

**CITY OF HARLINGEN WATERWORKS SYSTEM**  
**Regular Board Meeting Minutes**  
**Tuesday, December 18, 2018**

The Regular Board Meeting of the Utility Board of Trustees was conducted on the 18th day of December, 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  
Michael Murphy, Trustee  
Curtis Bonner, Trustee  
Kevin Campbell, Trustee  
Dan Serna, Ex-Officio

Staff Present: Tim Skoglund, General Manager  
Robert Canterbury, System Engineer  
Gene McCullough, System Attorney  
Darrell Gunn, System Consultant  
Jim Vallely, Wastewater Services Director  
Jon Hedegard, Wastewater Services Assistant  
David Sanchez, Water Services Director  
Kathern Davidson, Finance & Revenue Director  
Sanjuana Garcia, Purchasing Manager  
Joyce Lamon, Customer Service Director  
Elizabeth Soto, Human Resource Director  
John McKenna, IT Director

City Staff Present: Carlos Sanchez, Assistant City Manager

**AGENDA ITEM NO. 1: OPEN MEETING AND WELCOME**

Chairman, Josh Fields, called the meeting to order at 3:03 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 October 31, 2018**

With no corrections requested, a motion to approve the Board Minutes for the Regular Board Meeting of October 31, 2018 was made.

Motion: Michael Garza  
Second: Michael Murphy

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

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Trustees Campbell and Bonner had stepped out of the room and were unable to vote.

**AGENDA ITEM NO. 3: REPORTS AND PRESENTATIONS**

**a) Introduction of System Engineer**

Tim Skoglund reported the new hire of the System Engineer, Robert Canterbury, and asked him to introduce himself. Mr. Canterbury thanked the Board for the opportunity to be at the Waterworks and provided a summary of his work history and credentials.

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

Joyce Lamon, Customer Service Director, noted one new addition to the inactive delinquent accounts.

**AGENDA ITEM NO. 4: FINANCIALS**

**a) Monthly Financial report for month ending November 30, 2018**

Kathern Davidson, Finance & Revenue Director, gave an overview of the finance reports for November.

**b) Quarterly Investment Report, ending September 30, 2018**

Kathern Davidson discussed information in the quarterly investment report.

**AGENDA ITEM NO. 5: RESOLUTIONS**

**a) R1819-04: Awarding a professional services contract for redevelopment of the pretreatment program and technically based local limits.**

Tim Skoglund reported that the Waterworks is required to maintain a wastewater pretreatment program for monitoring and regulating industrial users who discharge to HWWS's collection system. HWWS's pretreatment program began 1984 and has been revised by ordinance a few times since then, the last of which occurred in 2002. Mr. Skoglund discussed the purpose of technically based local limits (TBLL) and noted that Staff is anticipating TCEQ will require updated TBLL as a condition of renewal of the wastewater treatment plant's discharge permit.

Anne Whitko of Ambiotec discussed the process of updating of TBLL and summarized the scope of work Ambiotec proposed to assist HWWS update its pretreatment program and TBLL including re-writing the pretreatment ordinance with new EPA guidelines and re-calculating TBLL accounting for changes in Harlingen's industrial user base. These efforts would be necessary to remain in compliance with TECQ regulatory requirements.

Mr. Skoglund informed the Board the proposed services would be delivered over a thirteen month timeline, and recommended approval of the resolution. Curtis Bonner, Trustee, stated he had a problem with the proposed contract's requirement for 1.5% interest on overdue balances and asked to remove this provision from the contract. Marc Haws of Ambiotec agreed to striking that provision.

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A motion was made to approve Resolution No. R1819-04, as amended – awarding a professional services contract for redevelopment of the pretreatment program and technically based local limits.

