

**MINUTES OF
REGULAR MEETING**

Regular Meeting Minutes

October 16, 2017 – 5:30 pm

Orange County Water Control & Improvement District No. 1 Board Room
460 E Bolivar Street, Vidor, Texas

Robert Viator.....President
Frank Inzer.....Vice President
Tim Beard.....Secretary
Trey Haney.....Director
Guy Groves.....Director
Norman Blackman.....General Manager
David LeJune.....Operations Manager

In accordance with Section 551.042 of the Texas Government Code, this agenda has been posted in the lobby and on the front door of the Orange County Water Control & Improvement District No. 1 Administrative office for the time required by law. The President requests that all cell phones and pagers be turned off or set to vibrate.

Members of the audience are requested to step outside the Board Room to respond to a page or to conduct a phone conversation.

The O.C.W.C & I.D #1 Administrative office is wheelchair accessible. Sign interpretation or other special assistance for disabled attendees must be requested 48 hours in advance by contacting the General Manager's Office at 409.769.2669.

CALL MEETING TO ORDER

President Viator called meeting to order at 5:30 p.m.

ANNOUNCE THE PRESENCE OF A QUORUM

President Viator announced the presence of a quorum. Members present were President Viator, Secretary Beard, Director Groves and Director Haney. Vice President Inzer was absent.

STAFF PRESENT

General Manager Norman Blackman, Operations Manager David LeJune, Administrative Assistant to the Director of Finance Donna Myers, and District's Attorney Larry Hunter were present.

OTHERS PRESENT

Toby Davis and Jeff Scogin of LJA Engineering, Inc. were present.

INVOCATION AND PLEDGES

Secretary Beard gave the invocation and Director Haney led the Pledge.

MEETING AGENDA

1. Citizen comments.

There were no citizen comments.

2. Consideration and possible action regarding LJA Engineering, Inc. Monthly Status Report concerning ongoing District projects.

Jeff Scogin reported on the ongoing projects as follows:

6560C – Surplus Funds Water System Improvement Project (Contract 1 – Cast Iron Water Line Replacement and Contract 2 – Water Well Sites Improvements)

Contract 1 – The Contractor has not done any work for the month due to effects of Hurricane Harvey and has just started back to work this week. They started on S. Archie St.

Contract 2 – The Contractor is working on punch list items. Once they have completed the items, they will do a final walkthrough and look at getting that project closed out.

6560D – Surplus Funds Sanitary Sewer System Improvements Project (Contract No. 4 – Sanitary Sewer Lift Station Rehabilitation Project)

LJA's efforts this month were concentrated on the water improvement projects.

6560E – Surplus Funds Water and Sewer Service Extensions Project (Contract No. 3 – Water and Sanitary Sewer Service Extensions Project)

LJA's efforts this month were concentrated on the water improvement projects.

Project B877-1001 – Well Site 7 TTHM Treatment System

Engineering services included resident project representation and construction administration as the contractor began construction last week. Services also included submittal review. The contractor has laid out the site for the new foundations.

The City of Pine Forest Grant Program and The City of Vidor Grant Program

The City of Pine Forest Grant Program – Contractor has been mobilized but is in a holding pattern due to debris from Hurricane Harvey. Jeff Scogin stated he thinks they got locates done.

The City of Vidor Grant Program – Contractor has begun construction and as of the end of last week, had completed 8 installs of new lines.

A motion was made by Director Groves and seconded by Director Haney to approve LJA Engineering, Inc. Monthly Status Report concerning ongoing District projects. All voted Aye.

3. Consideration and possible action regarding approval of LJA Engineering, Inc. monthly invoices for District projects as listed:

Invoice No. 201711768 in the amount of **\$2,350.00** for Project No. 6560C – Surplus Funds Water System Improvements Project; **Invoice No. 201711770** in the amount of **\$2,165.00** for Project No. B877-1001 – Well Site 7 TTHM Treatment System; **Invoice No. 201711788** in the amount of **\$6,610.50** for Project No. B877-6282 – General

Services Contract; **Invoice No. 201711644** in the amount of **\$2,607.75** for Project No. B877-1002 – 001 – Permit Renewal for a **Grand Total** of **\$13,733.25**.

A motion was made by Secretary Beard and seconded by Director Groves to approve LJA Engineering, Inc. monthly invoices for District projects as listed. All voted Aye.

4. Consideration and possible action regarding approval/amendments for the minutes of the **September 25, 2017 Regular Board Meeting**, the minutes of the **September 29, 2017 Special Board Meeting – Tax Rate** and the minutes of the **October 4, 2017 Emergency Meeting – Dogwood Manhole**.

