

# COASTAL WATER AUTHORITY

## Minutes of Regular Meeting

September 11, 2013

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  
Tony L. Council, P.E., First Vice-President  
Alan D. Conner, Second Vice-President  
Zebulun Nash, Secretary-Treasurer

John Odis Cobb, P.E.  
Douglas E. Walker  
Giti Zarinkelk, P.E.

### CWA Staff

Donald R. Ripley  
John J. Baldwin  
Greg Olinger  
David Miller  
James Lewis  
Mary Caballero  
Jackie Leong

### City of Houston Staff

Jun Chang, P.E., Deputy Director, PW&E  
John Liles, Legal

### Legal Counsel

Neil Thomas, Fulbright & Jaworski L.L.P.

### General Engineering Consultant

Ty Thomas, P.E., Lockwood, Andrews & Newnam, Inc.

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

### **I. CALL TO ORDER – Wayne Klotz**

- A. Welcome and Introduction of the Board.**
- 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 August 14, 2013 Board Meeting.**

Director Klotz stated that the first item of business was the approval of the Minutes of the Board Meeting of August 14, 2013 as written.

#### **MOTION approving the Minutes of the Board Meeting of August 14, 2013.**

Motion made by Director Nash Seconded by Director Zarinkelk. The Motion carried unanimously.

### **III. ONGOING PROJECTS – Donald R. Ripley and Greg Olinger**

#### **A. Luce Bayou Project.**

##### **a. EIS.**

Mr. Ripley stated that the USACE has prepared a draft Memorandum of Agreement (MOA) for the Indian Tribes. The USACE indicated that they intend to publish the Final Environmental Impact Study (FEIS) without the normally required final review and signatures of the MOA; they will accomplish that subsequent to publication of the FEIS. Mr. Ripley then stated that AECOM has responded to minor comments received from the USACE. Mr. Ripley then asked Mr. Steve Berckenhoff to provide an

update on AECOM's progress with the EIS. Mr. Berckenhoff stated that once the signed and executed MOA is received back from the USACE there will be some updates to Section 3.0 Affected Environment of the FEIS. The USACE will then review those updates and if all is accepted, they will e-file with the EPA. There will then be a 30-day waiting period. During this 30-day period, AECOM will be working with the USACE to prepare a Draft Record of Decision to be hopefully executed shortly after the previously mentioned 30-day period.

**b. Capers Ridge RFQ.**

Mr. Ripley stated that the Request for Qualifications (RFQ) for the Capers Ridge Project had been approved by the Professional Engineering Services Review Committee. Mr. Ripley noted that a copy of the RFQ was distributed to each of the rest of the Board Members for their review. Mr. Ripley requested that any comments be sent to him before CWA's next Board Meeting. Director Council noted that the Committee unanimously approved the RFQ. Director Klotz noted for the record that the RFQ will be released once the FEIS is approved by the USACE.

**B. Gillette Street Property Project.**

Mr. Olinger stated that currently three documents have been submitted to the Texas Commission on Environmental Quality (TCEQ) for review, they are the Revised Affected Property Assessment Report (APAR), the Response Action Plan and the Municipal Settings Designation (MSD). After speaking with the TCEQ coordinator yesterday, CWA will expect conditional approval on the APAR and the Response Action Plan no later than the week of September 23, 2013. This will be within the 60-day review period. The MSD was approved by the City of Houston (COH) and therefore it is expected to pass with no issues. With reference to the slip ramp permitting on Allen Parkway, the COH after its review has requested that the slip ramp be temporary. CWA has re-submitted accordingly and a one to two week turnaround review is expected from the COH. Director Klotz asked if this project is running within the allocated budget. Mr. Olinger stated it was. With reference to property re-platting the mylars are awaiting the COH's Mayor's signature and once signed the mylars will go to Harris County for recordation

**IV. LAND AND RIGHT-OF-WAY – John Liles**

Mr. Liles reported that all requests are being handled timely and in a routine manner.

**V. MAINTENANCE & OPERATIONS – Don Ripley and Greg Olinger**

Mr. Olinger referred the Board to the Monthly Operation Report included in their agenda packets.

