

CITY OF HARLINGEN WATERWORKS SYSTEM
Regular Board Meeting Minutes
Wednesday, March 27, 2024

The Regular Board Meeting of the Utility Board of Trustees was conducted on the 27th day of March 2024 at 5:00 P.M. at 134 E Van Buren, Harlingen, Texas 2nd Floor.

Board Members Present: Chris Bartnesky, Chairman
Michael Garza, Vice Chairman
Michael Murphy, Trustee
Steve Brewer, Trustee

Staff Present: Tim Skoglund, General Manager
Gene McCullough, System Attorney
Ron De La Garza, Director of Finances
Florita Rodriguez, Customer Service Director
Michael Chamberlain, Purchasing Manager
Jon Hedegard, Director of Wastewater Services
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 5:01P.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 February 26, 2024.

With no corrections requested, a motion to approve the Board Minutes for the Regular Board Meeting of February 26, 2024, was made.

Motion: Michael Garza
Second: Michael Murphy

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

AGENDA ITEM NO.5: REPORTS AND PRESENTATIONS

a) Presentation by Carr, Riggs & Ingram on FY 2022-2023 Annual Audit and Financial Report

Mathew Montemayor of Carr, Riggs & Ingram presented the results of the financial audit for the fiscal year ended September 30, 2023. Mr. Montemayor 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) 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 February 29, 2024.

Ron De La Garza gave an overview of the financial reports for February 29, 2024. Discussion by the Board ensued.

AGENDA ITEM NO. 7: RESOLUTIONS

a) R2324-25: Approving Amendment No. 1 to the engineering contract for the Little Creek Interceptor Sewer Replacement Project, providing for preliminary engineering and design phase services.

Tim Skoglund reported a contract for constructability and cost assessment had been awarded to Halff Associates nine months prior. The original scope of work evaluated two interceptor sewer system options developed for the 2022 Master plan, and the Little Creek Interceptor system had been recommended for implementation. With much work to be done it was now time to begin the preliminary engineering and design phase of the project.

Mr. Skoglund noted that Halff had submitted Amendment No. 1 to the engineering contract and that several revisions of the amendment included in the meeting packet had been made and distributed to the Board immediately prior to the meeting.

Mr. Skoglund discussed the 18-month schedule of work and other phases of the project. Mr. Skoglund reported that the total project cost would be the largest in Waterwork's history.

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Mr. Skoglund showed a presentation that had previously been explained in a prior Board Meeting, recapping the project and its various phases. Discussion by the Board ensued.

A motion was made to approve Resolution No. R2324-25 – Approving Amendment No. 1 to the engineering contract for the Little Creek Interceptor Sewer Replacement Project, providing for preliminary engineering and design phase services.

Motion: Michael Garza
Second: Steve Brewer

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

b) R2324-26: Approving the lease of 1,000 acre-feet of municipal water rights to East Rio Hondo Water Supply Corporation through December 31, 2024.

Mr. Skoglund informed the Board East Rio Hondo Water Supply Corporation (ERHWSC) requested leasing 1,000 acre feet of municipal water rights because of anticipated push water requirements resulting from low levels in the Amistad-Falcon reservoir system that had compelled curtailment of agricultural water allocations. The lease to ERHWSC would terminate at the end of the calendar year.

Mr. Skoglund stated that a price of \$60 per acre-foot had been determined to be fair based on market price research and considering that ERHWSC had been a long-time wholesale customer of the Waterworks. Discussion by the Board ensued.

A motion was made to approve Resolution No. R2324-26 – approving the lease of 1,000 acre-feet of municipal water rights to East Rio Hondo Water Supply Corporation through December 31, 2024.

Motion: Michael Garza
Second: Michael Murphy

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

c) R2324-27: Adopting a Five-Year Plan for Water and Sewer Rate Adjustments subject to approval by the Harlingen City Commission.

Mr. Skoglund discussed the resolution attachment presenting the proposed five-year rate plan for Water & Sewer Rate Adjustments that had been discussed in prior joint meetings between the Board and the Harlingen City Commission.