A motion was made by Director Groves and seconded by Director Haney to approve the minutes of the **September 25, 2017 Regular Board Meeting**, the minutes of the **September 29, 2017 Special Board Meeting – Tax Rate** and the minutes of the **October 4, 2017 Emergency Meeting – Dogwood Manhole**. All voted Aye.

Upon further review, Larry Hunter asked that we rescind the approval of the minutes for the minutes of September 25, 2017, which it appears that the August 21, 2017 minutes were co-mingled with the September 25, 2017 minutes. Also, the minutes of the October 4, 2017 Emergency Meeting minutes need to be corrected to include an explanation as to what the emergency was and why there needed to be emergency bidding for that project. Norman Blackman explained what the emergency was and that we had gathered as much information as possible and then he contacted T.C.E.Q. and explained what was going on with the manhole collapsing, then they put together a quick bid package and contacted three contractors to bid on the job. They gave it to the contractors on Friday and required them to return it by Tuesday, because all the dirt and pavement it was sucking in was going into the lift station. Larry Hunter stated that the wording of the minutes could lead to prosecution.

A motion was made by Director Groves and seconded by Secretary Beard to rescind the approval of the minutes until the clerical errors in the minutes have been corrected and have them for approval at the next meeting. All voted Aye.

5. Consideration and possible action authorizing Norman Blackman, General Manager, to execute the Election Form for participation in the Texas Municipal League Intergovernmental Risk Pool Turnkey Recovery Program and to approve payments by Synergy, Inc., the Texas Municipal League's Claim Management Consultant, directly to disaster recovery contractors and vendors, including consulting engineers, and including services and products provided under existing contracts and purchase orders issued by the District.

Norman Blackman stated that TML has been very generous with us. They sent in a team of recovery experts. They have a company developed in Florida that comes in and works on getting all the contracts and paying the bills. This helps because they know what is covered and what is not by the insurance. Synergy will help us get all bids and contracts as necessary and since they contract the jobs and can buy more in bulk and get things shipped quicker, we would not have to advertise for bids or go through the bidding process for the repairs. President Viator asked Norman Blackman if he was comfortable with the program. Norman Blackman stated that he was. Larry Hunter stated the form needed to read "Orange County Water Control & Improvement District No. 1 designates Norman Blackman as the authorized agent". Larry Hunter physically added this information to the Election Form prior to signing by Robert Viator.

A motion was made by Secretary Beard and seconded by Director Haney to authorize Norman Blackman, General Manager, execute the Election Form for participation in the Texas Municipal League Intergovernmental Risk Pool Turnkey Recovery Program and to approve payments by Synergy, Inc., the Texas Municipal League's Claim

Management Consultant, directly to disaster recovery contractors and vendors, including consulting engineers, and including services and products provided under existing contracts and purchase orders issued by the District.

6. Consideration and possible action regarding the potential refinancing of Unlimited Tax Bonds, Series 2007 and/or Series 2009 as proposed for discussion by Mark McLiney of SAMCO Capital Markets Inc.

Norman Blackman presented the proposed information to the Board from Mark McLiney of SAMCO Capital Markets, Inc. The Board discussed the options presented and is of the consensus to go forward with the refinancing of Unlimited Tax Bonds, Series 2007 and/or Series 2009 and to look further into the Optimized and the Non-Bank Qualified proposals. Mark McLiney recommends the Non-Bank Qualified proposal over the other proposals because he anticipates that we will feel that jump in the payments in 2019 and 2020 and that this it would dull that pain. Norman Blackman is to contact Mark McLiney and let him know that the Board is interested in those 2 options or possibly something better.

President Viator stated that he would entertain a motion that we proceed further with the refunding of Bonds and we favor the Non-Bank Qualified and the Optimized proposals and if our bond person can tell us which would be best for us or find other options that would be better than that, then we want to know about it. A motion was made by Director Haney and seconded by Director Groves. All voted Aye.

7. Consideration and possible action to schedule an Insurance Committee Meeting and to schedule an Audit Committee Meeting.

Norman Blackman had suggestions as to dates for the Insurance Committee to give us time to accept the insurance company and the insurance company time to get everything ready – insurance rates and cards. He recommends either October 30th or 31st in order to give them time to have all documents ready by November 30, 2017.

President Viator asked if we had talked to our agent and if he had sent it for bids. Norman Blackman stated yes and that he had informed them of United Healthcare's proposal. United Healthcare is raising their rates by \$3,000.00 per month. It would go from \$18,000.00 per month to \$21,000.00 per month for the whole group.

