

CITY OF HARLINGEN WATERWORKS SYSTEM
Regular Board Meeting Minutes
Wednesday March 30, 2022

The Regular Board Meeting of the Utility Board of Trustees was conducted on the 30th day of March 2022 at 5:00 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: Michael Murphy, Chairman
Chris Bartnesky, Vice Chair
Curtis Bonner, Trustee
Enrique Del Angel, Trustee

Staff Present: Tim Skoglund, General Manager
Gene McCullough, System Attorney
Darrell Gunn, System Consultant (via videoconference)
Joyce Lamon, Director of Customer Service
Jon Hedegard, Director of Wastewater Services
Jose L Rodriguez, Director of Information Technology
Elizabeth Soto, Director of Human Resources
Gina Flores, Human Resources Assistant
Ron De La Garza, Director of Finance & Revenue
Gabriel Trevino, Assistant Utility Engineer
Emiliano Rosel - Assistant Utility Engineer
Michael Chamberlain, Purchasing Manager

AGENDA ITEM NO. 1: OPEN MEETING AND WELCOME

Michael Murphy, Chairman, called the meeting to order at 5:06 P.M. and asked if the agenda had been posted in accordance with the law; Gina Flores responded affirmatively.

AGENDA ITEM NO. 2: COMMUNICATION / INPUT FROM CUSTOMERS AND RESIDENTS OF HARLINGEN

None.

AGENDA ITEM NO. 3: APPROVAL OF MINUTES – Regular Board Meeting of February 23, 2022

A motion to approve the Board Minutes, for the Regular Board Meeting of February 23, 2022, was made.

Motion: Chris Bartnesky
Second: Enrique Del Angel

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Motion to approve was carried by a vote of the Board (4-0).

AGENDA ITEM NO. 4: REPORTS AND PRESENTATIONS

a) Presentation by Carr, Riggs & Ingram on FY 2021-2022 Annual Audit and Financial Report.

Quentin Anderson of Carr, Riggs & Ingram presented the results of the financial audit for the fiscal year ended September 30, 2021. Mr. Anderson advised the Board the annual financial statements presented fairly, in all material respects, the financial position of the Waterworks. He called the Board's attention to several items and sections of the Independent Auditor's Report, the Financial Statements, Notes to the Financial Statements, Manager's Discussion and Analysis, and the Statement of Changes in Net Position. Discussion by the Board ensued.

b) Presentation by Performance Services Inc. on performance contracting for system-wide meter replacement and advanced metering infrastructure implementation.

Tim Skoglund briefed the Board on the potential benefits of updating the current conventional metering system to electronic AMI meter technology. The advanced metering infrastructure (AMI) metering had advanced in recent years as technology matured and meter/battery warranties had become more favorable.

Chip Woods and Karen Ellis of Performance Services, Inc. gave a detailed presentation of their company and their proposal for using performance contracting to replace all mechanical meters with more accurate, electronic meters using AMI meter reading technology. They stated that replacement of the Waterworks meters would result in a decrease in operating cost and increased revenue beginning the first year. The system would be scalable and able to adapt for system growth. The project's delivery and implementation process was explained. Discussion by the Board ensued.

******OUT OF SEQUENCE**

AGENDA ITEM NO 6: RESOLUTIONS

a) R2122-21: Awarding an engineering contract for Water Treatment Plant Sludge Management Alternatives Analysis.

Tim Skoglund explained that sludge lagoons at the Downtown Water Treatment Plant were used for short-term sludge holding and that staff must rely on a makeshift approach for dewatering the sludge prior to transporting it to the MFR Water Treatment Plant for longer term storage. Sludge generated at the Downtown and MFR plants had been accumulating at the MFR sludge lagoon for over 10 years. Correcting the deficiencies of current operations, developing improvements, and removing sludge for disposal required specialized engineering support.

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Mr. Skoglund informed the Board that Freese & Nichols (FNI) had been deemed the most qualified engineering firm for this project through an RFQ process. Mr. David Munn, P.E. of FNI, described FNI's proposal for preliminary engineering services and the solutions for solids handling and disposal to be studied. It was noted that design of improvements would require a contract amendment once the preliminary engineering work was completed and Waterworks selected the option to be designed. Discussion by the Board ensued.

A motion was made to approve Resolution 2122-21 – Awarding an engineering contract for Water Treatment Plant Sludge Management Alternative Analysis.

Motion: Chris Bartnesky
Second: Enrique Del Angel

Motion to approve was carried by a vote of the Board (4-0).

***** OUT OF SEQUENCE**

c) R2122-23: Approving a variance to sewer system extension policy for SMT Harlingen II Land, LLC Subdivision

Tim Skoglund and Gabriel Trevino, Assistant Utility Engineer, described a sewer extension variance requires for a one-lot, 1.0-acre industrial facility called SMT Harlingen II Land, LLC Subdivision. Current policy required developers to extend water and sewer services to and within the new subdivision(s). The only exception to sewer extension within the mandatory connection area was for a single-family, one-lot residential subdivision.

The proposed facility would be a commercial subdivision for a storage of excess batteries for a nearby electrical substation. SMT proposed no bathroom facilities or domestic water service that would require wastewater collection and treatment. The developer had requested a variance to the sewer system extension requirement since there would be no wastewater generated at the facility.

