

**COASTAL WATER AUTHORITY**

**Minutes of Regular Meeting**

**November 8, 2017**

The Board of Directors (the "Board") of Coastal Water Authority ("CWA") convened its Regular Meeting; open to the public, at the CWA Conference Room, 1801 Main Street, Suite 800, Houston, Texas, with the following in attendance:

**Directors**

D. Wayne Klotz, P.E., President	Thomas A. Reiser
Tony L. Council, P.E., First Vice-President	Joseph G. Soliz
Douglas E. Walker, Second Vice-President	Giti Zarinkelk, P.E.
Alan D. Conner, Secretary-Treasurer	

**CWA Staff**

Don Ripley  
John J. Baldwin  
David Miller  
Greg Olinger  
James Lewis  
Johnathan Marks  
John Sealy  
Todd Vu  
Mary Caballero

**City of Houston Staff**

Yvonne Forrest, PW&E

**Legal Counsel**

Neil Thomas, Norton Rose Fulbright US LLP

All members of the Board were present thus constituting a quorum.

**I. CALL TO ORDER – Wayne Klotz**

- A. Welcome.**
- B. Pledge of Allegiance.**
- C. Salute to the Texas Flag.**
- D. Moment of Silence.**

Director Klotz called the meeting to order at 10:00 A.M. and welcomed all guests to the meeting. (The sign-in sheets for those in attendance at the meeting are attached hereto.)

**II. ITEMS FOR CONSIDERATION – Wayne Klotz**

**A. Minutes of the October 11, 2017 Board Meeting.**

Director Klotz stated that the first item of business was the approval of the Minutes of the Board Meeting of October 11, 2017, as written.

**MOTION approving the Minutes of the Board Meeting of October 11, 2017.**  
Motion made by Director Walker, Seconded by Director Soliz. The Motion carried unanimously.

**III. ONGOING PROJECTS – David Miller**

**A. Luce Bayou Interbasin Transfer Project.**

The Directors received a copy of CWA's October 2017 Luce Bayou Interbasin Transfer Project (LBITP) Monthly Status Report with their Board information.

**a. Capers Ridge Pump Station.**

Mr. Miller stated CWA, CDM-Smith, CH2M, Dannenbaum/Black and Veatch and Renda/Johnson Brothers conducted the monthly progress meeting on October 18, 2017. Renda/Johnson Bros. completed H-pile installation in October and completed placement of the concrete seal slab last week. Sam Houston Electric Cooperative (SHEC) continued with substation construction including drilled shaft foundations and installation of two transformers. Director Klotz asked Mr. Miller to explain the work that was done to verify that there was no damage due to the flooding. Mr. Miller stated CWA had three separate inspections completed by Stiver Engineering (Engineer which designed the cofferdam for the contractor), Dannenbaum Engineering and CDM-Smith. Stiver Engineering provided repair recommendations to Renda-Johnson Brothers to reinforce the temporary cofferdam. Dannenbaum and CDM-Smith did not find any damage to the permanent structures.

**b. Canal System.**

Mr. Miller stated CWA, Principal Services (Canal Contractor for Segments 4 and 5), Triple B Services (Canal Contractor for Segments 1, 2 and 3), Parsons, Aviles Engineering (Canal CMT), and the Canal Design Firms conducted the monthly project status meeting on October 3, 2017.

Mr. Miller stated activities by canal segment conducted in October, 2017, were as follows:

- Canal Segment 1 – Canal construction.
- Canal Segments 2 and 3 – Canal construction and the CR615 siphon.
- Canal Segment 4 – Canal construction and drainage and pipeline crossing siphons.
- Canal Segment 5 – Canal construction, installation of drainage siphon headwalls and bridge construction.

Mr. Miller stated SHEC has a second contractor installing the 138 kV transmission lines and continued with power pole foundation construction from the tie-in point up to the Capers Ridge Pump Station (nine-miles).

**c. Canal Maintenance Facility.**

Mr. Miller stated Teal Construction (Teal), Huitt-Zollars, Parsons and Aviles conducted the monthly progress meeting on October 5, 2017. Teal completed foundation soils stabilization and compaction, installation of sewer lines and stabilization of access road subgrade soils in preparation for concrete pavement.

**d. Schedule Overview.**

Mr. Miller stated that Mr. Jonathan Marks, CWA Staff, would present the Board with updates on the LBTP schedules. At this time Mr. Marks went over each of the individual schedules which included the Capers Ridge Pump Station (Segments 1 through 5); the Canal Maintenance Facility; the 138 kV Electrical Transmissions Lines; the Dual 96-inch Pipelines. (A copy of the presentation is attached hereto).

**IV. MAINTENANCE & OPERATIONS – Greg Olinger**

The Monthly Operations Report for October 2017 was included in the Board Member's Agenda packets.