Motion: Michael Murphy  
Second: Kevin Campbell

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

**\*\*\* Resolution out of sequence.**

**Mr. Skoglund requested taking R1819-12 out of sequence in consideration of the consultant's time and the item's placement on the agenda.**

**b) R1819-12: Awarding a contract for primary depository bank services.**

Kathern Davidson reported the current contract expired March 31, 2019. In consideration of the lengthy process to set up new accounts, the procurement process for depository bank services was conducted a few months early to allow ample time for any potential transition to a new bank. E.K. Hufstetler of Valley View Consulting presented a brief overview regarding the process undertaken to select the best value in banking services for HWWS, and stated his recommendation and concurrence to continue using BBVA Compass Bank. The proposed contract provides for a two-year term plus options for three annual renewals.

A motion was made to approve Resolution No. R1819-12 – Awarding a contract for primary depository bank services.

Motion: Curtis Bonner  
Second: Michael Garza

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

**c) R1819-05: Amending the Harlingen Waterworks System Investment Policy.**

Kathern Davidson informed the Board that the Investment Policy must be adopted annually to comply with the "Public Funds Investment Act", Chapter 2256, of the Texas Government Code. The only revision involved removal of a reference to a company who no longer offers the pricing services described under the prior year's Investment Policy.

A motion was made to approve Resolution No. R1819-05 – amending the Harlingen Waterworks System Investment Policy.

Motion: Curtis Bonner  
Second: Kevin Campbell

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

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**d) R1819-06: Awarding a supply contract for water meters sized 5/8-inch through 2-inch**

Tim Skoglund reported that over the last decade, Staff has been evaluating automated meter reading infrastructure (AMI) technology. On the belief that AMI would soon be implemented, the Waterworks began purchasing and installing AMI pre-wired meters to prepare for the transition to full AMI.

Mr. Skoglund reported recent advice by water industry consultants and a recent municipal adopter of AMI that conversion to AMI technology is not justified on the basis of economic payback, but that those utilities who do adopt the technology have done so for subjective reasons. Mr. Skoglund stated he does not see such drivers in the Waterworks situation, and he asserted that the Waterworks' manual meter reading operation is highly efficient and effective.

Mr. Skoglund stated Staff's belief that the transition to AMI meter reading is not anticipated in the near future, and he observed that AMI technology continues to evolve rapidly, raising the possibility that AMI pre-wired meters may be obsolete by the time the transition is eventually made. For these reasons, Staff sees no justification to continue purchasing the more costly AMI pre-wired meters. Mr. Skoglund recommended reverting to standard mechanical meters and accepting the low bid submitted for Neptune T10 meters which have performed well in past experience and continue to hold a solid reputation in the water industry.

A motion was made to approve Resolution No. R1819-06 – Awarding a supply contract for water meters sized 5/8-inch through 2-inch

Motion: Curtis Bonner  
Second: Michael Murphy

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

**e) R1819-07: Awarding an engineering design contract for Treasure Hills Zone 1 Waterline Replacement Project.**

Mr. Skoglund recalled several comments from current Trustees and City Commissioners that the Waterworks address failing infrastructure. He stated the system contains about 507 miles of water lines, 150 miles of which consist of asbestos cement (AC) pipe installed between the 1950's and 1990's. The highest rate of breaks occur in AC pipelines as evidenced by hot spots on a main break pin map and a heat map generated from water leak work orders.

To begin addressing infrastructure concerns, Staff had identified Pendleton Place Subdivision and the western portion of Treasure Hills as high priority targets for mains replacement.

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Robert Canterbury, System Engineer, gave a historical overview of pipeline life expectancy noting pipeline deterioration is a nationwide problem. He discussed Staff's plan for replacing AC pipe starting with the Treasure Hills Zone 1 area using a pipe bursting procedure to most efficiently construct the replacements. He also described the design contract proposed by Ferris, Flinn & Medina for the Treasure Hills Zone 1 project.

Mr. Skoglund noted that at the planned annual rate of replacement contemplated for Treasure Hills and Pendleton Place, it will take 20 years to replace all 150 miles of AC pipe in the system.

Discussion by the Board ensued.

A motion was made to approve Resolution No. R1819-07 – awarding an engineering design contract for Treasure Hills Zone 1 Waterline Replacement Project.

