

MINUTES
 Regular Meeting
 Laguna Madre Water District
 Board of Directors
 Wednesday, April 8th, 2020
 5:30 PM – 6:57 PM
 Board Room

| | | |
|---|---|----------------------------------|
| 1 | <p><u>QUORUM</u></p> <p>PRESENT: Chairman, Scott Friedman - Virtual Meeting with Zoom Vice-Chairman, Herb Houston Secretary, Alex Avalos Director, Jason Starkey - Virtual Meeting with Zoom Director, Adam Lalonde - Virtual Meeting with Zoom</p> <p>ADMINISTRATIVE STAFF: General Manager, Carlos J. Galvan, Jr. Director of Operations, Robert Gomez District Engineer, Charles Ortiz Purchasing Agent, Enrique Samaniego - Virtual Meeting with Zoom Director of Finance, Eddie Salazar Attorney, Brian Hansen - Virtual Meeting with Zoom</p> | |
| 2 | <p><u>INVOCATION AND PLEDGE OF ALLEGIANCE</u></p> <p>The meeting began with the Pledge of Allegiance, and E. Salazar said the Invocation.</p> | |
| 3 | <p><u>INVITATION TO THE AUDIENCE FOR PUBLIC COMMENTS</u></p> <p>COMMENTS:</p> <ul style="list-style-type: none"> • No one in the audience • No comments from Board or Staff | |
| 4 | <p><u>CONSIDER AND DISCUSS FOR POSSIBLE APPROVAL THE MINUTES OF THE REGULAR MEETING FROM MARCH 25TH, 2020. (C. GALVAN) 💧</u></p> <p>DISCUSSION:</p> <ul style="list-style-type: none"> • The Board approved the Regular Meeting Minutes as presented <p>Moved by J. STARKEY, seconded by A. AVALOS.</p> <p>Move to approve.</p> | <p>MOTION CARRIED</p> |
| 5 | <p><u>GENERAL MANAGER'S</u></p> <p>REPORT:</p> <ul style="list-style-type: none"> • <u>JUAN GONZALEZ ACQUIRED WASTEWATER "A" LICENSE –</u> | |

| | | |
|---|---|--|
| | <ul style="list-style-type: none"> ○ Juan Gonzalez, Wastewater Plant Operator, acquired his license. To obtain the "A" license is a higher level that requires lots of knowledge ○ District employee Jarrod Martinez, retired he served 28 years with the District ● <u>GOOD FRIDAY HOLIDAY</u> – April 10th, 2020, the District is Closed in observance of the Holiday; accommodated the work hours ● <u>COVID-19 UPDATE</u> – Updated the essential operator’s letter, the shelter in place order was extended. The District is abiding all the restrictions by the County and the City. Also, practicing social distance in the workplace and sometimes even wearing masks in the office. ● <u>WATER AND WASTEWATER RATE SCHEDULE FOR OCTOBER 2020</u> – The new rates take effect in October 2020. Will bring back to the Board in September 2020 to discuss the rate increases or possible postponement due to COVID-19 | <p>GENERAL MANAGER’S REPORT</p> |
| 6 | <p><u>DISCUSS AND APPROVE PER BOND COUNSEL AN ORDER POSTPONING THE BOND ELECTION OF THE LAGUNA MADRE WATER DISTRICT FROM MAY 2ND, 2020, TO NOVEMBER 3RD, 2020, PURSUANT TO A PROCLAMATION ISSUED BY THE GOVERNOR OF THE STATE OF TEXAS DATED MARCH 18TH, 2020; AND ADDRESSING OTHER MATTERS INCIDENTAL THERETO. (C. GALVAN) 💧</u></p> <p>DISCUSSION:</p> <ul style="list-style-type: none"> ● No discussion ● The Board agreed to approve the Order Postponement of the Bond Election <p>Moved by H. HOUSTON, seconded by A. AVALOS.</p> <p>Move to approve</p> | <p>MOTION CARRIED</p> |
| 7 | <p><u>CONSIDER AND DISCUSS FOR POSSIBLE APPROVAL OF TEMPORARILY SUSPENDING SECTION 1.4.8 -DISCONNECTION AND PENALTIES ON LATE FEES CORRESPONDING TO THE SERVICE POLICY FOR LAGUNA MADRE WATER DISTRICT UNTIL FURTHER NOTICE, DUE TO THE COVID-19. (C. GALVAN) 💧</u></p> <p>DISCUSSION:</p> <ul style="list-style-type: none"> ● Suspending Disconnection and Penalties includes: <ul style="list-style-type: none"> ○ Non-payments ○ No Cutoffs ○ No penalties ● Public Utility Commission (PUC) Ordering and directing specific actions for water utilities for the existing public emergency COVID-19 Pandemic. PUC directs all water utilities to offer deferred payments and no disconnection of water ● Recommendation – Follow PUC orders <p>Moved by A. AVALOS, seconded by H. HOUSTON.</p> <p>Move to approve</p> | <p>MOTION CARRIED</p> |

