

CITY OF HARLINGEN WATERWORKS SYSTEM
Regular Board Meeting Minutes
Wednesday, November 17, 2021

The Regular Board Meeting of the Utility Board of Trustees was conducted on the 17th day of November 2021 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: Michael Murphy, Chairman
 Chris Bartnesky, Vice Chairman
 Curtis Bonner, Trustee
 Juan V. Garcia, Trustee
 Chris Boswell Mayor, Ex-officio

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
 John McKenna, Director of Information Technology
 Jose L. Rodriguez, Cyber Security Admin Analyst
 Elizabeth Soto, Director of Human Resources
 Ron De La Garza, Director of Finance & Revenue
 Gabriel Trevino, 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 3:04 P.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

AGENDA ITEM NO. 3: Regular Board Meeting of October 27, 2021

Chris Bartnesky, Vice Chairman noted page 5, "motion to adjourn", needed to be corrected as he had not been present at the meeting to vote.

A motion to approve the Board Minutes, as amended, for the Regular Board Meeting of October 27, 2021, was made.

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Motion: Curtis Bonner
Second: Chris Bartnesky

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

AGENDA ITEM NO. 4: REPORTS AND PRESENTATIONS

a) 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.

b) Presentation and discussion on proposed customer service policy modifications: Water Meters.

Tim Skoglund presented proposed Customer Service Policy modifications regarding water meters. This was to be the last presentation on proposed policy updates and modification before the final proposed customer service policy revision would be presented for approval. Discussion by the Board ensued.

c) Discussion on wastewater master plan, accelerated schedule for infrastructure improvements near the Treasure Hills area, and budgetary requirements.

Tim Skoglund noted that Freese and Nichols, the Waterworks' master planning consultant, had previously presented two wastewater alternatives differing on whether a second plant would be constructed. The one-plant option would route all future flow to the existing plant, and the two-plant option would involve addition of new wastewater plant on the west side of town along with a few major differences in conveyance infrastructure.

Mr. Skoglund presented a variation of the two-plant concept called the 1.2-WWTP option that would follow the one-plant conveyance plan until approximately Year 2044 when a second plant would be constructed. The two-plant concept that Freese and Nichols had previously presented dubbed as the 2.2-WWTP concept.

Mr. Skoglund presented a cost projection showing that both concepts would have roughly the same long-term cost, but in the case of the 2.2-WWTP option, any effort to accelerate construction of improvements in southwest Harlingen ahead of the master plan schedule would require building the second plant much sooner and require outlay of \$30 million approximately 20 years earlier than would be required under the 1.2-WWTP option.

The debt service cost associated with the earlier outlay would be a significant disadvantage of the 2.2-WWTP option. Though the accelerated construction of infrastructure in the southwest would be an uncertain possibility, the 1.2-WWTP option would offer more flexibility to address urgent needs in that area much sooner than the 15 to 20-year horizon for such improvements as would be recommended in the master plan. Given that a second plant would be needed in either case, he suggested that the Waterworks consider purchasing the land required for the second plant in the very near future.

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Trustee, Juan V. Garcia, asked if funding for this project could be obtained through the infrastructure bill recently passed by Congress. Mr. Skoglund stated he was hopeful some of those funds would be made available in the form of grants. Federal appropriations for water and sewer were typically routed by EPA to state revolving fund agencies like the Texas Water Development Board. Mr. Garcia asked if any applications had already been submitted to apply for these funds. Mr. Skoglund replied that now that the Master Plan was near finalization, plans could soon be made for Harlingen officials and local legislators to visit with Texas Water Development Board officials in Austin, TX and lobby for funding. Mr. Skoglund stated the 1.2-WWTP option appeared to be best at the present time but that could be subject to change.

A second consideration related to master planned wastewater projects was a large development in the Treasure Hills area that would generate flow that could not be accommodated through the existing system. A temporary lift station would have to be constructed with a force main to route flow to the treatment plant.

Mr. Skoglund noted that the developer and two others were preparing to submit construction plans within the next 30 to 60 days and that those developments would ultimately need to be served by major master plan projects. However, those projects would need to be sponsored by the Waterworks and had not been budgeted in the current year. He stated that it was unlikely that those projects could be completed in time to accommodate the new developments' schedules.

Trustee J.V. Garcia asked if the developers would share in the cost of improvements. Mr. Skoglund responded that the best way to address this situation would be to upgrade Lift Station No. 5 and to route flow from two of the developments to Lift Station 5 for the near term but ultimately redirect it to the master planned projects once constructed. He indicated that it would not be possible to have the new development share in the cost of the long-term projects but that they would be assessed a proportional share of the cost of upgrading Lift Station 5.

Mr. Skoglund recommended pursuing the lower cost upgrade of Lift Station 5 to meet the near-term needs of the proposed development because it could be completed in time to meet the new developments' schedules. Pursuing this option seemed more appropriate considering time and budgetary requirements.

The upgrade of Lift station No. 5 had been identified as a longer-term master plan project but moving it forward would most effectively address current development needs. Discussion by the Board ensued.

Mike Rhodes, owner of Rhodes Development gave a presentation informing the Board that his home building company is the largest in the Rio Grande Valley. His company has been building homes and developing family communities in this area for about 20 years. His latest project was Tres Lagos, located in McAllen, TX. Mr. Rhodes reported he would

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like to begin development of Paso Real Coves in January of 2022 and hopefully have homes fully built in about 8 months.

Mr. Skoglund concluded by informing the Board that the Master Plan Report was being finalized and would soon be ready for presentation to the Board and City Commission for adoption. Discussion by the Board ensued regarding the scheduling of a joint meeting.

AGENDA ITEM NO. 5: FINANCIALS

a) Monthly Financial report for month ending October 31, 2021

Ron De La Garza gave an overview of the financial reports for October 2021. Discussion by the Board ensued.

