

CITY OF HARLINGEN WATERWORKS SYSTEM
Regular Board Meeting Minutes
Wednesday August 30, 2023

The Regular Board Meeting of the Utility Board of Trustees was conducted on the 30th day of August 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.

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

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

AGENDA ITEM NO. 1: OPEN MEETING AND WELCOME

Chris Bartnesky, Chairman, called the meeting to order at 5:07 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. Bartnesky 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: APPROVAL OF MINUTES – Regular Board Meeting of July 26, 2023.

Chairman, Chris Bartnesky noted on Page 1, Item 4, that his title should be changed from Vice Chairman to Chairman.

CITY OF HARLINGEN WATERWORKS SYSTEM
Regular Board Meeting Minutes
Wednesday August 30, 2023

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

Motion: Michael Garza
Second: Michael Murphy

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

AGENDA ITEM NO. 5: REPORTS AND PRESENTATIONS

a) Presentation and discussion on Alternatives Analysis for Water Treatment Plant Sludge.

Mr. Skoglund gave some background on sludge production and sludge management operations at the water plants. David Munn of Freese & Nichols, Inc. then gave a presentation on the findings of the study.

The concrete aprons at the Downtown Water Plant lagoons have deteriorated and become displaced. The process of dredging the lagoons is labor intensive, the location has limited space for dredging, and odors from the lagoons are a concern at the nearby walking path.

The Dixieland Water Plant's lagoon where sludge from both plants has been stored over the past two decades will soon reach its capacity, and sludge removal would be complicated because of the inability to take the lagoon offline to allow the sludge to dry before removal.

Mr. Munn stated the objective the study's recommendations were to simplify sludge handling, ensure long term reliability and sustainability of sludge management operations, and minimize initial capital and long-term operational costs.

Mr. Munn presented several options for sludge dewatering at the Downtown plant and options for partitioning the sludge lagoon at the Dixieland plant to facilitate sludge removal while keeping the plant running. The study also examined an alternative to convey sludge from both water plants through the existing sewer system to the Wastewater Treatment Plant where sludge would be comingled, removed, and dewatered, and disposed on-site along with the wastewater treatment sludge. This conveyance alternative would require the addition of a new force main from the Dixieland water plant's sludge pump station and a new pump station and force main from the Downtown plant.

It was noted that conveying water treatment sludge through the sewer system would need to be suspended during heavy rainstorms to avoid overloading the sewer system. Consequently, some storage capacity at the water plants would still be needed.

In addition to sludge pumping and force main improvements to convey sludge to the wastewater plant, the study also recommended constructing new concrete liners for the

CITY OF HARLINGEN WATERWORKS SYSTEM
Regular Board Meeting Minutes
Wednesday August 30, 2023

lagoons at the Downtown plant and constructing access improvements around the lagoons.

b) Discussion on Water Line Extension Request for White Ranch Road.

Mr. Skoglund summarized the request for a water line extension made during public comment at last month's Board meeting, and he described several options and policy considerations for extending water service to the area.

Extension of the water system could be sponsored by the homeowners or by Waterworks. Mr. Skoglund noted it would be difficult for homeowners inexperienced in hiring engineers and contractors to sponsor the project on their own. Options for funding Waterworks' cost in sponsoring an extension included system revenues from existing customers, or full or pro-rata payment by homeowners via up-front payment or reimbursement installments.

After some discussion on reimbursement installment considerations, the Board directed Staff to ask the requesting homeowners to what extent they would be willing to pay the cost of extension.

Michael Garza, Trustee – Left at 5:45 PM

c) 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. 6: FINANCIALS

a) Monthly Financial report for month ending July 26, 2023.

