

CITY OF HARLINGEN WATERWORKS SYSTEM
Regular Board Meeting Minutes
Wednesday, July 26, 2017

The Regular Meeting of the Utility Board of Trustees was conducted on the 26th day of July, 2017 at 3:00 P.M. in the Harlingen Waterworks System's Board Room located on the second floor at 134 East Van Buren Avenue, in the City of Harlingen, Texas.

Board Members Present: Josh Fields, Chairman
 Michael Garza, Vice Chair
 Kevin Campbell, Trustee
 Curtis Bonner, Trustee
 Michael Murphy, Trustee

Staff Present: Tim Skoglund, General Manager
 Darrell Gunn, System Consultant
 Jim Vallely, Wastewater Services Director
 David Sanchez, Water Services Director
 Kathern Davidson, Finance & Revenue Director
 Joyce Lamon, Customer Service Director
 Elizabeth Soto, HR Director

City Staff Present: Carlos Sanchez, Assistant City Manager

AGENDA ITEM NO. 1: OPEN MEETING AND WELCOME

Chairman Fields called the meeting to order at 3:01 P.M. and asked if the Agenda was posted in accordance with the law; Nilda Sanchez responded yes.

AGENDA ITEM NO. 2: APPROVAL OF MINUTES

a) Regular Board Meeting of June 28, 2017.

With no corrections made, a motion to approve the Regular Board Minutes for June 28, 2017 was made.

Motion: Curtis Bonner
Second: Kevin Campbell

Motion to approve was carried by a vote of the Board (5-0)

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AGENDA ITEM NO. 3: REPORTS AND PRESENTATIONS

a) Presentation on Geographic Information System capabilities

Tim Skoglund briefed the Board regarding master planning vision. Capital improvement projects for the last 10 years had been focused on the water and wastewater treatments plant, but now a conveyance master plan for water distribution and wastewater collection is needed. A master plan will equip the Waterworks in prioritizing and scheduling new infrastructure. Requirements for undertaking the conveyance master plan include accurate information on location and size of pipelines, valves, manholes, especially the elevation of gravity sewer lines. The System's current AutoCAD information does not have the accuracy needed, especially for gravity sewer hydraulic modelling. A geographic information system (GIS) is a georeferenced database of spatially distributed capital assets containing a variety of information about each asset that will be a useful tool to help in the master planning effort.

Mr. Skoglund highlighted the effort it would take to implement a master plan through significant staff involvement and time. Approximately 18 months of critical survey data collection by HWWS staff using GPS equipment is anticipated before the GIS data could be turned over to an engineering consultant who would perform the master planning work. GPS survey would continue for a total of 36 months before all assets are captured into the GIS. After a lengthy discussion regarding the implementation of a master plan and the application of a GIS, Mr. Skoglund introduced David Wachel with Environmental Systems Research Institute (ESRI). Mr. Wachel shared history and practices of ESRI, the functions of a GIS, and how their GIS could help HWWS solve some of the challenges the Waterworks is currently facing.

Mr. Wachel presented a power point presentation discussing three key system principles of GIS and how it supports organizations using the system of record, engagement built on a framework, and a system of insight bringing a comprehensive plan to transition to a proactive work environment from a reactive work environment. Mr. Wachel informed the Board of Trustees the GIS would be a system everyone uses in different work flows including office staff, field staff and customers. Mr. Wachel explained a GIS would be a great asset to the Waterworks because everyone within the system would have access to one system that was fully functional for the entire Waterworks system.

Tim Skoglund introduced Eloy Macias with Harlingen Irrigation District who gave a detailed presentation showing how well the GIS is working for their operations. Discussion by the Board ensued.

b) Presentation on TMRS benefits

Tim Skoglund reported that he invited David Rodriguez with the Texas Municipal Retirement System (TMRS) to give an overview and background on the TMRS retirement system. Mr. Skoglund explained most of the Waterworks' senior staff is eligible for retirement, and their assistants are close to retirement too. Mr. Skoglund

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explained turnover is higher than other neighboring cities and there are fewer Waterworks employees in the middle years of seniority from which internal replacements of retiring directors would potentially come. Lower pension benefits in TMRS relative to other area cities were identified as the most apparent cause for the retention and recruitment problems the Waterworks has been facing.

David Rodriguez with TMRS gave a presentation regarding TMRS history and membership benefits. Mr. Rodriguez explained some differences between TMRS and a defined contribution plan which the City of Harlingen offers new employees.