AGENDA ITEM NO. 6: RESOLUTIONS

a) R2122-05: Approving a contract for purchase of a three-year License for Microsoft Productivity Software.

Mr. Skoglund reported Microsoft productivity software was needed for daily operations. SHI Government Solutions, a re-seller for Microsoft, submitted the lowest-priced proposal based on purchasing cooperative contracts.

A three-year contract with SHI Government Solutions would cost \$6,096 less than continuing to license the software month-to-month as was the current practice. Discussion by the Board ensued.

A motion was made to approve Resolution No. R2122-05 – approving a contract for purchase of a three-year License for Microsoft Productivity Software.

Motion: Curtis Bonner
Second: Juan V. Garcia

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

***** Out of Sequence**

b) R2122-07: Awarding a contract for purchase and installation of a Two-Post Lift for vehicle maintenance.

Tim Skoglund reported this was a budgeted item needed to increase productivity at the Waterworks' mechanic shop. The unit price exceeded budget because of a \$3,000 steel surcharge that had recently been mandated. This increase caused the price of the lowest quote to exceed the \$25,000 threshold above which Waterworks' policy required competitive bidding. Mr. Skoglund noted that the item could be bid but doing so would delay an eventual order by over two months and the price would be subject to further escalation. Awarding the contract as an exception to internal policy would be acceptable because the price was lower than the statutory threshold for competitive bidding. Discussion by the Board ensued.

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A motion was made to approve Resolution No. R2122-07 – awarding a contract for purchase and installation of a Two-Post Lift for vehicle maintenance.

Motion: Juan V. Garcia
Second: Curtis Bonner

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

***** Out of Sequence**

c) R2122-06: Awarding contract for purchase of Networks Switches and Access Points for the warehouse and water treatment plants

Tim Skoglund reported that the existing network switches and access points had reached a point of obsolescence and were in need of replacement to improve performance and network security.

Juan V. Garcia asked if the installation would be outsourced or performed in-house. Jose L. Rodriguez replied that the equipment would be installed in-house. Discussion by the Board ensued.

A motion was made to approve Resolution No. R2122-06 – awarding a contract for purchase of Networks Switches and Access Points for the warehouse and water treatment plants.

Motion: Curtis Bonner
Second: Chris Bartnesky

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

d) R2122-08: Approving revised pricing for Manhole Rehabilitation.

Tim Skoglund reported the memo for the previously approved resolution erroneously reflected pricing from a prior contract.

Juan V. Garcia asked what justification was presented for the increased prices. Mr. Skoglund reported that prices had escalated over the three years since the previous BuyBoard contract had been established. Discussion by the Board ensued.

A motion was made to approve Resolution No. R2122-08 – approving revised pricing for Manhole Rehabilitation.

Motion: Curtis Bonner
Second: Juan V. Garcia

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

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e) R2122-09: Awarding contracts for purchase of Pick-Up Trucks.

Tim Skoglund reported there had been a nationwide shortage of pick-up trucks but that Waterworks' need for replacement trucks had been growing. Sam Pack's Five Star Ford offered four (4) 1.5-ton trucks in lieu of the requested 1-ton trucks. Mr. Skoglund noted that the heavier trucks would provide more durability and load capacity. These trucks were in-stock and would have preinstalled beds and accessories. Delivery would be four to six weeks. Pricing for these trucks was somewhat overbudget.

The four (4) budgeted ½-ton trucks were not in stock with any purchasing cooperatives, but National Auto Fleet, a vendor contracted with the Sourcewell purchasing cooperative, offered direct purchase pricing from the manufacturer. Half-ton trucks were in high demand and orders had been severely backlogged. The pricing total was overbudget, and estimated delivery time would be 22 to 24 weeks.

Mr. Skoglund noted that funds in departmental operating budgets could be used to cover the additional funds required beyond the amount budgeted under capital equipment. Discussion by the Board ensued.

Motion: Curtis Bonner
Second: Chris Bartnesky

A motion was made to approve Resolution No. R2122-09 – awarding contracts for purchase of Pick-Up Trucks.

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

f) R2122-10: Awarding a contract for purchase of a Mini Excavator and Trailer.

Mr. Skoglund reported on the need for a mini excavator in wastewater collections operations. A smaller machine would improve crew's ability to perform excavation operations in tight, overgrown areas and during nighttime hours with limited visibility.

Mr. Skoglund informed the Board that Elliff Motors' bid included a trailer for hauling the excavator. The low bid did not include a trailer and proposed an unfamiliar brand with unknown track record. Elliff's bid also included three buckets compared with the single bucket offered with the low-price bid. Discussion by the Board ensued.

A motion was made to approve Resolution No. R2122-10 – awarding a contract for purchase of a Mini Excavator and Trailer to Elliff Motors of Harlingen TX for the purchase price of \$48, 044.94.

Motion: Curtis Bonner
Second: Juan V. Garcia

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

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AGENDA ITEM NO. 7: MANAGER'S REPORTS

Mr. Skoglund then highlighted portions of the Manager's Report's. The Board asked questions and discussed the information that was presented.

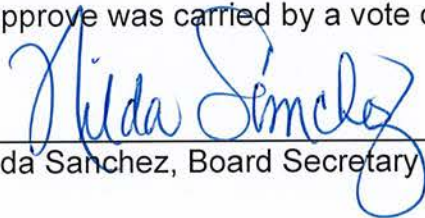
AGENDA ITEM NO. 8: ADJOURN

There being no further business to discuss, Chairman, Murphy, called for a motion to adjourn the meeting at 4:38 P.M.

Motion: Chris Bartnesky
Second: Curtis Bonner

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

Attest:



Nilda Sanchez, Board Secretary