DIRECTOR OF OPERATION'S REPORT **REPORT:**

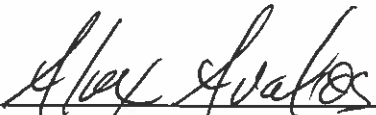
- **MONTHLY REPORT FOR MARCH** – March Comparison this year to last year has gone down in the Distribution side and up in the Collection side.
 - Question- Any problems with the new meters? Response – No, requests from customers to check meter are related to accuracy and getting overcharged, but the meter tests come back accurate. Discussion ensued.
 - Discussion on the increase of disconnections this year is possibly related to shutdowns COVID-19. Disconnections possibly - Winter Texans leaving back home.
- **FOLLOW-UP ON OPERATIONS UNDER COVID-19 CONTINGENCY SCHEDULE** - Currently, all the operational departments are reaching out more to each other to complete daily work
 - Wastewater Department- takes care of Lift Stations and Sewer Plant- there are 11 employees on the contingency schedule, 5 work the first half, and six work the second half. One employee out on sick leave (due to return next week), and there are two vacant positions. A total of 14 positions.
 - All Operators instructed to wear their equipment that includes: masks, gloves, boots, caps, and hardhats
 - There's one Operator per Plant but alternate as needed. No Plant neglected to keep it operational
 - Lift Stations addressed by one employee and one assistant manager
 - Deferred maintenance is gradually growing, although not entirely due to the work schedule. Work that is not get addressed regularly include: painting, cleaning floats in the Lift Stations, fixing fences and cleaning the sludge beds
 - Employees come in on an as-needed basis to take care of immediate needs such as sludge beds or changing out 2-ton chlorine containers
 - Water Plant Department – There are 13 employees and are scheduled different time due to shift work
 - With Water Plant 1 down all employees assist with all the operations with Water Plant 2
 - Efforts to start Water Plant 1- The Construction Department is working with the Water Plant in locating Water Plant 1's 10-inch and 14-inch raw water lines to determine where the injection point for the chlorine dioxide should be installed to get Water Plant 1 operational. Detailed information in Item 9 on the list from District Engineer's and Freese and Nichols Report on Water Plant 1
 - Water Plant 1 has gone through some repairs over the years, and maintenance provided on a needed basis. Water Plant 1 got turned off in 2016 due to the new Microfiltration System at Water Plant 2, trying to determine why a 5 million gallons per day (mgd) plant wouldn't produce more than 2.9 mgd. In July 2017, the Construction Department drilled 480 one-inch holes troughs in an attempt to increase capacity. The cost of the repair over \$2,400 for drills and bits, but the plant never got turned on again. In 2014 repair included chipping, grinding, and sanding to remove rust on the clarifier. The rehab included fabricating some angle iron, prime coating, and painting. The cost - s \$4,656. The repairs performed by Water Plant Operators annually during the slow season.
 - Maintenance Department – There are three employees, split the work week between themselves. They can keep up with the vehicle repairs now that newer vehicles are in