**A. Pipeline Conditions Assessment.**

As an update on the pipeline condition assessment work, Mr. Olinger stated that the inspection of a 3.25 mile segment of the 96-inch B-Line along Independence

Parkway was completed last month. Prior to the manned entry portion of the inspection, Pure Technologies completed a pipe-diver inspection of the same segment of pipeline demonstrating insertion and extraction procedures of their tool at no cost to CWA. At this time Mr. Olinger presented a brief video of the pipe-diver inspection. Mr. Olinger stated the tool was successfully inserted and then caught and extracted with no issues and there were no issues navigating through two open butterfly valves. CWA will receive the pipe-diver results in two weeks and will then compare those results with the manned entry electromagnetic tool results to determine if the pipe-diver inspection tool is technology that CWA could use on other portions of the pipeline that cannot be taken out for service. Mr. Olinger stated the manned entry portion of the inspection took place from October 17 through October 19, 2017, and included visual inspection of the pipeline as well as electromagnetic testing of the prestressing wires. The preliminary results identified six areas of concern that were indicated by visual cracks and/or some wire breaks; CWA is continuing to assess this data to determine if there will be a need for spot repairs within the pipeline. CWA is working with LAN, Pure Technologies and the pipe manufacturer (Thompson Pipe) to determine if and where any repairs may be necessary. The preliminary results indicate there were no locations with major wire breaks. CWA has received quotes from two repair vendors to help expedite completion if repairs are found necessary. Director Klotz asked if all of this information was shared with the City of Houston. Mr. Olinger stated yes.

**a. Lake Houston Dam Downstream Area Repairs.**

Mr. Olinger stated that following the Hurricane Harvey damage assessment of the Lake Houston Dam, several downstream areas were identified including the access roadway and erosion control structure which sustained significant damage. Through CWA's General Engineering Consultant (LAN) a bid package and an engineer's estimate for the repairs have been completed. The repairs include replacement of lost rip rap, which is the majority of the work, repair of roadway and fences, and debris removal from the top of the dam embankments. Mr. Olinger stated that during this effort CWA is closely tracking internal and external expenses to support a City of Houston FEMA claim for reimbursement. Mr. Olinger noted the schedule on this project will include a mandatory site visit on November 30, 2017 with bids due on January 2, 2018. CWA is working with the Houston Contractors Association (HCA) to generate increased interest in the contractor's community; a presentation on this project is also scheduled with HCA. Mr. Olinger stated this item was presented to the O&M Oversight Committee on October 31, 2017. A copy of the drawing set and the engineer's estimate was included in the Board members packet.

**Motion authorizing the Executive Director to issue a request for bids for repairs to the Lake Houston downstream areas.**

Motion made by Director Walker, Seconded by Director Zarinkelk. The Motion carried unanimously.

**b. Rubber Tired Backhoe Purchase.**

Mr. Olinger stated this item is a backhoe purchase for Lake Houston. Currently one backhoe is shared between Lake Houston and the CWA pipeline systems requiring it to be loaded and transported between locations depending on where the need is for maintenance or repairs. A backhoe at Lake Houston is specifically needed for completing road repairs, West Canal and drainage system maintenance and for repair and maintenance of the Lake Houston Dam. Maintenance demands, especially following major storm events, requires a backhoe at both CWA locations, Lake Houston as well as the pipeline systems. Mr. Olinger stated that this piece of equipment will improve system resiliency and allow faster response times to complete emergency repairs at the Lake Houston Dam or West Canal. Mr. Olinger noted that CWA obtained HGAC/BuyBoard quotes on three models and from that pricing the Caterpillar 420 was the lowest price. Mr. Olinger stated this item was presented to the O&M Oversight Committee on October 31, 2017. A copy of the price list was included in the Board members packet.

**Motion authorizing the Executive Director to a purchase order to Mustang Caterpillar for a Caterpillar rubber tired backhoe for the Lake Houston Dam in the amount of \$99,900.**

Motion made by Director Walker, Seconded by Director Soliz. The Motion carried unanimously.

**c. Bucket Truck Replacement.**

Mr. Olinger stated the existing bucket truck is used for maintaining overhead lighting and electrical circuits, bridge cranes, security cameras and substation high-switches. The current bucket truck is a 1989 Ford F700 with an installed VersaLift system. Over the last year, parts for the boom and control components have been increasingly difficult to find. CWA requested HGAC/BuyBoard pricing and received two quotes with the lowest price vehicle was a Dodge Ram 5500 with a Versalift system and is ready and available for purchase now. Mr. Olinger stated this item was presented to the O&M Oversight Committee on October 31, 2017. A copy of the bid list was included in the Board members packet.

**Motion authorizing the Executive Director to issue a purchase order to Custom Truck and Equipment for a Dodge replacement bucket truck in the amount of \$102,034.**

Motion made by Director Reiser, Seconded by Director Zarinkelk. The Motion carried unanimously.