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He noted that the City Commission had previously expressed a desire to help economically disadvantaged customers by reducing the impact of the rate increase on customers who reside in housing provided or subsidized by Harlingen Housing Authority. Staff had reached out to the Harlingen Housing Authority who indicated that approximately 1,000 of its clients would have a water and sewer account with the Waterworks.

Mr. Skoglund referred to the rate plan attached to the resolution and discussed the details of the rate plan to be phased in over the next five years.

He stated that the City Commission asked Waterworks to consider a \$25 monthly discount for customers benefitting from Housing Authority programs. The adjustments for these customers were discussed. To offset the reduced revenue associated with the discounts, the water and sewer rates were increased.

Mr. Skoglund reported the Commission wanted to also consider discounts for seniors, veterans, and disabled persons. Gabriel Trevino, Utility Engineer, had researched census data for those population groups in Harlingen. Other online sources had been found to help estimate the percentages of veterans and disabled persons who would most likely be a head of household and a customer of the Waterworks. Mr. Skoglund estimated that those groups comprised 40% of residential customers.

Discussion by the Board ensued. Michael Murphy asked where the funds would come from to make up for the difference.

Steve Brewer expressed concern about continued discounts with winter averaging and then a \$25 flat fee discount. He also stated his preference for the Moderate Delay rate plan instead of the On-Time rate plan incorporated in the proposed resolution, noting his belief the rate increase of the On-Time plan was too high.

Mr. Skoglund explained the remaining 60% of residential customers would need to pay an additional amount to make up for the revenue reduction caused by the discounts.

Michael Garza asked Flo Rodriguez to explain the average bill amount for customers on housing. Ms. Rodriguez explained the various programs available to Harlingen residents to assist with their utility bills.

Mr. Skoglund explained the difference between the option to provide a \$25 monthly discount for 1,000 Housing Authority customers and a supplemental option to provide a

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\$25 discount for 40% of customers. The larger the fraction of customers receiving a discount, the larger the amount that would have to be paid by other customers.

Mr. Skoglund informed the Board the rate plan was planned to be presented to the City Commission on April 2, 2024, for the first reading of the rate ordinance, and again on April 17, 2024 for the second reading. At that time, the proposed discount options would be presented for discussion and approval by the Commission. The Board discussed approving the rate plan without discounts for any customers.

Gene McCullough commented that the City Commission could adopt an ordinance with a rate plan including discounts even though Board would first approve a rate plan without discounts, and in such a case no subsequent action by the Board would be needed. Gabriel Gonzalez informed the Board that all the data on population groups and discounts, and the Board-approved rate plan, would need to be presented to the City Commission.

Steve Brewer expressed his concern about what seemed to be a double increase of rates if discounts were given.

Michael Garza made a motion to approve an amended resolution without any discounts for population groups.

A motion was made to approve, as amended, Resolution No. R2324-27 – adopting a Five-Year Plan for Water and Sewer Rate Adjustments subject to approval by the Harlingen City Commission

Motion: Michael Garza
Second: Michael Murphy

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

d) R2324-28: Approving a contract extension for supply of Ready-Mix Concrete.

Mr. Skoglund reported the need for ready mix concrete and recommended approving a contract extension to both vendors under contract. The lowest priced vendor would be used as the first option unless unable to perform, in which case the higher priced vendor would be used. Discussion by the Board ensued.

A motion was made to approve Resolution No. R2324:28 – Approving a contract extension for supply of Ready-Mix Concrete.

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Motion: Michael Murphey
Second: Steve Brewer

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

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. 09: EXECUTIVE SESSION

(1) Deliberation on the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee; pursuant to Tex. Gov't Code §551.074.

A motion to enter Executive Session was made.

Motion: Murphy Second: Brewer

Motion to Approve: 4 Yeas 0 Nays

Entered Executive Session at: 6:40 PM.

Exited Executive Session at: 7:01 PM.

Meeting was called back to order at: 7:01 PM.

No Action was taken.

AGENDA ITEM NO. 11: ADJOURN

There being no further business to discuss, Chairman, Bartnesky, called for a motion to adjourn the meeting at 7:01 P.M.

Motion: Michael Garza
Second: Michael Murphy

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

Attest: 
Nilda Sanchez, Board Secretary