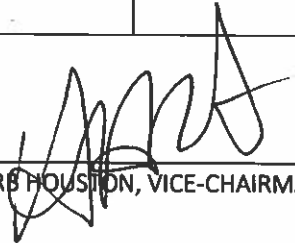
| | | |
|----------|--|--|
| | <p>place. The department keeps up with regular vehicle maintenance – oil change, tire rotations, brake jobs on all vehicles, and performing routine maintenance on the heavy equipment.</p> <ul style="list-style-type: none"> ○ Lab Department – There are three employees. The department needed assistance from the wastewater department due to an employee out (employee returned to work). The Lab department can keep up with the testing required by TCEQ and keep up with shift work. ○ Collection Department – There are six employees; they split the crew following the contingency schedule. They continue to perform the preventive maintenance on sewer lines, line spots, clear sewer backups and work on sewer taps as requested. <ul style="list-style-type: none"> ▪ One employee called into work on standby for the other employees that worked on the emergency call-out schedule worked 9 hours because of a water line break at South Padre Island and later that night had a sewer spill due to clay sewer line that broke in Port Isabel ○ Distribution Department – There are eight employees. They have four on and four off. They fixed a couple of water line breaks during the day and had to cut down on water taps installations on a day to day basis. <ul style="list-style-type: none"> ▪ The Assistant Distribution Manager on call on the water line break in South Padre Island and the sewer line break in Port Isabel caused an employee on standby to get called in. A similar case when the 16-inch water line under the bridge going into SPI for leak repairs, the line got repaired previously, but the clamp used did not hold up and used a larger clamp the second time. ○ Construction Department – There are seven employees, but only six are active on the schedule. One employee is an Army Reserve and has been on active duty for almost two years since they were activated by the Governor. There are three on and three off. <ul style="list-style-type: none"> ▪ The department manages to keep on track while working on one project at a time. They worked in finding the raw water line at Plant 1, finished installing barb wire at the Andy Bowie fence due to a TCEQ inspection performing on April 9th. ▪ The department helped the Distribution Department with scaffolds that were needed to repair the 16-inch line under the bridge and small jobs such as welding the gate at the warehouse. ○ All Departments have managed to keep the District operational. Employees are aware of the need to take extra precautionary steps to ensure to keep the coronavirus out, practicing social distancing, and only one person per unit. Another department is loaning departments in need of a vehicle, when possible. The cars get sanitized daily. Employees have masks and gloves to protect them. Employees understand when off they are on standby and ready to come to work if called in and appreciate that the Board has taken the step to implement the contingency schedule and helped the employees and their families to stay safe from COVID-19. | <p>DIRECTOR OF OPERATION'S REPORT</p> |
| <p>9</p> | <p><u>DISTRICT ENGINEER'S REPORT</u></p> <p>REPORT:</p> <ul style="list-style-type: none"> • <u>BOND ELECTION DELAY AND IMPACT ON THE SCHEDULE OF CAPITAL PROJECTS –</u> • <u>WATER PLANT #1 LARGE CLARIFIER RECONSTRUCTION</u> • <u>LONG ISLAND VILLAGE WATER AND SEWER IMPROVEMENTS</u> <ul style="list-style-type: none"> ○ A critical project that should not be deferred because of the Election delay from May to November is Water Plant 1, large clarifier reconstruction. | |

| | | |
|----|--|--|
| | <ul style="list-style-type: none"> ○ Scheduling a reimbursement resolution for the engineering services on the reconstruction of the clarifier 'A' (Large clarifier) at water plant 1, to be presented at the next regularly scheduled meeting. ○ The Total Project amount \$1,343,000 with engineering fee estimate amount not to exceed \$176,000 ○ The request is to proceed with the engineering only ahead of the Bond Election ○ Question – What do we do about the no guarantee in the timelines or cost? Response: Yes, it will be part of the task authorization when we do the project; those schedules will be included. ○ Question for Financial Advisor, Noe Hinojosa with Estrada Hinojosa (Virtual Meeting Via Zoom) – Do you see any issue pulling this element out of the project and moving forward with this at this time? Response: Either option is fine, it's best if you have the option to reimburse yourselves so you can execute that option if you need that money down the road. I recommend you procure for the engineering services and at the next meeting adopt a reimbursement resolution so when you borrow the money from the Development Board sometime in December or January of next year you can look back and reimburse yourself for \$ 170,000 for engineering services ○ Concerns that need to be addressed: <ul style="list-style-type: none"> ▪ Timeline concerns that there are no guarantees and or cost ▪ There should be a timeline and if it exceeds need it in writing (and who is going to make up the difference) ▪ Who's going to pay for delays ○ The Board agreed on the District's participation with the Long Isabel Village Water, and Sewer Improvements gets postponed until after the November 2020 Bond Election. | <p>DISTRICT ENGINEER'S REPORT</p> |
| 10 | <p><u>DIRECTOR OF FINANCE REPORT</u> 💧</p> <p>REPORT:</p> <ul style="list-style-type: none"> • <u>REPORT ON FUND BALANCE</u> - Currently, the Fund Balance is at 7.7 million dollars. <ul style="list-style-type: none"> ▪ Restricted- \$1.1 million (for bond payments). ▪ Unassigned- \$6.6 million. ▪ Total Budget is \$10 million. ▪ \$8 million will cover operations only ▪ One month's worth of revenue is approximately \$800,000.00 • <u>MONTHLY REVENUE FOR WATER AND WASTEWATER SERVICES –</u> <ul style="list-style-type: none"> ▪ For April and May, the revenue is roughly \$800,000.00 ▪ For June about \$1 million ▪ Billing for South Padre ending March 30th is up 14% (we contribute that due to the rate increase) ▪ Have not seen the effects of lower consumption due to lack of commercial activity yet ▪ No difference between commercial and residential activity | <p>DIRECTOR OF FINANCE REPORT</p> |

