



WEST-CENTRAL-TEXAS-MUNICIPAL-WATER-DISTRICT

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400th Meeting of the Board of Directors

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

REGULAR MEETING
November 13, 2019· 9:30 AM
ABILENE, TEXAS

DIRECTORS PRESENT

ABILENE

Joe Canon Russell Berry
Sam Chase Kelly Kinard
Norm Archibald

ALBANY

David Cleveland

ANSON

Keith Gilbert Rowland Foster

BRECKENRIDGE

Paul Prater Scott Harris

DIRECTORS ABSENT

ABILENE

Ron Butler

ALBANY

Randall Palmore

ANSON

BRECKENRIDGE

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 400th meeting of the West Central Texas Municipal Water District Board of Directors to order at 9:30 a.m. on Wednesday November 13, 2019, 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 (#399) need to be considered for approval at this time. Mr. Berry made a motion to approve the minutes. Mr. Foster offered a second and the motion carried unanimously.

Consent Agenda

Mr. Wingert reviewed the items on the Consent Agenda for the Board. President Canon asked if there were any comments or concerns with the Consent Agenda items, which include:

- Financial Statements for June 2019, July 2019, and August 2019
- District's Unaudited Contingency Fund Balance Sheet as of September 30, 2019
- Quarterly Investment Report for the twelve months ending September 30, 2019
- Expense Vouchers for August and September 2019

Mr. Prater made a motion to approve the consent agenda as a whole. Mr. Gilbert 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 Board action was needed.

Close Out Completed CIP/MIP Board Resolutions

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

- 2019-11 Repair Interior Coating of 0.5 Anson Tank

Mr. Prater made a motion that the above project listed be closed out. Mr. Archibald offered a second and the motion carried unanimously.

AWIA Risk and Vulnerability Assessment

Mr. Wingert gave the Board a history of the America's Water Infrastructure Act (AWIA) that was signed into law October 23, 2018. He stated that the law mandates that water systems serving more than 3,300 people develop or update a Risk Assessment and Emergency Response Plan which is due by September 30, 2020. Mr. Wingert told the Board that if the water system serves more than 100,000 people, then the Risk Assessment is due by March 31, 2020.

Mr. Wingert stated that the District provides raw, untreated water that is non-potable and does not meet the strict definition of being a "Public Water Supply System", however, the District was assigned PWSID #215023 in 2010. He said that legally the District is not required to provide this Assessment but if the District chooses not to provide the plan, then the member cities would be required to include the District's system in their plans and the cities may or may not know exactly how the District's system works. Mr. Wingert believes that it would benefit the member cities if the District completed the assessment.

Mr. Wingert noted that the District contacted the engineering firm of Parkhill, Smith and Cooper (Parkhill) to get an estimate of what they would charge to complete such an assessment. Mr. Wingert reported that Parkhill estimated that it would take a total of 277 hours at a cost of \$57,500. Mr. Wingert reviewed several key points of using a consultant versus performing the work in house. Mr. Wingert told the Board that the Operations Committee seemed to favor the District conducting the assessment in house. Mr. Wingert suggested that the District contract with DATROO Technologies of Abilene to perform a Network Assessment and Vulnerability Scan of the District's SCADA and IT systems and that DATROO has given the District a quote of \$2,500 to perform this service. Mr. Wingert also said that the District prefers to contract with Parkhill to review the District's draft plan prior to completion and that Parkhill quoted a cost of \$159 per hour to review the assessment. Mr. Wingert stated that he expects that the total expenditure would not exceed \$10,000.00.

Mr. Kinard questioned if anyone else has a template the District could follow and Mr. Wingert said that because this is something new that is being required, there really isn't a template to follow. Mr. Kinard also questioned if Mr. Wingert has visited with any of the City Managers and Mr. Wingert stated that he had visited with Abilene and they would like to see what the District does and would probably end up referencing the District's report. Mr. Chase asked for clarification of Mr. Wingert's request in that will the District spend both the \$57,500 and the \$10,000 or just one? Mr. Wingert stated only one option would be utilized. Mr. Chase asked if the Operations Committee recommended allowing staff to spend \$10,000 on the project and Mr. Wingert told Mr. Chase that Staff came to the conclusion after the Committee meeting that they may not have the expertise to test the vulnerabilities of the SCADA system. Mr. Cleveland mentioned that once the District performs the work and has it professionally reviewed, that Staff would have a template to work off of next time. Mr. Kinard asked Mr. Wingert how difficult would it be to pursue getting rid of the PWSID number and Mr. Wingert explained that the District still needs that number for other things that are required by the TCEQ.

