

# COASTAL WATER AUTHORITY

## Minutes of Regular Meeting (Final)

October 12, 2022

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	Jon M. Sjolander
Tony L. Council, P.E., First Vice-President ( <i>Absent</i> )	Joseph G. Soliz
Douglas E. Walker, Second Vice-President	Giti Zarinkelk, P.E.
Thomas A. Reiser, Secretary-Treasurer ( <i>Absent</i> )	

### **CWA Staff**

Greg Olinger  
John Baldwin  
James Lewis  
Mary Caballero  
Todd Vu

### **City of Houston Staff**

Venus Price

### **General Legal Counsel**

Barron Wallace, Bracewell LLP

With the exception of Director Council and Director Reiser all Members of the Board were present thus constituting a quorum. Director Sjolander entered the meeting in progress.

## **I. CALL TO ORDER** – Wayne Klotz

### **A. Welcome.**

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.)

### **B. Pledge of Allegiance.**

### **C. Salute to the Texas Flag.**

### **D. Moment of Silence.**

Director Klotz stated that at this time the Board would make a departure on the usual moment of silence. Director Klotz noted that about three weeks ago, CWA had a tragic accident at the Lynchburg Pump Station where one of CWA's employees was tragically killed and therefore, the moment of silence today was to be in honor of Matthew Gregory. Mr. Gregory was an electrical technician from Crosby, Texas. Mr. Gregory graduated from Crosby High School and Lee College. Mr. Gregory is survived by his parents.

## **II. PUBLIC COMMENTS**

There were no public comments.

## **III. ITEMS FOR CONSIDERATION** – Wayne Klotz

Director Klotz stated that the first item of business was the approval of the Minutes of the Board Meeting of September 14, 2022, as written.

### **A. Minutes of the September 14, 2022 Board Meeting.**

**Motion approving the Minutes of the Board Meeting of September 14, 2022.**  
Motion made by Director Walker, Seconded by Director Zarinkelk. The Motion carried unanimously.

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

**A. Security Contract Extension.**

Mr. Olinger stated this item is regarding the Security Contract Extension. Weiser Security Services (Weiser) has provided security services this past year and this would be the second year of a three year contract. The contract consists of a base year with two option years and includes security guard services at six CWA facilities with the additional Canal Maintenance Station in Mont Belvieu, Texas. Weiser has provided dependable service this past year with no issues and very little personnel turnover. In accordance with the contract provisions, Weiser has requested a 3% increase in its hourly unit rates, which will be passed on to security staff in the form of pay increases. A copy of the Weiser request letter was included in the Board Members' packets. There were no further questions from the Board and Mr. Olinger recommended the motions as presented.

**Motion authorizing the Executive Director to issue a 1-year contract extension to Weiser Security Services in the amount of \$940,412.00 for security services at six Coastal Water Authority facilities.**

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

**B. Annual Chemical Contracts.**

Mr. Olinger stated this item relates to the procurement of the annual chemical contracts for the Lynchburg Pump Station. Regarding the liquid chlorine chemical contract, during the negotiation period last month, events such as the current railroad worker strike caused commodity prices to continue to increase and prevented CWA from being able to negotiate a variable rate that was more favorable than the fixed rate CWA previously received in the bidding process. As a result, CWA is recommending to move forward with the original fixed rate received during the bidding process. CWA will continue to monitor the market and will continue discussions with the City of Houston (City) regarding the possibility of joining in its upcoming new contract in March 2023 for liquid chlorine supply. Director Walker asked if joining the City's contract looks optimistic. Mr. Olinger stated it does. The issue before was that it was in the middle of the City's contract period and now with the new contract, it will be easier to add CWA to it. Director Klotz asked Ms. Venus Price, City of Houston, Houston Public Works, Houston Water, if this possibility looks optimistic. Ms. Price stated it does, and that conversations are continuing to occur on this topic. Regarding the aqueous ammonia chemical contract, CWA is close to completion on a negotiated variable rate and will be prepared to bring this forward at next month's Board Meeting. A copy of the liquid chlorine bid tab was included in the Board Members' packets. Director Klotz asked Mr. Baldwin if this price will affect CWA's current year budget. Mr. Baldwin stated that it will. Director Klotz asked Mr. Baldwin how he will fund this. Mr. Baldwin responded that CWA will forego utilizing monies in certain other accounts. There were no further questions from the Board and Mr. Olinger recommended the motions as presented.

