that it grants the consent and assignment of the easement to the BRA only and it states that the easement cannot be changed without written consent and that consent may be withheld. The amendment also requires that Mr. Boyer be notified in writing 30 days before any scheduled maintenance of the pipeline and it restricts any scheduled maintenance from August 10th-January 31st. Mr. Wingert told that Board that there are many other restrictions in the amendment and that the BRA added a 1 ½" tap on the east side of the property which Mr. Boyer is using to irrigate a field with a pivot sprinkler. Mr. Wingert clarified that Mr. Boyer

does not have a Surface Water Availability Agreement with BRA nor any agreements with the District.

Mr. Wingert stated that he discussed this issue with Mr. Buhrmann and he recommended an option (as a LAST resort) in that the District terminate the existing agreement and start condemnation proceedings for a new easement along the same route. Mr. Buhrmann also recommended obtaining a restraining order to prevent Mr. Boyer from damaging the pipeline or restricting Staff access during that time as necessary. Mr. Wingert and Staff also discussed a bypass option of going down a county road and across another property to totally bypass Mr. Boyer's property. However, Mr. Wingert stated that this option would mean that Mr. Boyer would not have access to water. Mr. Wingert said that the downside to this agreement is that the easement requires the District to remove the pipeline if it is ever abandoned. Mr. Wingert did have a meeting with Mr. Boyer to discuss the cost of water per acre-foot that his neighbors are paying (Mr. Boyer is getting water for free) and he told Mr. Wingert that is something he will need to work out with BRA. Mr. Wingert stated that Mr. Boyer is trying to push everything off between BRA and the District and will not be easy to work with.

Mr. Wingert also stated that going back through the easements that the BRA provided for the District they are discovering several other missing easements that will need to be researched as well.

No Board action is needed for this item.

Maintenance Activities

Mr. Wingert reviewed current maintenance activities such as flood valves at the Abilene Vault, Booster 2 motor replacement and replacing an isolation valve on the Curry line near BASA Ward B.

No Board action was needed.

Travel and Training Report

Mr. Wingert referenced the report in the book showing that Staff has attended several training opportunities and conferences.

No Board action was needed.

Staff Vacancies

Mr. Wingert referenced the organization chart in the Board book showing there is a Lake Maintenance position open at this time.

No Board action was needed.

Other Significant Issues

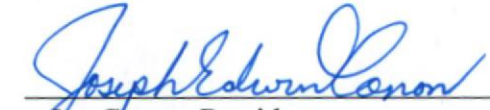
Mr. Wingert had no other significant issues to discuss at the time.

There being no further business before the Board, the 395th meeting adjourned at 12:10 p.m.

Approved this 7th day of November, 2018.



Paul Prater, Secretary



Joe Canon, President