Mr. Archibald made a motion to authorize the District to perform the Assessment internally with an expenditure not to exceed \$10,000 and to include a contract for an Information Technology and SCADA Vulnerability Study from Datroo Technologies and for Parkhill to review the assessment prior to submission. Mr. Cleveland offered a second and the motion carried unanimously.

***Potential Water Purchases under the terms of the 2005 BRA-Abilene-District
INTERLOCAL AGREEMENT (as Amended)***

Mr. Wingert reviewed the Interlocal Agreement (Agreement) the District has with the City of Abilene and the Brazos River Authority that was effective March 10, 2005. Mr. Wingert stated that the agreement allows a 10-year option for Abilene/District to purchase up to 20,000 acre-feet of water per year from Possum Kingdom Reservoir. Mr. Wingert told the Board that the first Amendment to the Agreement made the 20,000 acre-feet contingent on sufficient water supplies being granted from the Brazos River Authority (BRA) in their Systems Operations Permit. Mr. Wingert then said that the second Amendment to the Agreement reduced the amount available to 12,800 acre-feet per year following the City of Abilene's purchase of 7,200 acre-feet per year from the BRA.

Mr. Wingert told the Board that the City of Abilene received a notice dated August 6, 2019 from the BRA which offered the City the right to purchase an additional 7,737 acre-feet per year under the terms of the Agreement. He then said that the District did not receive a similar offer from the BRA in August contrary to the provisions of the Agreement. Mr. Wingert stated that he contacted the BRA regarding their oversight and the BRA alleged that a separate request was sent to the District requesting the District to inquire about the interest that WCBWDS customers might have in Long Term Possum Kingdom water and stated that letter constituted the District's notice under the Agreement. Mr. Wingert stated that the BRA's response is incorrect for the following reasons:

1. The 10/3/18 letter from the BRA to the District did not contain language stating the request of associated offer was "in accordance with the Interlocal Agreement" as did the 08/06/19 letter to the City of Abilene.
2. The Purchase, Sale & Operations Agreement (PS&O), by which the District purchased the WCBWDS, does not mention that Long-Term water from Possum Kingdom will automatically be charged against the Agreement quantity. The PS&O does state that the sale of water to Abilene shall be in "accordance with the terms of that certain Interlocal Agreement".
3. The District had already renewed one Long-Term Water Supply Agreement with the BRA (on behalf of DFG) whose water was also not charged against the Agreement quantity.
4. This notice was sent out in 2018, ten months before the notice sent to Abilene, and most likely before the BRA assessment of available water had been completed after issuance of the System Operations Permit.

Mr. Wingert stated that the BRA did concede that the "proposed water for mining and agriculture" are part of the offer associated with the Interlocal Agreement as amended: however if the District needs additional water for the smaller cities, the BRA is willing to

assess that request". Mr. Wingert stressed that there is a one-time opportunity for Anson, Albany and Breckenridge to obtain Possum Kingdom water through a new District-BRA contract. Mr. Wingert told the Board that as of today, Albany is the only city currently showing any interest in purchasing additional water.

Mr. Wingert stated that he recommends postponing the official decision on contracting additional Possum Kingdom water under the Interlocal Agreement until the February 5, 2020 meeting. The Board agreed. No Board action is needed for this item.