**Motion authorizing the Executive Director to issue a purchase order to DXI Industries, Inc. in the amount of \$5,261,630.00 for Liquid Chlorine.**

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

**C. Trinity River Pump Station – Pump P-8 Rehabilitation.**

Mr. Olinger stated this item is related to a pump rehabilitation for Pump 8 at the Trinity River Pump Station (TRPS). Quarterly vibrations monitoring is indicating pump vibrations are exceeding the established action level of 0.2-inches per second which is a key indicator of worn bearings. The scope includes removal from the TRPS, inspection, replacement of the steel pump shaft and three bearing assemblies, replacement of other worn components, balancing, final inspection, and reinstallation of the pump back at the facility. Three bids

were received on September 30, 2022. The low bid was received from Alfred Conhagen of Texas (Alfred Conhagen), located in La Marque, Texas. Alfred Conhagen has successfully serviced several pumps as the low bidder in the last five years. The contract period is 60 days and the work will come with a one-year warranty. A copy of the bid was included in the Board Members' packets. Director Walker asked if it had been 21 years since the last rebuild on this pump. Mr. Olinger stated that was correct. Director Klotz asked if CWA's Asset Management System, Cartegraph, was a part of this request and if it predicted correctly as the vibrations were picked up. Mr. Olinger confirmed that it did, and vibrations are the biggest indicator. Director Klotz asked Mr. Olinger about the considerable bid price difference between the low bidder and the second bidder. Mr. Olinger stated the price difference is not that unusual and it reflects the work load of the particular pump repair facility and the bidders' capacity at any given time. There were no further questions from the Board and Mr. Olinger recommended the motion as presented.

**Motion authorizing the Executive Director to issue a purchase order to Alfred Conhagen of Texas in the amount of \$284,068.00 for the rehabilitation of the Trinity River Pump Station Pump P-8.**

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

**D. 2023 Strategic Plan Update.**

Mr. Olinger noted that as briefed last month, CWA has developed a draft Strategic Plan for 2023 (the Plan) that will guide CWA over the next five years and beyond. The Plan includes vision, mission, and values statements and lays out five major strategies and describes the associated goals and objectives that support achievement of the overarching strategies. A copy of the Plan was included in the Board Members' packets and a hard copy was provided for each Board Member at the meeting. Mr. Olinger noted that he would also email each Board Member a copy of the Plan and asked for the Board Members' review and input on the approach and the strategy of the Plan. Any feedback can be provided directly to Mr. Olinger through email, verbal discussion, or a mark-up of the Plan by or before the November 9, 2022 Board Meeting. CWA staff will work through the comments received and will be prepared to issue the final draft of the Plan in December 2022 and to request Board adoption of the final Plan at the January 11, 2023 Board Meeting. Director Klotz suggested that Mr. Olinger send a detailed email message with requested response dates to each of the Board Members. Director Klotz thanked Mr. Olinger and CWA staff for taking on this initiative. Director Sjolander stated that this is a great idea.

**V. ONGOING PROJECTS – Greg Olinger**

**A. Lynchburg Pump Station – B-System Expansion (P201/P206).**

Mr. Olinger stated during the month of September 2022, CWA's General Engineering Consultant, BGE, Inc. (BGE), continued preparation of the 60% Design and Pump Procurement Package. Final modification and tests were made to the physical model by BGE's subcontractor, Alden Labs, located in Boston, Massachusetts, and CWA and BGE witness testing was performed on October 7, 2022. Mr. Olinger noted that that the witness testing went very well. Director Klotz asked who attended. Mr. Olinger stated that CWA staff members Mr. John Sealy and Mr. Will Shappee attended, along with several members of the BGE team. Mr. Olinger noted as the design team has been evaluating variable frequency drive (VFD) equipment options and space requirements, it has been determined the best course of action is to construct a new VFD house just to the west of the control room. The new drive house will accommodate all manufactured equipment and will eliminate the need to install new equipment in buildings while equipment is in service. Director Klotz asked if there are any master plans that exist for the entire property. Mr. Olinger stated that KBR prepared a layout of the facility and that layout has been built upon as time goes on, such as the NRG generators. The proposed land for the new drive house did not have an identified use and is available. In response to a question

from Director Klotz, Mr. Olinger confirmed that the maximum of pumps that can be added is two. CWA will be replacing Pump 201 and adding Pump 206. CWA will remove Pump 201 equipment from one of the existing drive houses and that gives room for the future. CWA will also be able to size it to accommodate all of the VFD manufacturers and will not be limited on space. Director Walker asked if CWA has spacing standards. Mr. Olinger stated that there are such standards. Director Walker asked if any of the spacing standards have been violated. Mr. Olinger stated the new equipment building will prevent CWA from violating any spacing standards. Director Sjolander asked if CWA is replacing Pump 201 and adding a new pump into the new building and then requesting to have room to add one more later. Mr. Olinger stated that is correct, CWA will be adding a VFD. Director Klotz noted that he would like to have a discussion on another day as to why every pump needs a VFD. Director Walker noted that VFDs save electricity. Mr. Olinger noted that CWA and BGE are working on an amendment to add the design scope of a new drive house including foundation design, building design, and HVAC design. Also, CWA and BGE have determined the chlorination and ammonia feed and piping systems are in need of upgrade and replacement with new automatic feed systems that also track chemical usage trends. The current equipment is 20 plus years old and requires manual adjustments. The forthcoming amendment will include costs for designing the new chemical feed pumps, piping, and storage. Scope and negotiations will be complete this month and CWA will have this amendment ready for the Professional Engineering Services Review Committee's review and Board consideration in November 2022. There were no further questions from the Board.