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

AGENDA ITEM NO. 7: RESOLUTIONS

*** Tim Skoglund informed the Board that some of resolutions on the agenda could be approved in combination by consent including:

- a) **R2223-48:** Approving a contract extension for supply of Bedding and Backfill Sand.
- b) **R2223-49:** Approving a contract extension for Comprehensive Maintenance of HVAC Systems.
- c) **R2223-50:** Approving a contract extension for supply of Hydrogen Peroxide.
- d) **R2223-51:** Approving a contract extension for Laboratory Analysis of Wastewater Samples.
- e) **R2223-52:** Approving a contract extension for supply of Liquid Aluminum Sulfate and Liquid Ammonium Sulfate.
- f) **R2223-53:** Approving a contract extension for supply of Liquid Sodium Hydroxide.

CITY OF HARLINGEN WATERWORKS SYSTEM
Regular Board Meeting Minutes
Wednesday August 30, 2023

- g) **R2223-54:** Approving contract extensions for supply of Polymers for Actiflo Water Treatment Coagulation and Wastewater Sludge Dewatering.
- h) **R2223-55:** Approving a contract extension for supply of Mechanical Water Meters.
- i) **R2223-56:** Approving a contract extension for supply of Water Treatment Coagulant.

A motion was made to approve Consent Agenda items 6 (a-i).

Motion: Michael Murphy
Second: Maru De La Paz

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

j) **R2223-57: Adopting the 2023-2024 Fiscal Year Budget and recommending its approval by the Harlingen City Commission.**

Tim Skoglund gave an overview of changes to the proposed FY 2024 Budget that had been made since presentation of the draft budget at the July Board Meeting.

Mr. Skoglund noted that \$20,000 in revenues for sewer tap repairs had been removed from the budget in anticipation of a policy change that would offer repair of customer service lines and taps located within the right-of-way at no charge to the customer. The cost of such repairs is much greater than the charges currently being assessed, and the current policy requiring the customer to pre-pay repair costs typically delay repair and restoration of service by one or more days.

The cost of living adjustment was revised from 3% to 2% in line with recent decision by the City Commission to offer a 2% cost of living adjustment for other city employees.

Four new positions and equipment for the construction department were added to establish an additional crew for constructing the Large Meter Installation Upgrades CIP project over a five-year period. The difficulty of the project with unknown subsurface utilities and constant interaction with water department staff would avoid change orders and is likely realize significant cost savings relative to contracting the work.

The budget for contracted services was increased by \$600,000 to provide for removal and disposal of sludge in the existing water plant sludge lagoons. A recent vendor quote suggested a much lower price than had been estimated for such service in the sludge management study, and it would be necessary to remove and dispose of all the sludge from the Downtown water plant lagoons and some portion of the sludge stored in the Dixieland plant lagoons in any case. Mr. Skoglund stated that staff would evaluate the results of the first year of sludge removal and disposal services and compare against the cost of infrastructure required to send sludge to the wastewater plant before deciding which sludge management approach to take in subsequent years.

CITY OF HARLINGEN WATERWORKS SYSTEM
Regular Board Meeting Minutes
Wednesday August 30, 2023

Mr. Skoglund also several other minor changes in the proposed budget.

A motion was made to approve Resolution No. R2223-57 – adopting the 2023-2024 Fiscal Year Budget and recommending its approval by the Harlingen City Commission.

Motion: Michael Murphy
Second: Maru De La Paz

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

k) R2223-58: Awarding a contract for Supply of Sulfur Dioxide.

Mr. Skoglund informed the Board that DPC was the only vendor in the area providing this chemical and submitted the sole bid at an 8.65% increase over the current, expiring contract.

A motion was made to reject Resolution No. R2223-58 – awarding a contract for Supply of Sulfur Dioxide

Motion: Michael Murphy
Second: Maru De La Paz

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

l) R2223-59: Awarding contracts for supply of Pipe, Valves and Fittings.

Mr. Skoglund reported two vendors submitted bids and recommended awarding contracts to both vendors for the items in each of the bid categories for which their pricing was lowest.

A motion was made to approve Resolution No. R2223-59 – awarding contracts for supply of Pipe, Valves and Fittings.