The Board decided that the Insurance Committee meeting date would be October 25, 2017 at 11:00 a.m.

Norman Blackman stated that the Audit Committee meeting would be the first few days of November or the week of November 13-17th. Secretary Beard stated that it would have to be after 5:30 p.m. Norman Blackman is to get with Vice President Inzer as to what date would be good for him and then let Secretary Beard know the date.

Norman Blackman is to give Donna Myers the date for the Audit Committee meeting to fill in on the minutes once it is set.

8. Consideration and possible action setting a Special Meeting date for the purpose of approving the renewal or replacement of the District's health insurance policy which will expire November 30, 2017.

A motion was made by Director Haney and seconded by Secretary Beard approving the setting of a Special Meeting date of October 30, 2017 at 5:30 p.m. for the purpose of approving the renewal or replacement of the district's health insurance policy which will expire November 30, 2017. All voted Aye.

9. Board Member comments.

There were no Board Member comments.

10. Consideration and possible action regarding General Manager's monthly status and financial report.

Norman Blackman presented his Manager's report as follows:

He stated that he had his report broken down into New Business and Old Business. He stated he wasn't going to say much about the old business.

New Business

- Hurricane Harvey Impacts – Much of our work in the last six weeks has been related to disaster recovery.

Water System:

1. **Of 3 water wells**, one was shut down due to 20" of flood water in control room, various electrical components damaged. One well temporarily shut down until sandbags could be placed and well returned to service. One well remained in service for the entire storm and **water pressure was never lost in distribution system**. Damage cost: less than **\$150K**.
2. **Ground Storage Tanks** not damaged.
3. **Elevated Storage Tanks** not damaged.
4. **Distribution System** minor damage, some leaks, lost a significant amount of water to customer leaks.
5. **Restoration Cost** for water system: **\$150K**

Wastewater Collection System:

1. **Sewer lines** were mostly undamaged, with the exception of one collapsed manhole which created a large washout in a street intersection and is being reconstructed at the current time at a cost of **\$100K**.
2. **Majority of collection system** was completely inundated with flood water.
3. **Of 23 lift stations**, 16 were undamaged, 7 were damaged, some heavily. Many of the damaged LS's will require complete replacement of all non-submersible motors, control panels, and electrical facilities, and one large diesel generator. **All lift stations were returned to (temporary) service** within days by drying out motors and bypassing most electronic controls. All such motors will require replacement in near future, but **all lift stations are currently operational**.
4. **One maintenance office** at a large lift station site was destroyed.
5. **Restoration cost** for wastewater collection system: **\$500K**

Wastewater Treatment Plant:

1. **The WWTP** was inundated with water except for the aeration basins and influent structure which were located well above ground. **Site was flooded by 8 feet of water.** All but a small handful of motors and electrical gear were heavily damaged. Many have been dried out and **returned to service temporarily.**
2. **Control/Electrical building** was heavily damaged and will be gutted and rebuilt. Electrical switchgear was temporarily restored to service. Will receive temporary office trailer by October 20.
3. **Four 350KW generators** were totally destroyed.
4. **Four large blowers** and motors that provide aeration for the treatment process were damaged and must be rebuilt. **Two have already been rebuilt** with one already in service, and a second one by October 17.
5. **Blower control building** and all contents were flooded. Basic controls and one blower control are now operational with a second blower control to be installed by October 17.
6. **UV disinfection system** was flooded except for main control panel. UV system has been dried out and modified and can operate at 50%. Temporary chlorination has been set up for disinfection.
7. **Vehicles and equipment** located at WWTP were flooded and lost, including one backhoe, one tractor, one pickup truck, two large lawnmowers, and portable pumps. Considering purchasing one larger tractor with front end loader to replace the backhoe and tractor.
8. **Currently,** WWTP is operating on one lung and is providing **limited treatment** as we nurse the biological treatment system back to health. We have hauled in numerous load of activated sludge from other regional treatment plants. **Should reach 50% treatment capacity by October 27 and full capacity within 6 months.** Total restoration will require six months to a year to complete.
9. Preliminary damage estimate: **\$5 Million.**

Main Office and Administration Buildings, Warehouse and Equipment Yard:

1. **Main office** was dry.
2. **Field office** building and warehouse had 4" of water inside. Now have temporary office trailer.
3. **Most equipment** including fleet of trucks, track hoes, backhoe, sewer jet machine, hydro-vac excavator, portable pumps and tools were **not damaged** so we were able to return to service work on the system immediately after flood water receded.
4. **Restoration cost** at main office facility: **\$150K**