Mr. Trevino stated that any granted variance should be subject to two conditions. The first would require plat notes stating that if sewer and domestic water service were to be requested in the future, applicable fees would need to be paid. If sewer service has not been extended to the area by the time such services are requested, the customer would be required to extend the sewer system to the site and connect to it. The second condition would be for the developer to pay front footage fees for water and sewer. It was noted that SMT had already paid the front footage fees.

Curtis Bonner, Trustee asked that if property south of SMT subdivision were to be developed in the future, would that developer be required to extend the sewer line for services. Mr. Trevino replied that that developer would be required to extend sewer service. Discussion by the Board ensued.

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A motion was made to approve Resolution R2122-23 Approving a variance to sewer system extension policy for SMT Harlingen II Land, LLC Subdivision.

Motion: Curtis Bonner
Second: Chris Bartnesky

Motion to approve was carried by a vote of the Board (4-0).

*****OUT OF SEQUENCE**

AGENDA ITEM NO 4: REPORTS AND PRESENTATIONS

c) Report on Delinquent accounts in excess of \$500 per account

Joyce Lamon gave an overview of the delinquent accounts that were still pending. Discussion by the Board ensued.

d) Discussion changing the regularly scheduled Board meeting day of the month.

Tim Skoglund informed the Board that Trustee J.V. Garcia had submitted a request to change the Waterworks' Board Meetings to a different day of the week. Trustee Garcia was concurrently serving on the Planning and Zoning Board, and those meetings had become a conflict with Waterworks' board meetings. Discussion by the Board ensued.

Mr. Skoglund proposed two options: the first was to ask the City Manager's help in moving Planning & Zoning's overflow meetings to a night other than Wednesday. The second option was to leave the regularly scheduled meeting days as currently scheduled. A consensus was reached to continue with the existing schedule, and that the next meeting would be on April 27, 2022.

e) Report on purchase of electrical materials for in-house construction work for the Wastewater Sludge Dewatering Facility Project.

Mr. Skoglund reported staff's difficulty in obtaining electrical materials needed for the in-house portion of construction of the wastewater sludge dewatering facility project located at the Wastewater Plant.

No bids were submitted in response to a duly posted advertisement. Mr. Skoglund noted that electrical subcontractors do not follow a rigorous bidding process for electrical materials and that current supply shortfalls were believed to be a factor discouraging vendors from bidding. Because the construction contract for the project's foundation and metal building depended on the Waterworks' performance of the electrical work, there was a pressing need to acquire electrical materials.

Mr. Skoglund noted the multi-item materials list could be divided into classification groupings more typical used for electrical materials procurement and recommended that the Board authorize such an approach subject to the limitation that no single package of common-category items would exceed \$50,000. Discussion by the Board ensued.

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Curtis Bonner, Trustee, expressed his approval for moving forward with the proposed procurement approach since no bids had been received.

AGENDA ITEM NO. 5: FINANCIALS

a) Monthly Financial report for month ending March 30, 2022

Ron De La Garza gave an overview of the financial reports for February 2022. Discussion by the Board ensued.

*** Out of Sequence

AGENDA ITEM NO. 6: RESOLUTIONS

b) R2122-22: Approving Change Order No. 1 to the construction contract for Priority Sewer Renewal Project Package 1.

Tim Skoglund explained that repeated customer complaints had been received concerning sewer backups occurring on Darrell Street during heavy rainstorms. While a more fundamental problem existed that could only be addressed by large master-planned projects, CCTV inspection of the sewer main serving the south side of Darrell Street revealed the line to be in poor condition. Its replacement could possibly reduce the severity of sewer backups.

Robert Canterbury, System Consultant, gave a presentation informing the Board of a design and proposal for replacing of the 605-foot line consisting of 6-inch and 8-inch clay sewer pipe.

A change order proposal had been solicited and received from Southern Trenchless Solutions who was under contract through BuyBoard procurement for the Priority Sewer Renewal Project.

Chris Bartnesky, Vice Chairman, mention that this need to be addressed as soon as possible. Discussion by the Board ensued.

A motion was made to approve Resolution No. R2122-22 – Approving Change Order No. 1 to the construction contract for Priority Sewer Renewal Project Package 1.

Motion: Curtis Bonner
Second: Chris Bartnesky

Motion to approve was carried by a vote of the Board (4-0).

AGENDA ITEM NO. 7: MANAGER'S REPORTS

Mr. Skoglund extended an invitation to the Board for the Waterworks' first Water Night community event to be held on April 12, 2022.

AGENDA ITEM NO. 8: ADJOURN

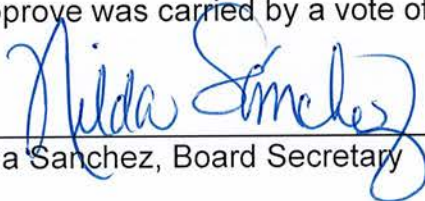
There being no further business to discuss, Chairman, Murphy, called for a motion to adjourn the meeting at 7:19 P.M.

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Motion: Chris Bartnesky
Second: Del Angel

Motion to approve was carried by a vote of the Board (4-0).

Attest:



Nilda Sanchez, Board Secretary