Motion: Curtis Bonner  
Second: Kevin Campbell

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

**f) R1819-08: Approving purchase of replacement VFDs for pumps at the Downtown WTP.**

Tim Skoglund reported the variable frequency drives (VFD) used to drive raw and high service pumps at the Downtown WTP were installed in 2000. Electronic failures have become evident and replacement parts are obsolete.

Mr. Skoglund reported that a local BuyBoard vendor for VFDs helped identify cost savings opportunities in reusing some of the existing enclosures and offered a competitive BuyBoard price for the same brand of VFD as recently used on a similar project for the MFR WTP. Noting a favorable price comparison relative to the MFR VFD project, and the advantages of using a consistent brand of VFD to simplify training of operations personnel, he recommended contracting with the BuyBoard vendor for purchase and installation of the VFDs. Discussion by the Board ensued.

A motion was made to approve Resolution No. R1819-08 – approving purchase of replacement VFDs for pumps at the Downtown WTP

Motion: Curtis Bonner  
Second: Kevin Cam[bell]

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

**g) R1819-09: Awarding a contract for replacement of 3<sup>rd</sup> Floor north windows at Main Office.**

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Tim Skoglund recapped leak issues associated with the windows on the north side of the third floor of the Main Office building. Several specialty contractors were contacted for quotes to address the problem, but poor responsiveness led Staff to consider purchasing cooperative options. Altogether, three contractors visited the site to assess the problem, all of which recommended replacing the window system including frames.

Mr. Skoglund explained the building permit requirement to obtain certification of the proposed replacement by a windstorm engineer after submission of contractor submittals. Mr. Skoglund requested authorization to contract with the low-priced contractor at purchasing cooperative pricing plus contingency in the event that the windstorm evaluation would place additional requirements on the project. Discussion by the Board ensued.

Mr. Skoglund then stated that in spite of many failed prior efforts to apply caulk and sealants to solve the problem, Staff would undertake additional investigation and possible fixes before proceeding with the full window system replacement. Discussion by the Board continued regarding a conditional award to the lowest priced contractor at a not-to-exceed contract amount.

A motion was made to approve Resolution No. R1819-09 – Awarding a contract for replacement of 3<sup>rd</sup> Floor north windows at Main Office

Motion: Curtis Bonner  
Second: Michael Garza

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

**h) R1819-10: Awarding a purchase contract for a backhoe/loader.**

Tim Skoglund reported on bids from three local BuyBoard vendors for backhoe/loaders. Staff had determined the bid by John Deere represented the best value for the Waterworks.

A motion was made to approve Resolution No. R1819-10 – Awarding a purchase contract for a backhoe/loader.

Motion: Michael Murphy  
Second: Curtis Bonner

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

**i) R1819-11: Awarding purchase contracts for half-ton trucks and cargo vans.**

Tim Skoglund reported on BuyBoard quotes for half-ton trucks and cargo vans. Since the low price for trucks and for vans were not offered by one vendor, Staff recommended splitting the bid for best value to the Waterworks. Discussion by the Board ensued.

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A motion was made to approve Resolution No. R1819-11 – Awarding purchase contracts for half-ton trucks and cargo vans

Motion: Kevin Campbell  
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 highlighted portions of the Manager's Reports. The Board asked questions and discussed the information as it was presented.

**AGENDA ITEM NO. 7: PUBLIC COMMENTS**

There were no public comments.

**AGENDA ITEM NO. 8: EXECUTIVE SESSION**

- a) Consultation with System Attorney regarding cost participation for off-site sewer infrastructure to serve a potential development in the southwest portion of the sewer service area, pursuant to Tex. Gov't Code §551.071.

Chairman Fields called directed meeting to enter into Executive Session.

Entered into Executive Session at: 4:18 P.M.

Exited Executive Session at: 4:45 P.M.

Action Taken: NO

Meeting was called back to order at 4:45 P.M.

**AGENDA ITEM NO. 9: ADJOURN**

There being no further business to discuss, Chairman Fields called for a motion to adjourn the meeting at 4:46 P.M.

Motion: Michael Garza  
Second: Michael Murphy

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

Attest:   
Nilda Sanchez, Board Secretary