## **VI. BUSINESS REVIEW – John Baldwin**

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

This item is the Financial Statements for the month ending September 30, 2022. Mr. Baldwin stated that as of the end of the ninth month of the budget year, all five of the Operating Funds are within budget except for the high chemical expenditures in the Trinity River budget. The forecast is that all funds will come in under budget at year-end. The Trinity River budget will be much tighter than forecasted due to the high cost of chemicals. Mr. Baldwin noted that the revenue stream is steady from the City and CWA's Bayport and Water Treatment customers. A copy of the report was included in the Board Members' packets. There were no questions from the Board.

### **B. 2022 Pension Plan Audit.**

Mr. Baldwin stated that this item is the 2022 pension plan audit proposal from Weaver and Tidwell, LLP (Weaver) to conduct the annual audit on CWA's Pension Plan for the benefit year ending September 30, 2022. Mr. Baldwin stated that this would be the sixth year for Weaver to perform this audit service for CWA's Pension Plan. Mr. Baldwin stated that the proposed fee from Weaver is \$10,500, which is a \$500 increase from the previous year. Mr. Baldwin noted that Mr. Rance Bass with Weaver discussed the proposal with the Finance and Audit Committee (FAC) on October 4, 2022, and was present at the meeting to answer any questions from the Board. A copy of the proposal engagement letter from Weaver was included in the Board Members' packets. Director Klotz noted to the Board that the FAC discussed that CWA is due to request proposals from auditing firms for the 2023 annual audits. There were no questions from the Board and Mr. Baldwin recommended the motion as presented.

### **Motion approving the 2022 Pension Plan Audit Engagement Agreement with Weaver and Tidwell, LLP.**

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

**C. 2022 Annual Financial Audit.**

Mr. Baldwin presented to the Board the audit engagement proposal from CWA's Auditors, Weaver, for audit services related to the 2021 Financial Statements. Mr. Baldwin stated that the proposed fee from Weaver is \$47,500, which is a \$2,000 increase from last year. Part of the fee increase is for additional efforts for auditors to review CWA's leases in accordance with a new Governmental Accounting Standards Board directive. The Auditors from Weaver made a presentation on their proposal to the FAC on October 4, 2022. CWA's budget year-end is December 31, 2022, and the audit will start at the end of January 2023 and should conclude late March 2023 with the findings presentation to the FAC and the Board at the April 2023 Board Meeting. Mr. Baldwin noted that Mr. John DeBurro from Weaver was present at the meeting to answer any questions. A copy of the proposal was included in the Board Members packets. There were no questions from the Board and Mr. Baldwin recommended the motion as presented.

**Motion approving the 2022 Audit Engagement Agreement with Weaver and Tidwell, LLP for the annual audit of CWA's 2022 Financial Statements.**

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

**C. 2023 Operating Budgets Preparation Schedule.**

Mr. Baldwin stated that this item was the updated 2023 Budget Preparation Schedule. An FAC budget workshop will occur separately after the Board Meeting. All Directors are invited to attend. A copy of the updated schedule was included in the Board Members' packets.

**VII. DISBURSEMENTS – John Baldwin**

Mr. Baldwin stated that this item is the disbursements for the month on the various construction funds. A copy of the summary of disbursements for the month were included in the Board Members' packets. The disbursements to be approved by the Board included the Bayport Capital Improvement Fund – in the amount of \$351,042.01; the Special Project Equity Fund – in the amount of \$382,669.40; the Construction Fund – Series 2013 (Luce Bayou Project) – in the amount of \$3,343.94; and the Construction Fund – Series 2017 Loan (Luce Bayou Project) – in the amount of \$248,610.26. There were no questions from the Board and Mr. Baldwin recommended the motion as presented.

**Motion approving the Disbursement of Funds as presented.**

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

**VIII. OLD BUSINESS**

No items to discuss.

**IX. NEW BUSINESS – Greg Olinger**

No items to discuss.

**X. EXECUTIVE SESSION**

**A. Lynchburg Pump Station Incident.**

Director Klotz noted the time at 10:35 A.M. and stated that the Board would at this time convene in Executive Session. The Executive Session was held pursuant to provisions of Section 551.071-551.084 of the Texas Government Code. No action was taken in Executive Session.

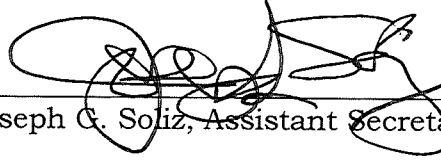
**XI. RECONVENE – OPEN SESSION – Wayne Klotz**

Open Session reconvened at 11:12 A.M. Director Klotz stated that no action was taken in Executive Session.

**XII. ADJOURNMENT – Wayne Klotz**

The meeting was adjourned at 11:12 A.M.

[Signature page follows]



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Joseph G. Soliz, Assistant Secretary-Treasurer