Financial Impact to Water District

1. Water system damage	\$150K
2. Collection system damage	\$500K
3. Wastewater Plant damage	\$5.0M
4. Office facilities	\$150K
5. Manhole collapse	\$100K
6. Loss of revenue	<u>\$200K</u>
Total	\$6.10M

Out-of-Pocket Cost

Insurance Deductible	\$150K
Manhole Collapse	\$100K
Payroll overtime	\$ 50K
Loss of Revenue	<u>\$200K</u>
Total Out-of-Pocket	\$500K

Still of Concern: Unknown Loss of Taxable Value

Taxable Value could drop by 20%

- **Dogwood Drive Manhole Collapse** – We bid out the repair and awarded contract to Brystar Contracting for \$99,720.00. That work has begun with the set-up of dewatering equipment. They actually started digging today because they had put in a well point system and pumped on that for several days. They are going to have to dig down from 14 to 20 feet to get to the bottom of this hole. David had been out there today and there was still water in the bottom of the hole, so it has not been total dewatered and may have to pump on it some more.
- **Delays of Special Projects** – Several Special Projects, such as water and sewer line extensions to Sugar Pines MHP and Iwanda MHP, have been put on hold as we try to recover from storm damages. We will try to get back to those projects as they are important sources of new revenue-generating connections.

Old Business

- **Trihalomethanes** – the Trihalomethane Reduction Project to install an air stripper at Well No. 7 is now under construction by Allco, LTD. They have started the foundation for the air stripper.
- **City of Vidor 2015-2016 Block Grant** – This project is under construction, and five service lines have been replaced so far.
- **The other items on his report have not had much progress this month.**

Financial Report – presented by Norman Blackman

The Monthly Re-cap shows just what happened in September and then the billing summary is showing that we did not bill sewer for the month due in October. September billing was billed in September instead of the end of August and October was not billed until October instead of the end of September.

Norman Blackman stated he was not going to spend a lot of time on the bank accounts. Basically, these are shown to see they are reconciled and balanced and you can look at the balances and see what they are.

President Viator asked if any funds had to be moved yet. Norman Blackman said no we have not.

Norman reported that on the Special Projects Account, we deposited the monthly transfer of \$4,166.67 as we do every month. We also received the initial payment from the insurance company of \$100,000.00 and a donation from Sabine River Authority of \$10,000.00, and we really have not spent anything out of there yet. We received a little bit of interest, so it brings it up to \$768,740.38 in the account.

The next account is the Water/Sewer Major Maintenance Account and we made the monthly transfer to the account of \$4,166.67 and received \$101.15 in interest, bringing it to a total of \$134,867.92.

Norman then went over the Budget Comparison stating the monthly actual on water and sewer revenue is actually the August collection which was about normal, on the year to date we are about \$113,235.00 less than the to-date budget. We know about how much we lost because, but this does not show September yet. Our total lost is not going to be as much as we initially thought.

The overtime monthly was \$34,331.00 and actual budget is \$7,083.00. This is over budget due to the storm. Item 5190 Purchase of vehicles is \$26,919.00; this was to replace a 2014 Ford pickup that was lost at the wastewater plant.

David LeJune presented his Field Report:

We pumped 41,490,000 gallons to the system and accounted for 37,895,900 gallons which leaves 8.66% unaccounted for. We did not treat any wastewater for the month.

We had a total of 427 water jobs and 48 sewer jobs for a total of 475 jobs performed for the month. 26 of the sewer jobs were for LPSS Service Calls.

Norman Blackman had an item that came up since we put the meeting books together that he wanted to talk to the Board about. The house directly behind the office facing Railroad flooded and it is his understanding that they are not going to rebuild it and it will be for sale. He was asking the Board if they are interested in purchasing the property if we can get it at a reasonable price. We possibly need to build a new building for a workshop/warehouse. The Directors did show interest in the purchase of the property.

A motion was made by Director Groves and seconded by Secretary Beard to approve the Manager's, Financial, and Field Reports as presented. All voted Aye.

11. Consideration and possible action regarding payment of the District's monthly bills.

A motion was made by Secretary Beard and seconded by Director Haney to approve the payment of the District's monthly bills. All voted Aye.

12. Adjournment.

A motion was made by Director Groves and seconded by Director Haney that we adjourn. Meeting adjourned at 8:20 p.m.

Robert Viator

Robert Viator, President

Tim Beard

Tim Beard, Secretary