Long-Term WCBWDS Water Supply Contracts

Mr. Wingert reiterated that the BRA requested that the District gauge the interest WCBWDS Customers may have in the purchase of Long-Term Water from Possum Kingdom. Mr. Wingert said that several customers responded with requests totaling 955 acre-feet per year, but after submitting this request to the BRA, they indicated that they will only allow 774 acre-feet per year. Mr. Wingert stated that the BRA is willing to contract for water up to 26 years and that most of the potential customers do not have a need and/or are not willing to contract for that long of a term. Mr. Wingert noted that there is another option for the District to potentially supply PK water to Anson, Albany and Breckenridge in that the District could contract for 574 acre-feet of industrial water for the next 26-years and meet the WCBWDS customer needs with for the first 10 years and the remaining term could offer the following:

- 1) Convert the 574 acre-feet to Municipal water and hold it in reserve for the benefit of Anson, Albany and Breckenridge or
- 2) Release the 574 acre-feet back to BRA with a 30-day notice ahead of the Fiscal Year change as specified in Section 2e of Amendment 1 to the Interlocal Agreement

Mr. Wingert said the above option may not be worth pursuing since it would involve only about one-fourth of the minimum winter demands for the three Cities and that they would have to pay a total of \$45,346 (at 2020 rates) each year for 16 years regardless of whether they actually used the water or not.

Mr. Wingert commented that the Operations Committee asked that the District tighten the default provisions in the long term contracts and that the District make the execution of the BRA contracts subject to first obtaining the sub-contracts with the smaller entities.

Mr. Chase questioned the urgency of this issue and Mr. Wingert told him it was going to take time to get all the contracts with the customers executed and then the District has to start the same process with the BRA which can take up to several months. Further discussion was held about long term contracts and providing water for customers.

Mr. Foster recommended the Board execute 1) a 10-year, 574 acre-foot Industrial Water Supply Contract, 2) a 19-year, 100 acre-foot Agricultural Water Supply Contract and 3) a 26-year, 100 acre-foot Agricultural Water Supply Contract with the Brazos River Authority primarily to meet the Long-Term water supply needs of WCBWDS Customers and subject to

the execution of supporting Water Supply Contracts between the District and those WCBWDS Customers. Mr. Berry offered a second. Motion carried with one opposition from Mr. Chase.

Finance, Personnel and Customer Service Committee Report:

457 (b) Retirement Plan Supplement

Mr. Wingert told the Board that the District provides a generous Retirement plan with the Texas County and District Retirement System and that Staff would like to add a 457(b) Retirement plan as a supplement to help employees plan for their retirement. Mr. Wingert stated that participation in the plan will be voluntary, there will be no company match, and the plan will be administered by a third party. Mr. Wingert said that Staff recommended using Principal Financial as the third party administrator to the Finance Committee. Mr. Wingert stated that the cost to the District is estimated to be a nominal \$1,630 per year. Mr. Kinard commented that the Plan participants should pay the fees and not the District.

Mr. Kinard offered a motion to authorize the District to participate in a 457(b) Retirement plan and to contract with Principal Financial for the administration of this Plan with the understanding that Plan participants will pay all administration costs. Mr. Archibald offered a second and the motion carried unanimously.

Revised Drug & Alcohol Free Workplace Policy

Mr. Wingert reviewed the District's current procedures pertaining to drug testing as stated in the Substance Abuse Policy adopted in 2014. He noted that employees who possess a Commercial Driver's License (CDL) are required by the U.S. Department of Transportation to submit to "random" testing on a periodic basis. Mr. Wingert said that the District realizes there are employees who may not have a CDL but are still in "safety sensitive positions" such as those employees that operate heavy equipment.

Mr. Wingert stated that the Finance Committee recommended the Board approve and adopt the Drug and Alcohol Free Workplace Policy as presented in the Board book subject to review and correction of the District's attorney. David Buhrmann stated that he has reviewed the policy and his conclusion is the District, as an entity of the State Government, may not conduct random testing of all employees without cause. He did go on to say that the District would be able to conduct random testing of employees that are deemed to be in "Safety Sensitive" positions such as heavy equipment operators. Mr. Wingert then reviewed the changes made between the redline draft and the currently proposed draft.

Mr. Archibald made a motion the Board adopt the Drug and Alcohol Free Workplace Policy as shown on Pages 5.07-5.11. Mr. Gilbert offered a second and the motion carried unanimously.