**A. Monthly Report**

<b>TRINITY RIVER</b>	<b>Water Production</b>	<b>DAILY AVG (MGD)</b>	
	<b>August 2013</b>	<b>INDUSTRIAL &amp; TREATMENT</b>	
	<b>31 DAYS (gallons)</b>		
Trinity River Pump Station	20.1 billion	Hwy 225 Plants (Incl. CWA WTP)	127
Main Canal	18.5 billion	SEWPP	125
Cedar Point Lateral	1557.1 million	EWPP	249
San Jacinto Transfer Station	316.6 million	Deer Park WTP	5
Lynchburg Pump Station	17.1 billion	Bayport Plants	34
Water Treatment Plant	171.9 million	BAWA	17
Bayport Pump Station	1042.0 million	CPL	50
		SJRA	<u>10</u>
		Trinity River Total	616 MGD

**SAN JACINTO RIVER**

Lake Houston Pump Station	1.2 billion	Indus. Customers	27
		EWPP	<u>13</u>
		San Jacinto River Total	40 MGD

**Operations**

Mr. Olinger stated that Lake Houston was at 41.30 ft (msl) and all gates were closed (normal pool is 44.5 ft). Lake Conroe was at 197.48 ft and there were no releases (normal pool is 201 ft). Lake Livingston was at 129.19 ft. and was releasing 1,250 cfs (normal pool is 131 ft). The Trinity River Pump Station (TRPS) August production was 20.1 billion gallons with an average daily production of 616 MGD and is at CWA's projected demand. The Lake Houston Pump Station (LHPS) August production was 1.2 billion gallons with an average daily production of 40 MGD. This is slightly below CWA's projected demand.

**Maintenance**

Mr. Olinger reported that maintenance activities included the completion of substation breaker testing and bushing repairs, 10-days of aquatic vegetation spraying at Lake Houston, targeted areas are showing improvement and we are gaining control of the situation. Mr. Olinger then stated that CWA will be increasing next year's budget for aquatic vegetation spraying. At the request of Director Zarinkelk, Mr. Olinger stated that he would be providing the Board with before and after pictures of these areas at next month's meeting. A sodium hypochlorite system conversion was completed at the Red Bluff Treatment Plant. A capacitor, two fuses, two amp boards and a core board on the VFD were replaced on LPS Motor 205.

**B. Southwest Lateral G Abandonment (Partial).**

Mr. Ripley stated that Gray Enterprises requested abandonment of Lateral G on November 2012. Gray Enterprises has provided requested survey and appraisal information to CWA. Mr. Olinger then presented the Board pictures of the area and stated that the abandonment meets CWA's policy as well as the requirements of TX SB 1646. Mr. Olinger stated that CWA's next step is to review the independent property appraisal that will be received later this month. Director Conner suggested that CWA have Gray Enterprises pay for the CWA's administrative costs of the canal abandonment. Mr. Olinger stated that once the request has been fully reviewed CWA will bring this item back to the Board for approval.

**VI. 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 August 2013. Mr. Baldwin stated that all four operating budgets are in good shape and are forecasted to come in at year-end a couple of percentage points under on the expenditure budget. The revenues are in line with our forecast for the year after the amending of the water treatment rate for Air Products, LP on the Red Bluff Facility budget. Air Products has made its first payment with the adjusted rate and the revenues are forecasted to be on track with our earlier estimates. There were no questions from the Board.

**B. 2014 Budget Preparation Schedule.**

Mr. Baldwin presented the Board with a tentative schedule of CWA's 2014 Budget Preparation Schedule. Mr. Baldwin stated that this schedule was discussed at the Finance & Audit Committee Meeting earlier this morning

and a date was set for the budget review on Friday, October 25, 2013 at 9:00 A.M. All of the non-committee Board Members are invited to attend.

**C. Employee Benefits – Dental.**

Mr. Baldwin stated that CWA's current dental insurance policy with MetLife Insurance Company expires on September 30, 2013. Quotes were requested from several insurance companies and responses were received from two companies, MetLife and Sun Life. (An attachment comparing their submittals was given to the Board Members.) Mr. Baldwin then gave a brief synopsis of the proposals and stated that this item had been discussed earlier this morning with the Finance & Audit Committee. Mr. Baldwin stated that his recommendation was the Sun Life two-year policy that also provides a reduction of 1.5% in the premium cost and holds the cost at that level until October 2015. There were no questions from the Board and Mr. Baldwin recommended the Motion as presented.