Motion: Michael Murphy
Second: Maru De La Paz

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

m) R2223-60: Awarding a contract for supply of Caliche.

Mr. Skoglund reported two vendors submitted bids. Staff recommended awarding the two bidders, securing delivery availability in case the lowest price vendor would not be able to deliver on schedule. Discussion by the Board ensued.

A motion was made to approve Resolution No. R2223-60 – awarding contracts for supply of Caliche.

Motion: Maru De La Paz

CITY OF HARLINGEN WATERWORKS SYSTEM
Regular Board Meeting Minutes
Wednesday August 30, 2023

Second: Michael Murphy

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

n) **R2223-61: Awarding a contract for supply of Chlorine.**

Mr. Skoglund reported on the sole bid received at a unit price increase of 5.3% over the current contract price. He noted this was the only vendor in the area supplying chlorine. Discussion by the Board ensued.

A motion was made to approve Resolution No. R2223-61 – awarding contracts for supply of Chlorine.

Motion: Michael Murphy
Second: Maru De La Paz

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

o) **R2223-62: Awarding a lease contract for Multi-Function Copiers.**

Mr. Skoglund reported that the current contract for multi-function copier machines was expiring. Demonstrations and pricing had been requested of local vendors, only one of which responded in timely manner. Based on superior customer service and DIR purchasing cooperative pricing, staff recommended award of contract to Toshiba. Discussion by the Board ensued.

A motion was made to approve Resolution No. R2223-62 – awarding a lease contract for Multi-Function Copiers.

Motion: Maru De La Paz
Second: Michael Murphy

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

p) **R2223-63: Awarding a contract for Investment Advisory Services.**

Mr. Skoglund reported three responses had been received in response to a request of proposals for investment advisory services. Staff recommended continuing contracting with Valley View Consulting, LLC because of its excellent past performance, lower fee staffing resources. The contract was proposed for a three-year term with two (2) one-year extensions options. Discussion by the Board ensued.

A motion was made to approve Resolution No. R2223-63 – awarding a contract for Investment Advisory Services

Motion: Maru De La Paz
Second: Michael Murphy

CITY OF HARLINGEN WATERWORKS SYSTEM
Regular Board Meeting Minutes
Wednesday August 30, 2023

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

- q) **R2223-64: Approving the acquisition of water rights from Harlingen Irrigation District Cameron County No. 1 and from Cameron County Irrigation District No. 2 and authorizing the General Manager to execute water rights sales contracts and related transaction documents.**

Mr. Skoglund reported a new opportunity to purchase additional water rights in accordance with provisions in the state Water Code that grant a municipal water utility the first right of refusal to purchase water rights associated with irrigated land that had been converted to urban use. Mr. Skoglund reported Cameron County Irrigation District No. 2 had sent a corrected contract, reflecting a price \$0.04 higher than in the contract provided in the meeting packet. Discussion by the Board ensued.

A motion was made to approve Resolution No. R2223-64 – Approving the acquisition of water rights from Harlingen Irrigation District Cameron County No. 1 and from Cameron County Irrigation District No. 2 and authorizing the General Manager to execute water rights sales contracts and related transaction documents.

Motion: Michael Murphy
Second: Maru De La Paz

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

AGENDA ITEM NO. 8: MANAGER'S REPORTS

Mr. Skoglund asked whether the Board had any questions about the manager's reports, and no questions were asked.

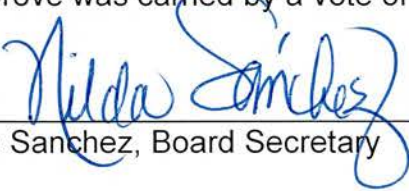
AGENDA ITEM NO. 10: ADJOURN

There being no further business to discuss, Chairman, Bartnesky, called for a motion to adjourn the meeting at 6:43 P.M.

Motion: Michael Murphy
Second: Maru De La Paz

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

Attest:



Nilda Sanchez, Board Secretary