

CITY OF HARLINGEN WATERWORKS SYSTEM
Special Board Meeting Minutes
Wednesday, August 8, 2018

The Special Board Meeting of the Utility Board of Trustees was conducted on the 8th day of August, 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.

Board Members Present: Josh Fields, Chairman
 Michael Garza, Vice Chairman
 Curtis Bonner, Trustee

Staff Present: Tim Skoglund, General Manager
 Gene McCullough, System Attorney
 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, Human Resource Director
 Sanjuana Garcia, Purchasing Manager
 John McKenna, IT Director

AGENDA ITEM NO. 1: OPEN MEETING AND WELCOME

Chairman Fields called the meeting to order at 3:19 P.M. and asked if the Agenda had been posted in accordance with the law; Nilda Sanchez responded affirmatively.

AGENDA ITEM NO. 2: REPORTS AND PRESENTATIONS

a) Presentation on Asset Management

Tim Skoglund introduced Jessica Brown, a vice president with Freese and Nichols, Inc. specializing in asset management, and stated that the Waterworks would benefit from implementing an asset management program. Ms. Brown gave a presentation on asset management and noted, based on the results from the recent work order and inventory audit, that the implementation of an asset management program and a computerized maintenance management system would improve work order accountability and the proper documentation of the System's daily work. Discussion by the Board ensued.

AGENDA ITEM NO. 3: RESOLUTIONS

a) R1718-37: Approving the Proposed 2018-2019 Fiscal Year Budget and recommending its adoption by the Harlingen City Commission

Mr. Skoglund discussed the proposed budget highlighting a few revisions from the proposed budget presented at the Regular Board Meeting on July 25, 2018. Revisions included additional budget for the cost of replacing old HVAC equipment to lower HVAC maintenance contract costs, engaging a work management consultant to address the

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internal audit recommendations, and a 2% cost of living adjustment and a 2% merit adjustment for personnel. Mr. Skoglund presented a detailed forecast of the Waterworks' long-term operating and capital expenses trends and the revenue requirements to maintain a favorable financial position. Discussion by the Board ensued.

A motion was made to approve Resolution No. R1718-37 – approving the proposed 2018-2019 Fiscal Year Budget and recommending its adoption by the Harlingen City Commission

Motion: Michael Garza
Second: Curtis Bonner

Motion to approve was carried by a vote of the Board (3-0).

b) R1718-38: Awarding a professional service contract for Asset Management Implementation Support

Tim Skoglund introduced a proposed contract with Freese & Nichols to provide work management and asset management consulting support to address the recommendations of the recent work order and inventory audit and to begin the process of planning for an asset management program. Curtis Bonner, Trustee, stated his vote was no because he thought there was too much spending. Discussion by the Board ensued regarding the implementation of an asset management program and appropriate software tools, how such tools will bring accountability and structure to the System's operation, improve efficiency, and utilize the GIS database currently under development to its full intended purpose.

A motion was made to approve Resolution No. R1718-38 – awarding a professional service contract for Asset Management Implementation Support.

Motion: Josh Fields
Second: Michael Garza

Motion to approve was carried by a vote of the Board (2-1). (Bonner voted Nay)

c) R1718-39: Awarding a service contract for Comprehensive HVAC Maintenance

Tim Skoglund noted that the HVAC contract bid had increased substantially over the current contract. Reasons for the increase included additional equipment added to the scope of service and the risk associated with several major equipment systems that are in poor condition and that may need complete or substantial replacement by the vendor. Mr. Skoglund stated Staff's belief that the long-term, lowest cost approach would be to replace such failing systems to eliminate the contingency being built into the maintenance price. Given the need for continuing HVAC maintenance service, he recommended awarding a contract to the sole bidder for the upcoming fiscal year, replacing failing systems under separate contract, and rebidding the HVAC maintenance contract after the failing systems have been replaced. He noted that, in an effort to increase bid

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competition, Staff would provide maintenance history and a complete equipment list in future bid solicitations to better inform future prospective bidders who do not have experience with the Waterworks' equipment.

A motion was made to approve Resolution No. R1718-39 – awarding a service contract for Comprehensive HVAC Maintenance

Motion: Michael Garza
Second: Curtis Bonner

Motion to approve was carried by a vote of the Board (3-0).

d) R1818-40: Awarding supply contracts for Pipe, Valves, and Fittings

Tim Skoglund stated that the bid documents had been divided into multiple sections. Staff recommended awarding contracts to the bidders for each bid section for which they submitted the low bid. Of five bidders, only three submitted low bids for the various bid sections. Discussion by the Board ensued, and a comment was made that this approach has been commonly practiced by the Waterworks to minimize overall pricing for parts.

A motion was made to approve Resolution No. R1718-40 – awarding supply contracts for Pipe, Valves, and Fittings

Motion: Michael Garza
Second: Curtis Bonner

Motion to approve was carried by a vote of the Board (3-0).

AGENDA ITEM NO. 4: PUBLIC COMMENTS

No Public Comments

AGENDA ITEM NO. 5: ADJOURN

There being no further business to discuss, Chairman Fields called for a motion to adjourn the meeting at 4:31 P.M.

Motion: Curtis Bonner
Second: Michael Garza

Motion to approve was carried by a vote of the Board (3-0).

Attest:



Nilda Sanchez, Board Secretary