**MOTION approving a Dental Insurance Policy with Sun Life Insurance Company beginning October 1, 2013 with Employee/Employer Contribution Rates as presented by the Chief Financial Officer.**

Motion made by Director Nash, Seconded by Director Council. The Motion carried unanimously.

**D. Information Technology Services Agreement.**

Mr. Baldwin presented to the Board with a proposed agreement from our current I/T provider, PennComp LLC, for a twelve month period beginning October 1, 2013. This proposal would cover the fifth year of CWA's utilization of their services following the Request For Proposal process. The proposed annual cost for services remains the same as the current agreement at \$60,000.00 and includes the same hourly rates of their personnel and the same estimated Not-To-Exceed number of hours available at CWA's direction. Mr. Baldwin stated that the proposed agreement was discussed at the Finance & Audit Committee Meeting earlier this morning. There were no questions from the Board and Mr. Baldwin recommended the Motion as presented.

**MOTION approving the Renewal of an Agreement between Coastal Water Authority and PennComp, LLC for I/T Services for a Twelve Month Period beginning October 1, 2013.**

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

**E. Insurance Policy Renewals.**

Mr. Baldwin stated that the current Workers Compensation and Commercial Auto Insurance Policies are set to expire on October 1, 2013. Renewal quotations were received from CWA's current insurance carrier, Hartford Insurance Group. (An attachment with the renewal quotations for the two policies was given to the Board Members.) The Workers Compensation policy renewal cost is about \$2400 less than the current policy. The Commercial Auto Insurance policy is about \$1600 more than the current policy due to a couple of claims submitted over the last several years. Mr. Baldwin stated that this item was discussed at the Finance & Audit Committee Meeting earlier this morning. There were no questions from the Board and Mr. Baldwin recommended the Motion as presented.

**MOTION approving the renewal of the Commercial Auto and Workers Compensation Insurance Policies with the Hartford Insurance Company for a Twelve Month Period beginning October 1, 2013.**

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

**F. Compensation Policy.**

Mr. Baldwin stated that this item was a change to CWA's current Compensation Policy. This change allows the Executive Director flexibility in negotiating the employment benefits of existing employees or the hiring of new employees. A draft of the motion was previously sent to the Board Members and was discussed at this morning Finance & Audit Committee meeting. There were no questions and Mr. Baldwin recommended the motion as presented.

**MOTION authorizing the Executive Director discretion to negotiate up to three week's vacation as part of an existing or proposed employee's employment benefits where prior employment and levels of seniority make such benefits appropriate, as determined by the Executive Director.**

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

**VII. DISBURSEMENTS - John J. Baldwin**

Mr. Baldwin stated that the disbursements to be approved by the Board included: the Bayport Capital Improvement Fund - in the amount of \$1,260.18, the Construction Fund - Series 2009 (Luce Bayou Project) - in the amount of \$14,595.04, the Construction Fund - Series 2010 (Luce Bayou Project) - in the amount of \$105.74, the Construction Fund - Series 2013 (Luce Bayou Project) - in the amount of \$130,834.77, the Luce Bayou - Land & Mitigation Fund - in the amount of \$13,745.47, the Special Project Equity Fund - in the amount of \$35,264.88.

**MOTION to Approve the Disbursements as Presented.**

Motion made by Director Nash, Seconded by Director Council. The Motion carried unanimously.

**VIII. OLD BUSINESS - Donald R. Ripley**

Mr. Ripley stated that there were no Old Business items to discuss but would like to take the time to recognize the services of Moore Archeological Consulting for their excellent assistance to CWA regarding their rapid responses to CWA and the USACE on the Luce Bayou Project. Director Klotz thanked Dr. Moore on behalf of the Board.

**IX. NEW BUSINESS - Donald R. Ripley**

Mr. Ripley stated that there were no New Business items to discuss but wanted to take this time to introduce CWA's new employee, Mr. Jonathan Marks to the Board Members. Director Klotz welcomed Mr. Marks.

**X. EXECUTIVE SESSION**

There was no Executive Session.

**XI. ADJORNMENT**

The Meeting was adjourned at 10:40 A.M.

[Signature Page Follows]



Tony L. Council, 1<sup>st</sup> Vice-President