Mr. Skoglund reported on a change made in 2005 that reduced employer matching from 2:1 to 1:1 along with other costly plan features. A return to 2:1 matching without the more costly features would help address current recruitment and retention problems. More competitive pension benefits could influence current senior staff at or nearing retirement to stay longer and enable the Waterworks to better compete for external replacements once they retire. Discussion by the Board ensued.

c) Discussion regarding System Attorney

Tim Skoglund informed the Board that its current system attorney, Bill Hubbard, retired a couple of years ago but is still under contract and accessible for counsel on legal matters. Mr. Skoglund reported it was the Board's desire to contract a local attorney to be available and present at the monthly Board Meetings. Mr. Skoglund introduced Gene McCullough to the Board and gave a brief history of Mr. McCullough's credentials mentioning that Gene is the third generation of practicing attorneys in his family. Mr. Skoglund explained Mr. McCullough is going to begin handling new legal issues regarding Waterworks business, but Bill Hubbard will continue to be available to assist with ongoing issues and for historical legal perspective. Mr. Skoglund informed the Board a contract agreement for Mr. McCullough would be presented by resolution at next month's Board meeting.

d) Report on Moody's Rating Report

Tim Skoglund informed the Board about Moody's current rating review that has been upgraded from 2015. A bond issue with full assessment of our position issued a rating of AA2 with a negative outlook of depreciation with declining asset value which takes depreciation issues into account.

Mr. Skoglund explained that every two years, Moody's rating systems updates their rating evaluation of our system to identify our strengths, solid debt coverage, low leverages and some credit challenges. Mr. Skoglund reported the information was sent to Moody's and some of the information submitted to them identified savings the Waterworks has been able to obtain because of in-house construction. Since the savings has been significant throughout the years, including the value of our assets, our rating improved from negative to stable. Discussion by the Board ensued.

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e) Presentation on proposed Fiscal Year 2017-2018 Budget

Tim Skoglund presented the proposed Fiscal Year 2017-2018 Budget schedules in detail. Discussion by the Board ensued. Mr. Skoglund reported he would be presenting a resolution for approval of this budget later in this meeting. As approved by the Board, the budget would be presented at the City Commission meeting scheduled for September 6, 2017 for formal approval and inclusion in the City's budget.

f) Report on Delinquent Accounts in excess of \$500 per account.

Tim Skoglund briefed the Board regarding the delinquent accounts noting there was not much change in the inactive delinquent accounts. Discussion by the Board ensued and a suggestion was made to have Mr. McCullough review delinquent accounts under the \$500 threshold and evaluate cost vs. reward of further collection efforts of delinquent accounts.

AGENDA ITEM NO. 4: FINANCIALS

a) Monthly Financial report for month ending June 30, 2017

Tim Skoglund briefed the Board this was a routine report. Discussion by the Board ensued.

b) Presentation of Quarterly Investment Report ending June 30, 2017

Kathern Davidson, Finance & Revenue Director reported this was a routine report. Discussion by the Board ensued.

AGENDA ITEM NO. 5: RESOLUTIONS

a) Resolution No. R1617-41: Resolution approving the renewal of the agreement for Investment Advisory Services

Tim Skoglund briefed the Board regarding the Waterworks' Investment Advisor, Valley View Consultants. Kathern Davidson reported Valley View's detailed services in providing precise documentation and other assistance with the Waterworks investments. Discussion by the Board ensued including a suggestion to consider other investment advisor firms.

A motion was made to approve Resolution No. R1617-41 – to approve the renewal of the agreement for Investment Advisory Services with Valley View Consultants.

Motion: Michael Garza
Second: Kevin Campbell

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Motion to approve was carried by a vote of the Board (5-0)

b) Resolution No. R1617-42: Resolution to approve or reject Fiscal Year 2017-2018 Budget

Tim Skoglund recommended approval of the proposed Fiscal Year 2017-2018 budget. Mr. Skoglund recapitulated discussion topics from Item 3(e) regarding several new budget initiatives including an increase in employer pension contributions from 1:1 to 2:1 matching in the TMRS plan and projected increases in health insurance cost. Continued discussion by the Board ensued including a suggestion to increase the budget for health insurance premiums to 15% over current year premiums since final costs for insurance were not available.

A motion was made to approve Resolution No. R1617-42 – to approve or reject Fiscal Year 2017-2018 Budget subject to inclusion of a 15% increase in premiums for health insurance.

Motion: Michael Murphy
Second: Michael Garza

Motion to approve was carried by a vote of the Board (4-1)

Yeas: Fields, Garza, Campbell and Murphy Nays: Bonner

c) Resolution No. R1617-43: Resolution to approve or reject the award of contract for a 12-month supply of Chlorine, 50% Liquid Sodium Hydroxide, Liquid Ammonium Sulfate, Aluminum Sulfate (Alum) and Polymer for Acti-Flo

Tim Skoglund reported this was a new contract bid for chemicals with two annual contract extensions options remaining. Discussion by the Board ensued.