**d. CMS Service Truck.**

Mr. Olinger stated the Canal Maintenance System (CMS) service truck is used by CWA to fuel and service equipment that are engaged in maintenance and repair work out on the system. The current CMS service truck is a 2008 Ford F550 with 132K miles and has had recent significant increase in repair and maintenance costs. CWA spent \$12,000 last year and \$17,500 in 2016 and 2017. A replacement will reign in these excessive maintenance costs. Mr. Olinger stated that CWA obtained HGAC/BuyBoard pricing and received three quotes; the Dodge 5500 was the lowest price. Mr. Olinger stated this item was presented to the O&M Oversight Committee on October 31, 2017. A copy of the price list was included in the Board members packet.

**Motion authorizing the Executive Director to issue a purchase order to Freedom Dodge for a Dodge Ram replacement service truck in the amount of \$46,205.**

Motion made by Director Zarinkelk, Seconded by Director Walker. The Motion carried unanimously.

At this time Director Klotz stated to Mr. Ripley that he wanted to formally thank CWA staff (Mr. Miller/Mr. Marks/Mr. Olinger) for their informative presentations brought forward at today's meeting.

**V. BUSINESS REVIEW – John J. Baldwin**

**A. Monthly Financial Statements for the Previous Month.**

Mr. Baldwin presented to the Board the Financial Statements for the month ending October 31, 2017. Mr. Baldwin stated that all five Operating Funds are in good shape as we go into year-end of the budget year of December 31, 2017. Mr. Baldwin stated that the forecast is that all Funds will come in slightly under budget.

**B. Adoption of the 2018 Operating Budgets for the Trinity River Conveyance System, the Lake Houston Facilities and the Luce Bayou Water System Project.**

Mr. Baldwin presented to the Board CWA's proposed Fiscal Year 2018 Operating Budgets with the City of Houston for the Trinity River Conveyance System, the Lake Houston Facilities and the Luce Bayou Water System Project and stated

that there were no changes made to the Budgets from the October 11, 2017 Finance and Audit Committee meeting which was open to all of the Board members; the Budgets are presented today in the same form as was discussed at the October 11th meeting. There were no questions for the Board and Mr. Baldwin recommended the Motion as presented.

**Motion adopting the 2018 Operating Budgets for the Trinity River Conveyance System, the Lake Houston Facilities and the Luce Bayou Water System Project and authorizing the Chief Financial Officer to submit said Budgets to the City of Houston Mayor and City Council for their review and approval.**

Motion made by Director Conner, Seconded by Director Reiser. The Motion carried unanimously.

**C. Adoption of the 2018 Operating Budgets for the Bayport Water System Project and the Red Bluff Water Treatment Plant.**

Mr. Baldwin presented to the Board CWA's proposed Fiscal Year 2018 Operating Budgets for the Bayport Water System Project and the Red Bluff Water Treatment Plant. Mr. Baldwin stated that after the Budget meeting on October 11th, CWA sent out the proposed Fiscal Year 2018 Budget to its customers in Bayport with an opportunity for them to send any comments back to us. The proposed Fiscal Year 2018 Budget for the Red Bluff Treatment Plant was also sent to CWA's two customers (PRSI and Air Products). Both the Bayport and the Red Bluff customers were satisfied with their respective proposed budgets as no questions were received. The Bayport customers' conveyance fee remained the same at 19 cents per 1,000 gallons. The Red Bluff customers' treatment fee was reduced from \$1.07 to \$1.042 per 1,000 gallons.

**Motion approving the Resolutions adopting the 2018 Operating Budgets for the Bayport Water System Project and the Red Bluff Water Treatment Plant.**

Motion made by Director Reiser, Seconded by Director Conner. The Motion carried unanimously.

**VI. DISBURSEMENTS – John J. Baldwin**

Mr. Baldwin stated that the disbursements to be approved by the Board included: the Special Project Equity Fund – in the amount of \$46,465.51; the Construction Fund – Series 2009 (Luce Bayou Project) – in the amount of \$38,324.43; the Construction Fund – Series 2013 (Luce Bayou Project) – in the amount of \$180,174.36; the Construction Fund – Series 2015 (Luce Bayou Project) – in the amount of \$1,369,189.59; the Construction Fund – Series 2016 (Luce Bayou Project) – in the amount of \$4,247,740.64.

**MOTION approving the Disbursement of Funds as presented by the Chief Financial Officer.**

Motion made by Director Reiser, Seconded by Director Conner. The Motion carried unanimously.

At this time Mr. Baldwin noted to the Board that the closing on the two LBITP financings items with the Texas Water Development Board will occur on November 15, 2017 at the office of Mr. Neil Thomas, Norton Rose Fulbright and all Board members are invited to attend should they desire to attend.

**VII. OLD BUSINESS – Don Ripley**

There were no Old Business items to discuss.

**VIII. NEW BUSINESS – Don Ripley**

There were no New Business items to discuss.

**IX. ADJORNMENT** – Wayne Klotz

The Meeting was adjourned at 10:58 A.M.



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Alan D. Conner, Secretary - Treasurer