

CITY OF HARLINGEN WATERWORKS SYSTEM
Regular Board Meeting Minutes
Wednesday May 31, 2023

The Regular Board Meeting of the Utility Board of Trustees was conducted on the 31st day of May 2023 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.

City Commissioner Present: Frank Morales, District 4

Board Members Present: Michael Murphy, Chairman
Chris Bartnesky, Vice Chair
Maru De La Paz, Trustee

Staff Present: Tim Skoglund, General Manager
Gene McCullough, System Attorney
Darrell Gunn, System Consultant (via videoconference)
Robert Canterbury, System Consultant (via videoconference)
David Sanchez, Director of Water Services
Jon Hedegard, Director of Wastewater Services
Jose L. Rodriguez, Information Technology Tech
Florita Rodriguez, Customer Service Director
Michael Chamberlain, Purchasing Manager
Elizabeth Soto, Director of Human Resources
Joseph Lunn, Assistant Utility Engineer

AGENDA ITEM NO. 1: OPEN MEETING AND WELCOME

Michael Murphy, Chairman, called the meeting to order at 5:04 P.M. and asked whether the agenda had been posted in accordance with the law; Nilda Sanchez responded affirmatively.

AGENDA ITEM NO. 2: CONFLICT OF INTEREST

Mr. Murphy read the conflict-of-interest disclosure and asked the Board if anyone had any known conflicts of interest for this Board Meeting. None of the trustees reported a conflict of interest.

AGENDA ITEM NO. 3: COMMUNICATION / INPUT FROM CUSTOMERS AND RESIDENTS OF HARLINGEN

None.

AGENDA ITEM NO. 4: OATH OF OFFICE

a) Newly appointed Board Member, Maru De La Paz

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Mr. Skoglund reported a new Trustee had been appointed to replace Juan V. Garcia, representing District 5, who resigned from the Board earlier in the year. Michael Murphy, Chairman, administered the oath of office to Mrs. Maru De La Paz, swearing her in as the newest Trustee for the Harlingen Waterworks System.

AGENDA ITEM NO. 5: ELECTION OF OFFICERS

Mr. Skoglund reported it was time to elect officers. He opened the floor for the Chairman to make nominations. Discussion by the Board ensued, and a decision reached to table the item because two Board Members were not in attendance to make any nominations or acceptances.

***** OUT OF SEQUENCE**

AGENDA ITEM NO. 9: RESOLUTIONS

a) R2223-30: Approving a sewer system extension variance request for Caliber Collision Subdivision. (Tabled)

Tim Skoglund reported this item was presented at the last Board meeting and recommended an alternative in which the developer would be required to construct a dry sewer line from the property to South Palm Blvd. The developer has since had time to review the situation and had been informed adding a dry line would be a better option in this situation.

Mr. Skoglund discussed two proposed options to the Board. The first option would require that the developer pay the pro-rata cost associated with all three subdivided lots for a sewer extension to be constructed by HWWS at some future time. In such case, subsequent buyers of the other two lots would be relieved of the responsibility to pay pro-rata reimbursements, the obligation of which would only be indicated by note on the plat and enforceable as a requirement of a building permit. Mr. Skoglund noted there would be some risk that this plat note may not be noticed by subsequent developers at the time of lot purchase.

The second option would be to install the dry line that staff had recommended during the previous board meeting. The dry line would extend through the entire parcel along the southern property boundary from the Caliber Collision site to S. Palm Blvd.

Leslie Reel of L Squared Engineering reported that the developer for Caliber Collision would only be purchasing only one lot while the existing owner would retain ownership of the other two. As such, Caliber would not be able to recoup its cost for the pro-rata cost associated with the other two lots.

Mr. Skoglund stated that this ownership discovery would make pro-rata reimbursement feasible only for the one lot being purchased by Caliber. He asked if the Board was inclined to allow a variance to the sewer extension policy requirement based on the one-lot pro-rata option as requested by the developer. Vice Chairman Bartnesky asked if the

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property owner was aware of the plat-note requirement associated with the pro-rata cost payment option. Mr. Skoglund informed the Board that future developers of the other two subdivided lots would be alerted to the pro-rata charges via plat note, the payment of which would be a requirement for approval of a building permit. Mr. Skoglund noted a language modification that would need to be made to the resolution to proceed with the option of assessing a pro-rata charge as a condition of the sewer extension variance.

A motion was made to approve Resolution No. R2223-30, as amended – approving a sewer system extension variance request for Caliber Collision Subdivision.

Motion: Chris Bartnesky
Second: Maru De La Paz

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

b) R2223-39: Approving a contract amendment for design of the Raw Water Line Upgrade Project – Jefferson Street Segment

Mr. Skoglund reported that Chiang, Patel & Yerby (CP&Y) was awarded a contract in January 2022, for preliminary engineering for rehabilitation or replacement of the raw water pipeline conveying raw water to the Downtown WTP reservoir.

CP&Y developed three project alternatives including construction of a pump station and a force main on a new alignment and two other options retaining the existing 5'x5' concrete box on 13th Street. Staff recommended Alternative C calling for rehabilitation of the 5'x5' box and upsizing the pipeline from 13th Street to the reservoir because it allowed for phasing the project to reduce initial capital cost. Phase 1 of Alternative C would replace the smaller, reinforced concrete pipe segments from 13th Street near Jefferson Ave. to the reservoir. This was the most cost-effective plan for the Waterworks as it addressed the majority of project needs and defers rehabilitation of the 5'x5' concrete box until additional capacity is needed and rehabilitation need is greater.

Ted Stawasz of CP&Y described logistics of the project and construction timing. A request for funding the project had been submitted to the Texas Water Development Board earlier in the year. The proposed contract amendment included supplemental environmental services to be provided in the event federal funding for the project would be made available. Discussion by the Board ensued.

