

**CITY OF HARLINGEN WATERWORKS SYSTEM**  
**Special Board Meeting Minutes**  
**Thursday August 12, 2021**

The Special Board Meeting of the Utility Board of Trustees was conducted on the 12th day of August 2021 at 10:00 A.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 Chairman  
Curtis Bonner, Trustee  
Enrique Del Angel, Trustee  
Juan V. Garcia, Trustee  
Chris Boswell, Mayor, Ex-Officio  
Dan Serna, City Manager, Ex-Officio

Staff Present: Tim Skoglund, General Manager  
Gene McCullough, System Attorney  
Darrell Gunn, System Contractor (via videoconference)  
Robert Canterbury, System Engineer (via videoconference)  
Ron De La Garza, Director of Finance & Revenue  
Joyce Lamon, Director of Customer Services  
David Sanchez, Director of Water Services  
Jon Hedegard, Director of Wastewater Services  
Jose L. Rodriguez, Cyber Security Admin. Analyst  
Elizabeth Soto, Director of Human Resources  
Gabriel Trevino, Jr., Assistant Utility Engineer  
Emiliano Rosel, Assistant Utility Engineer

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

Michael Murphy, Chairman, called the meeting to order at 10:03 A.M. and asked if the agenda had been posted in accordance with the law; Nilda Sanchez responded affirmatively.

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

None

**AGENDA ITEM NO. 3: APPROVAL OF MINUTES**

**a) Regular Board Meeting of June 30, 2021**

Tim Skoglund informed the Board the minutes for the July 28 Regular Board Meeting would be presented for approval at the next Regular Board Meeting

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**AGENDA ITEM NO. 4: RESOLUTIONS**

**a) R2021-41: Approving the 2021-2022 Fiscal Year Budget and recommending its adoption by the Harlingen City Commission**

Tim Skoglund gave an overview of budget highlights and talked through the various schedules of the Budget Packet. He informed the Board that the City Commission had recently voted to bring all City employees into the Texas Municipal Retirement System (TMRS) and that it was presumed the Waterworks would follow that change as it had for prior retirement plan changes. Dan Serna further explained city and employee contributions into TMRS.

Mayor Chris Boswell asked about a large difference between the Administration Department's budget and actual expenses. Mr. Skoglund reported that the unexpended budget included the position of an assistant general manager that remained unfilled and rate and impact fees studies that had not yet begun. Mr. Skoglund made a promise to advertise the assistant general manager position before the end of the calendar year.

Juan V, Garcia asked if the system had a trihalomethane problem and whether this issue was being addressed at the intake pump of our system. David Sanchez replied that all water systems using chlorine as a disinfectant generated trihalomethanes, and he explained that the Waterworks monitored those readings on a quarterly basis. He added that no other municipality in the Rio Grande Valley tested for trihalomethanes as frequently. Mr. Garcia asked whether adding screens at the intake pumps would help alleviate trihalomethane from entering our system. Mr. Sanchez stated that the current process oxidized the water during an early stage of treatment to reduce organic water content that contributed to trihalomethane generation.

Noting the need for many costly capital improvements to upgrade, rehabilitate, or expand the system, Juan V. Garcia asked Mayor Boswell if their City's grant writer could be made available to assist the Waterworks with grant applications. Mayor Boswell stated that could be worked out but suggested contacting Congressman Filemon Vela's office to help the Waterworks with a grant application. For such applications, a grant writer with specialized background and experience would be most effective.

Mr. Garcia stated that several areas on the west side of town experienced sewer backups with every heavy rainfall event, not just the storms with a several hundred-year return period. Drainage upgrades were needed in conjunction with sewer system upgrades to help address sewer overflow issues.

Mr. Skoglund informed the Board of a few revisions that had been made to the proposed capital projects budget since staff's presentation at the last board meeting. He also noted that the proposed working capital ending balance for FY 2022 would be a very healthy amount, but that the balance would realize very little investment return in the current low interest rate environment. He asked the Board whether moving certain future-year projects totaling approximately \$3.6 million into FY 2022 would be preferable to avoid large inflationary escalation despite the reduction in the working capital balance it would

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cause. Discussion by the Board ensued and consensus reached to add such future projects in the proposed FY 2022 Budget.

Mr. Skoglund presented a 10-year forecast model of the working capital schedule using revenue, expense, bond issue, and capital improvement expense inputs. He noted that the high levels and rate of annual capital improvement spending recommended in the recent Master Plan would require large amounts of grant funding. Mr. Skoglund also explained the need for future rate adjustments to offset inflationary escalation of operating expenses. He stated that unlike ad valorem and sales taxes, rate-based water and sewer revenues have no natural escalation mechanism. He noted that the rate and impact fee studies included in the proposed Budget would help guide how the Board and City Commission might proceed on rate adjustments in coming years.

A motion was made to approve Resolution No. R2021-41– approving the 2021-2022 Fiscal Year Budget and recommending its adoption by the Harlingen City Commission

Motion: Curtis Bonner  
Second: Chris Bartnesky

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

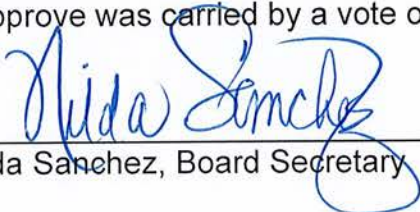
**AGENDA ITEM NO. 5: ADJOURN**

There being no further business to discuss, Chairman Murphy, called for a motion to adjourn the meeting at 11:48 A.M.

Motion: Chris Bartnesky  
Second: Curtis Bonner

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

Attest:

  
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Nilda Sanchez, Board Secretary