A motion was made to approve Resolution No. R1617-43 – to approve or reject the award of contract for a 12-month supply of Chlorine, 50% Liquid Sodium Hydroxide, Liquid Ammonium Sulfate, Aluminum Sulfate (Alum) and Polymer for Acti-Flo

Motion: Michael Garza
Second: Kevin Campbell

Motion to approve was carried by a vote of the Board. (5-0)

d) Resolution No. R1617-44: Resolution to approve or reject price extension of contract for a 12-month supply of Liquid Alum/Polymer Blend

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Tim Skoglund informed the Board this was the first of two possible contract extensions. Discussion by the Board ensued.

A motion was made to approve Resolution No. R1617-44 – to approve or reject price extension of contract for a 12-month supply of Liquid Alum/Polymer Blend

Motion: Curtis Bonner
Second: Michael Garza

Motion to approve was carried by a vote of the Board (5-0)

e) Resolution No. R1617-45: Resolution to approve or reject price extension for a 12-month Service Contract for repair of Compressors and Blowers, Electrical Motors 25-600 HP, Gear Box/Drives, and Vertical Turbine Pumps 10"-20"

Tim Skoglund reported this was the last opportunity for a contract extension under the existing contract. The service would need to be bid after expiration of the proposed extension.

A motion was made to approve Resolution No. R1617-45 – to approve or reject price extension for a 12-month Service Contract for repair of Compressors and Blowers, Electrical Motors 25-600 HP, Gear Box/Drives, and Vertical Turbine Pumps 10"-20"

Motion: Curtis Bonner
Second: Michael Murphy

Motion to approve was carried by a vote of the Board (5-0)

f) Resolution No. R1617-46: Resolution to approve or reject price extension of a 12-month supply of Polymer for Sludge Conditioning and Sulfur Dioxide for Wastewater Treatment Plant

Tim Skoglund reported that this was the first of two possible extensions for treatment chemicals.

A motion was made to approve Resolution No. R1617-46 – to approve or reject price extension of a 12-month supply of Polymer for Sludge Conditioning and Sulfur Dioxide for Wastewater Treatment Plant

Motion: Michael Garza
Second: Kevin Campbell

Motion to approve was carried by a vote of the Board (5-0)

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g) Resolution No.R1617-47: Resolution to approve or reject price extension of contract for a 12-month supply of Fill Sand

Tim Skoglund reported this was the first of two possible extension for fill sand.

A motion was made to approve Resolution No. R1617-47 – to approve or reject price extension of a 12-month supply of Fill Sand

Motion: Curtis Bonner
Second: Kevin Campbell

Motion to approve was carried by a vote of the Board (5-0)

h) Resolution No. R1617-29: Resolution to approve an agreement between the HWWS and Wireless CCTV LTD. for the installation of a Comprehensive Security/Process Monitoring System

Tim Skoglund briefed the Board this item was TABLED at the April 26, 2017 Regular Board Meeting. This item was originally proposed as Resolution number of R1617-29 in April, and a request to revert to the original resolution number was made. The item was originally tabled on Board request to investigate other options on cooperative purchasing programs. Mr. Skoglund reported that extensive research had been undertaken by staff to identify comparable security and monitoring systems, both wired and wireless. Several options were presented that offered comparable service and staff concluded that Wireless CCTV was indeed the best value to meet the monitoring needs at both water plants. Discussion by the Board ensued.

A motion was made to approve Resolution No. R1617-29 – to approve an agreement between the HWWS and Wireless CCTV LTD. for the installation of a Comprehensive Security/Process Monitoring System

Motion: Curtis Bonner
Second: Michael Murphy

Motion to approve was carried by a vote of the Board (5-0)

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AGENDA ITEM NO. 6: MANGER'S REPORTS

Tim Skoglund gave a brief explanation of the information included in the Manager's Report. Discussion by the Board ensued.

***** OUT OF SEQUENCE**

AGENDA ITEM NO. 8: PUBLIC COMMENTS

This agenda item was moved up on the agenda in consideration of time for the Executive Session. No Public Comments.

***** OUT OF SEQUENCE**

AGENDA ITEM NO.7: EXECUTIVE SESSION

The Board of Trustees met in Executive Session pursuant to Section 551.071 (2), Texas Government Code, for attorney client consultation to discuss the System's legal duties, issues, and obligations regarding possible contract and acquisition of a public water system.

A motion was made to enter into Executive Session.

MOTION: Campbell SECOND: Garza

MOTION TO APPROVE: 5 YEAS 0 NAYS

Entered into Executive Session at: 5:26 PM

Exited Executive Session at: 5:41 PM

Meeting was called back to order at: 5:41 PM

Action Taken: No

AGENDA ITEM NO. 9: ADJOURN


There being no further business to discuss, the meeting adjourned at 5:41 P.M.

Motion: Michael Garza
Second: Michael Murphy

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Motion to approve was carried by a vote of the Board (5-0)

Attest:



Nilda Sanchez, Board Secretary