A motion was made to approve Resolution No. R2223-39 – approving a contract amendment for design of the Raw Water Line Upgrade Project – Jefferson Street Segment

Motion: Chris Bartnesky
Second: Maru De La Paz

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

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a) R2223-40: Awarding a contract for a Rate Study.

Tim Skoglund informed the Board the last rate study was performed in 2014 and the cost of operations has increased through the years. A rate study was necessary to consider revenue, operating expenses, capital asset and capital infrastructure expenses. Waterworks was also due for an impact fee study. A decision had been made combining both studies and to award the work under a single contract.

Mr. Skoglund reported the proposed studies would involve several meetings with city commission, the planning department, and wholesale customers.

Mr. Skoglund reported that four consultants replied to an RFQ, and the top three were interviewed. The Board Chairman, Michael Murphy, had also viewed video recording of the interviews for the rate study.

Mr. Skoglund reported the most qualified consultant for the impact fee study had been determined to be Freese & Nichols, Inc. (FNI), who had recently developed the Waterworks' Master Plan. The master plan work gave FNI a significant advantage for the impact fee study. Willdan Financial Services had been identified as the most qualified firm to perform rate study services reported the depth and scope of the rate study. Consequently, staff recommended awarding separate contracts for the two studies.

Dan Jackson of Willdan discussed the importance of a rate study and that approval of rate adjustments would be one of the most difficult decisions that the Board and City Commission would face. He noted that the cost of capital improvements was the biggest factor affecting the level of rate adjustments. He explained the right thing was not always the easiest thing to do. Discussion by the Board ensued.

A motion was made to approve Resolution No. R2223-40 - Awarding a contract for a Rate Study

Motion: Chris Bartnesky
Second: Maru De La Paz

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

b) R2223-41: Awarding a contract for an Impact Fee Study.

Mr. Skoglund reported an Impact Fee Study was necessary to evaluate the increasing costs of new connections added to the system. A current list of water and wastewater impact fees was presented. The City of Harlingen first implemented impact fees in 1990. The last update had been conducted in 2004.

According to The Texas Government Code, Chapter 395, there were certain requirements and criteria for this adoption. There would be a series of necessary meetings including two public hearings, and a maximum impact fee calculation based on the Waterworks'

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Capital Improvements Plan providing for additional growth. Government Code Chapter 395 requires that impact fees be updated every five years.

Mr. Skoglund informed the Board the best qualified firm for this project would be Freese & Nichols, Inc. They had the best experience in this field and had performed various successful projects in the past for the Waterworks. Discussion by the Board ensued,

A motion was made to approve Resolution No. R2223-41 – awarding a contract an Impact Study.

Motion: Chris Bartnesky
Second: Maru De La Paz

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

c) R2223-42: Awarding a contract extension of consulting agreement with Darrell Gunn, P.E.

Tim Skoglund noted Darrell Gunn continued to be a valuable resource as consultant and that Mr. Gunn has expressed willingness to continue in that role for an additional year. Discussion by the Board ensued.

A motion was made to approve Resolution No. R2223-42 – Awarding a contract extension of consulting agreement with Darrell Gunn, P.E.

Motion: Chris Bartnesky
Second: Maru De La Paz

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

d) R2223-43: Awarding a representative to the City of Harlingen Audit Committee

Tim Skoglund reported the need for an annual appointment of the Audit Committee and opened up the floor for a volunteer or nomination. Discussion by the Board ensued, and a decision reached to table the item since two Board Members were not in attendance to make any nominations or acceptances.

A motion was made to table Resolution No. R2223-43 - awarding a representative to the City of Harlingen Audit Committee.

Motion: Maru De La Paz
Second: Chris Bartnesky

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

***** OUT OF SEQUENCE**

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AGENDA ITEM NO. 6: APPROVAL OF MINUTES – Regular Board Meeting of April 26, 2023.

With no corrections requested, a motion to approve the Board Minutes for the Regular Board Meeting of April 26, 2023, was made.

Motion: Chris Bartnesky
Second: Maru De La Paz

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

AGENDA ITEM NO. 7: REPORTS AND PRESENTATIONS

a) Report on delinquent accounts exceeding \$500.

Florita J. Rodriguez gave an overview of the delinquent accounts that were currently pending. Discussion by the Board ensued.

AGENDA ITEM NO. 8: FINANCIALS

a) Monthly Financial report for month ending March 31, 2023.

Ron De La Garza gave an overview of the financial reports for March 31, 2023. Discussion by the Board ensued.

AGENDA ITEM NO. 10: MANAGER'S REPORTS

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

AGENDA ITEM NO. 11: EXECUTIVE SESSION

a) Consultation with System Attorney regarding real property transactions, pursuant to Tex. Gov't Code §551.072.

A motion to enter into Executive Session was made.

Motion: Bartnesky Second: De La Paz

Motion to Approve: 3 Yeas 0 Nays

Entered into Executive Session at: 6:52 PM.

Exited Executive Session at: 7:46 PM.

No Action was taken.

Meeting was called back to order at: 7:49 PM.

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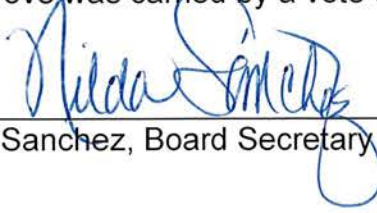
AGENDA ITEM NO. 12: ADJOURN

There being no further business to discuss, Chairman, Murphy, called for a motion to adjourn the meeting at 7:49 P.M.

Motion: Chris Bartnesky
Second: Maru De La Paz

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

Attest:



Nilda Sanchez, Board Secretary