| | | |
|----|---|--|
| | <ul style="list-style-type: none"> ▪ Question: Do you have actual numbers for March only (comparison from March to March), and how much water used? Response: Consumption is up this March vs. last March – 7 million gallons. ▪ Discussion ensued, possibly use customer deposits. ▪ Most likely see the drop in April ▪ Need to start being Proactive - reduction in expenditures <ul style="list-style-type: none"> • PROCEDURES FOR DEFERRED ASSISTANCE - Noe Valdez, Bond Counsel with McCall Parkhurst and Horton, noted the District's Bond covenant in the revenue bond portion states the District promising not to provide free water. Revenues have to be billed and have to come in. The District cannot give free service. Any financial assistance has to comply with the program. Discussion ensued. <ul style="list-style-type: none"> ✓ Suggestion: Possible Workshop to further discuss deferred assistance ✓ Recommendation: Do not turn off the water. Do not charge late fees. Wait for all Financial Reports for April before making any decisions for financial assistance. | |
| 11 | <p><u>CONSIDER AND DISCUSS FOR POSSIBLE APPROVAL OF THE FINANCIAL REPORTS FOR FEBRUARY 2020. (E. SALAZAR)</u></p> <p>DISCUSSION:</p> <ul style="list-style-type: none"> • The Financial Reports for February 2020 got approved as presented • The Board agreed to accept the Financials <p>Moved by A. AVALOS, seconded by H. HOUSTON.</p> <p>Move to approve</p> | MOTION CARRIED |
| 12 | <p><u>CONSIDER AND DISCUSS FOR POSSIBLE APPROVAL THE PURCHASE OF TWO MAG METERS (E. SAMANIEGO)</u></p> <p>DISCUSSION:</p> <ul style="list-style-type: none"> • Purchase amount for the meters is a single source for \$12,400.00 • Customer Reimbursement for the meters <p>Moved by A. AVALOS, seconded by J. STARKEY.</p> <p>Move to approve</p> | MOTION CARRIED |
| 13 | <p><u>CONSIDER AND REVIEW EXPENDITURES FROM MARCH 16TH, 2020 – MARCH 31ST, 2020. (C. GALVAN)</u></p> <p>DISCUSSION:</p> <ul style="list-style-type: none"> • No questions or comments <p>Expenditures acknowledged by H. HOUSTON and J. STARKEY.</p> | ACKNOWLEDGMENT OF EXPENDITURES |
| 14 | <p><u>EXECUTIVE SESSION PERMITTED BY THE OPEN MEETING ACT, V. T. C. A., GOVERNMENT CODE SECTION 551.001 ET. SEQ., UNDER SECTION 551.071, CONSULTATION WITH ATTORNEY:</u></p> | MOTION CARRIED IN SESSION @ 6:39 PM |

| | | |
|----|---|---|
| | <p align="center"><u>DISCUSSION ON FEMA RELATED TO HURRICANE DOLLY 2008 – PAYMENT PLAN FOR RECOUPMENT OF FUNDS REQUEST</u></p> <p>J. STARKEY made a motion for the BOARD to go into the executive session at 6:39 PM, seconded by A. AVALOS.</p> <p>The Board took a five-minute recess before going into executive session.</p> <p>A. AVALOS made a motion for the BOARD to get out of the executive session at 6:56 PM, seconded by J. STARKEY.</p> | <p>MOTION CARRIED OUT OF SESSION @ 6:56 PM</p> |
| 15 | <p align="center"><u>CONSIDERATION AND ACTION ON EXECUTIVE SESSION ITEMS, IF NECESSARY.</u></p> <p align="center"><u>DISCUSSION ON FEMA RELATED TO HURRICANE DOLLY 2008 – PAYMENT PLAN FOR RECOUPMENT OF FUNDS REQUEST</u></p> <p>The CHAIRMAN noted MOTION: To proceed as directed.</p> | <p>EXECUTIVE SESSION RESULTS: PROCEED AS DIRECTED</p> |
| 16 | <p><u>ADJOURNMENT</u></p> <p>There being no further business the CHAIRMAN adjourned the meeting Moved by J. STARKEY, seconded by A. LALONDE.</p> | <p>MEETING ADJOURNED @ 6:57 PM</p> |


ALEX AVALOS, SECRETARY


HERB HOUSTON, VICE-CHAIRMAN

MINUTES APPROVED THIS 22ND DAY OF APRIL 2020.