

CITY OF HARLINGEN WATERWORKS SYSTEM
Regular Board Meeting Minutes
Wednesday, July 25, 2018

The Regular Board Meeting of the Utility Board of Trustees was conducted on the 25th day of July, 2018 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.

City Commission Present: Ruben De La Rosa, District 4
 Víctor Leal, District 5

Board Members Present: Josh Fields, Chairman
 Michael Garza, Vice Chairman
 Michael Murphy, Trustee
 Curtis Bonner, Trustee
 Kevin Campbell
 Dan Serna, Ex-Officio

Staff Present: Tim Skoglund, General Manager
 Gene McCullough, System Attorney
 Darrell Gunn, System Consultant
 Jim Vallely, Wastewater Services Director
 David Sanchez, Water Services Director
 Frank Diaz, Water Services Assistant Director
 Kathern Davidson, Finance & Revenue Director
 Joyce Lamon, Customer Service Director
 Elizabeth Soto, Human Resource Director
 Sanjuana Garcia, Purchasing Manager
 John McKenna, IT 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 3:00 P.M. and asked if the Agenda had been posted in accordance with the law; Nilda Sanchez responded affirmatively.

AGENDA ITEM NO. 2: APPROVAL OF MINUTES

a) Regular Board Meeting of June 27, 2018

Curtis Bonner, Trustee, requested a change on page 6, Agenda Item 8, Executive Session. The word "no" on the Action Taken, to the word "none". With no other corrections requested, a motion to approve the Board Minutes for the Regular Board Meeting of June 27, 2018 was made.

Motion: Curtis Bonner
Second: Michael Murphy

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

AGENDA ITEM NO. 3: REPORTS AND PRESENTATIONS

a) Presentation of internal audit findings related to work order and inventory processes

Tim Skoglund stated that because of issues reported regarding the System's work order and inventory processes, he requested an internal audit to document those processes and identify problems and areas for improvement. Danny Coyle, the City's internal auditor, gave a summary of the audit referencing six recommendations therein. Discussion ensued regarding issues discovered including lack of documented processes and sufficient controls, and unintegrated software tools requiring many manual processes. Mr. Skoglund reported that while the recommendations of the audit report would be implemented using existing tools to the extent reasonable, the resulting state would still fall far short of the ultimate capabilities needed for asset management that only an integrated software system would be able to provide. He also stated agreement with the audit recommendation to engage the help of a consultant experienced in work management and work order and inventory software tools.

b) Presentation on Asset Management System software capabilities

Tim Skoglund introduced Jared Kasten with Cartegraph, a software company specializing in asset management. Mr. Kasten explained how Cartegraph can efficiently address the audit recommendations including all aspects of work order and inventory processes. Mr. Kasten concluded noting Cartegraph's 23-year history developing an easy-to-use asset management software system. Discussion by the Board ensued.

c) Presentation of Draft Proposed FY 2019 Budget

Tim Skoglund informed the Board much hard work and effort had been invested in the preparation of the FY 2019 budget. Proposed budget items presented included a master plan, various capital improvement projects, continued GIS support, asset management implementation, Main Office upgrades, meter replacements, and supplemental retirement contributions. He presented an overview of the System's past and projected expenses, and the need for a bond issue in the near term to maintain a healthy balance of working capital. Discussion by the Board ensued.

d) Report on delinquent accounts in excess of \$500 per account

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

e) Discussion on billing due dates, penalty assessment, disconnection, and hardship extensions

Tim Skoglund addressed a recent public comment concerning payment, penalty, and disconnection dates, and the possibility of changing those dates to accommodate customers on fixed income who receive income checks shortly after bill payment is due. A table was shown comparing the payment, penalty, and disconnection deadlines of neighboring cities. The Waterworks' 20-day payment deadline is at the median of what

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neighboring cities have adopted. Joyce Lamon, Customer Service Director, reported that billing routes are read in cycles, according to how the city has developed and expanded by area. It would involve additional time and cost to read certain accounts at different times to accommodate individual customer due dates. Ms. Lamon concluded by saying customer service is offers some flexibility regarding penalty assessment deadlines for economically disadvantaged customers who provide supporting documentation of their disadvantage. Discussion by the Board ensued.

AGENDA ITEM NO. 4: FINANCIALS

a) Monthly Financial report for month ending June 30, 2018

Kathern Davidson informed the Board the "Statement of Revenues and Expenses – Combined Operations" in the agenda packet was not the current report. Discussion by the Board ensued, and Chairman Fields directed that the current report be e-mailed to the Trustees.

b) Presentation of Quarterly Investment Report, ending June 30, 2018

Kathern Davidson discussed information in the quarterly investment report. Discussion by the Board ensued.

AGENDA ITEM NO. 5: RESOLUTIONS

a) R1718-33: Awarding a contract for time and attendance software service and equipment

Kathern Davidson reported on the lengthy research that went into the selection of the option representing best value to the Waterworks and noted the anticipated transition to the new system would be complete in January 2019. Discussion by the Board ensued.

A motion was made to approve Resolution No. R1718-33 – awarding a contract for time and attendance software service and equipment.

Motion: Michael Garza
Second: Kevin Campbell

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

b) R1718-34: Approving extension of contract for supply of caliche

Tim Skoglund explained the proposed contract extension was the first of two (2) one-year extension options.

A motion was made to approve Resolution No. R1718-34 – approving extension of contract for supply of caliche

Motion: Michael Murphy
Second: Michael Garza

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

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c) R1718-35: Awarding a contract for supply of bagged cement

Tim Skoglund reported on recent bids for bagged cement and that the price increased slightly from the current contract. The proposed contract will have two (2) one-year extension options. Discussion by the Board ensued.

A motion was made to approve Resolution No. R1718-35 – awarding a contract for supply of bagged cement

Motion: Kevin Campbell
Second: Michael Murphy

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

d) R1718-36: Awarding service contracts for repair of vertical turbine pumps, compressors and blowers, gear boxes, and electrical motors

Tim Skoglund recommended award of contracts to all four bidders. The current service vendor failed to submit a bid, and the Waterworks' does not have experience with the vendors in regard to certain elements of the scope of service bid. Contracting with multiple vendors provides alternatives in the event the lowest price vendor is unable to perform needed services. Discussion by the Board ensued.

A motion was made to approve Resolution No. R1718-36 – awarding service contracts for repair of vertical turbine pumps, compressors and blowers, gear boxes, and electrical motors

Motion: Curtis Bonner
Second: Michael Garza

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

AGENDA ITEM NO. 6: MANGER'S REPORTS

Tim Skoglund discussed information in the Manager's Report. Discussion by the Board ensued.

AGENDA ITEM NO. 7: PUBLIC COMMENTS

Sue Groves, a customer of the Waterworks expressed her observations regarding disconnection and deposits. Ms. Groves stated her interest to know what metrics were used to come up with the increased deposit amount.

Yolanda Shoffeit stated she had researched the Charter and that a certain Board Member had over-extended his appointment. She reiterated her opinion that according to the Charter, Mr. Bonner was no longer eligible to be a Board Member. Ms. Shoffeit concluded by stating the charter read a Board Member was only allowed two terms, and Mr. Bonner's second term was up. Ms. Shoffeit offered to bring the charter to next month's meeting for verification.

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AGENDA ITEM NO. 8: ADJOURN

There being no further business to discuss, Chairman Fields called for a motion to adjourn the meeting at 5:41 P.M.

Motion: Curtis Bonner
Second: Michael Garza

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

Attest:



Nilda Sanchez, Board Secretary