Weapons Policy

Mr. Wingert told the Board that several employees have expressed concern regarding personal security in certain situations while on the job such as:

- Traveling alone outside the District for seminars or training
- Potential encounters with hostile landowners or lessees
- Protection from wildlife

Mr. Wingert said that Staff has drafted a District Weapons Policy and that this draft policy allows the possession of a firearm by employees holding a valid License To Carry (LTC) who are on District business and are:

- On District owned property including office buildings, shops, pump stations and dams.
- Driving on property or storing a weapon in a District owned vehicle.
- Storing a weapon in a personal vehicle parked on District property.
- Traveling out of the District for seminars, meetings, conferences or training.

Mr. Wingert told the Board that certain easements prohibit the carrying of a firearm while on those properties. This may effectively prohibit staff from carrying a weapon on any easement since it would be difficult to carry on some pipeline sections and not others during the course of routine maintenance. Also, Staff may not carry a weapon into locations or venues where such is prohibited by law. Mr. Wingert said that Staff could be disciplined or terminated for violations of the policy. Mr. Wingert then went on to give examples of how the BRA handles this issue and what restrictions they have. Mr. Kinard stated that one consideration should be if the District is willing to accept a License to Carry from another state. Mr. Wingert stated the Finance Committee did not formally act on a new Weapons Policy for the District but suggested that President Canon form a small group of Board members to refine the concept and to make a formal recommendation in the future. No Board action is required under this item.

Changes in the District's Personnel Policy

Mr. Wingert discussed the fact that with the Adoption of a Drug & Alcohol Free Workplace Policy and the addition of a 457(b) retirement plan necessitates changes in the District's Personnel Policy. Mr. Wingert noted that the Draft Policy in the book does include a reference to the "Separate WCTMWD Weapons Policy" which will give some flexibility in changing the Weapons Policy in the future.

Mr. Wingert then reviewed the changes made between the redline draft and the currently proposed draft of the Personnel Policy. Mr. Berry made a motion that the Board adopt the Revised Personnel Policy as shown on Pages 5.33-5.51 subject to any editing by Mr. Wingert. Mr. Chase offered a second and the motion carried unanimously.

Annual Review of the District's Investment Policy

Mr. Wingert told the Board that the District modifies its Investment Policy from time to time to reflect changes in Texas Government code and other applicable codes. He noted that HB 2706 was passed by the State and became effective on September 1, 2019 and that this bill modified the terms for collateral held by State agencies.

Mr. Wingert reviewed the redline version of the changes the District is proposing for the Investment Policy to comply with new mandates.

Mr. Chase made a motion that the Board adopt the Revised Investment Policy as shown on Pages 5.60-5.67. Mr. Archibald offered a second and the motion carried unanimously.

Manager's/Staff Report

Water Supplies and Projections

Mr. Wingert reviewed current water supplies and projections and he stated that currently Hubbard Creek Reservoir is 90% full. No Board action is needed for this item.

WCBWDS Issues

Mr. Wingert discussed that WCBWDS has had a number of pump issues and pipeline leaks during the past few weeks. No Board action is needed for this item.

Maintenance Activities

Mr. Wingert said that Staff has repaired a leak on the Hubbard 33" pipeline. No Board action is needed for this item.

Travel and Training Report

Mr. Wingert referenced the report in the book showing training opportunities and conferences that Staff has taken part in this quarter. No Board action is needed for this item.

Staff Vacancies

Mr. Wingert referenced the organization chart in the Board book and noted that the District is fully staffed at this time. No Board action is needed for this item.

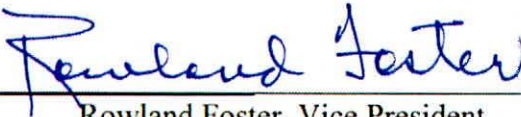
Other Significant Issues

Mr. Wingert discussed with the Board a few WCBWDS property issues. He also stated that the District was contacted by Priority Power, the District's Electric Consultant, and they

Mr. Wingert discussed with the Board a few WCBWDS property issues. He also stated that the District was contacted by Priority Power, the District's Electric Consultant, and they informed him that the District will be receiving a refund for overpayment of the broker fee paid to MP2 Energy.

There being no further business before the Board, the 400th meeting adjourned at 11:43 am.

Approved this 11th day of February, 2020.



Rowland Foster, Vice President



Paul Prater, Secretary