



WEST-CENTRAL TEXAS MUNICIPAL WATER DISTRICT

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386th Meeting of the Board of Directors

STATE OF TEXAS COUNTIES OF: JONES, SHACKELFORD, STEPHENS, TAYLOR, EASTLAND, AND PALO PINTO	REGULAR MEETING August 31, 2016 · 9:30 AM ABILENE, TEXAS
<p style="text-align: center;"><u>DIRECTORS PRESENT</u></p> <p style="text-align: center;"><u>ABILENE</u></p> <p>Russell Berry Kelly Kinard Jane Beard K. O. Long Joe Canon</p> <p style="text-align: center;"><u>ALBANY</u></p> <p>David Cleveland Randall Palmore</p> <p style="text-align: center;"><u>ANSON</u></p> <p>Rowland Foster</p> <p style="text-align: center;"><u>BRECKENRIDGE</u></p> <p>Stan Carstens Paul Prater</p>	<p style="text-align: center;"><u>DIRECTORS ABSENT</u></p> <p style="text-align: center;"><u>ABILENE</u></p> <p>Ron Butler</p> <p style="text-align: center;"><u>ALBANY</u></p> <p style="text-align: center;"><u>ANSON</u></p> <p>Jimmie Richmond</p> <p style="text-align: center;"><u>BRECKENRIDGE</u></p>
<u>STAFF AND OTHER GUESTS PRESENT</u>	
<p>Chris Wingert, General Manager Christy Ferguson, Admin. Services Manager Ronnie Tilly, Operations Manager Debbie Strayer, Admin and Finance Spec Blake Woodall, Planning and Dev Mgr</p>	<p>David Buhmann, Attorney Mark Gardenhire, FGSUD Phil Taylor, SRSUD Danny Stephens Donnie Sechrest</p>

Call to Order

President Palmore called the 386th meeting of the West Central Texas Municipal Water District Board of Directors to order at 9:34 a.m. on Wednesday, August 31, 2016, in accordance with the statutes of the State of Texas. A quorum was present.

Public Comment

Mr. Palmore opened up the floor for public comments at 9:35 a.m. He stated that Donnie Sechrest, Breckenridge resident and business owner, has submitted a Request to Speak form. Mr. Palmore stated that Mr. Sechrest could now address the Board. Mr. Sechrest referenced his letter that he had submitted to the Board in the summer. His letter requests permission to either lease or purchase a small area of District property near the lake shop in order for his company to repair docks that are located on the lake. He stated that having an area near a boat ramp would make the repair work simpler because he would not have load the docks on a truck and haul them to his business location which is down the road near Walmart. After Mr. Sechrest's comments, Mr. Palmore closed the public hearing at 9:39 a.m.

Sechrest Land Request

Mr. Palmore asked that the Board address Agenda item 4(f) Sechrest Land Request at this time since Mr. Sechrest (Donnie) is present. The Board agreed. Mr. Wingert gave a summary of Donnie's business of repairing and building docks. Donnie has to move the docks to a boat ramp, load them onto a trailer, and then transport them down FM 3099 to his shop. Mr. Wingert stated that the area of land that Donnie would like to purchase/lease is near the lake shop and his concerns are: traffic issues, liability issues, setting precedence on leasing or selling District property, and the fact that the District may need this area in the future to store pipe or other items. Mr. Wingert pointed out that the Operations Committee did not recommend selling or leasing the requested tract of land to Donnie.

Donnie stated that many residents are receiving Notice of Violations for their docks and many residents cannot afford to repair or discard their docks because they are on a limited income. Donnie also said that there are many times that an oversize permit is required and sometimes those permits can be difficult to obtain. The Board asked several questions of Donnie and discussed issues such as the option to use a barge, but Donnie stated that utilizing a barge would mean that he would have to charge the resident more to repair the docks. Mrs. Beard noted that if the District is looking to clean up the waterway, then she would support a lease in this set of circumstances in order to obtain that goal. Mr. Kinard was concerned about the liability issues and there was a discussion with Mr. Buhrmann about liability and legal concerns and issues.

Mrs. Beard made a motion that the Board approve a lease to Donnie Sechrest of the 2 acre tract as discussed. It should be an Evergreen Lease on one year terms for a maximum of five years and include provisions of shielding from the public, fire prevention, and insurance coverage. The lease would also include the provision of a 30 day or less notice (maybe 15 days) for the District to withdraw annually. The business will be restricted to Donnie Sechrest and his employees only. Mr. Canon offered a second and the motion carried with one opposition from Mr. Foster.

Minutes

Mr. Palmore stated that the minutes from the prior meetings (#384 and #385) will need to be approved at this time. Mr. Buhrmann requested a change to the wording of the Resolutions within the minutes as well as a change to page 2.14. On page 2.14, the word "acre" needs to be added in the sentence "...execute a contract for the sale of approximately ½ of land...". After Staff review of the Resolution written in the 385th minutes (see page 2.13), Staff found that the Resolution was written as it was approved and that his requested changes cannot be made since they would alter the wording of the adopted Resolution. Staff will add the word "acre" where needed page 2.14.

Mr. Canon made a motion to approve the minutes with the correction noted above. Mr. Prater offered a second and the motion carried unanimously.

Consent Agenda

Mr. Palmore asked if there were any comments or concerns with the Consent Agenda items which included:

- Financial Statements for February 2016 to April 2016
- Quarterly Investment Reports for the nine months ended June 30, 2016
- Contingency Fund Balance Sheet for June 30, 2016, and
- Expense Vouchers for May 2016 through July 2016

Mr. Berry made a motion to approve the Consent Agenda; Mr. Carstens offered a second and the motion carried unanimously.

Development, Operations, and Water Policy Committee

Quarterly Update of Outstanding CIP/MIP Projects

Mr. Palmore asked Mr. Wingert to please give a report on outstanding CIP/MIP projects. Mr. Wingert presented the update and stated that several of the projects have either been closed, completed, or are close to being complete. No action was needed.

Close Out Completed CIP/MIP Board Resolutions

Staff has completed work on three CIP/MIP Resolutions. The Operations Committee recommended at their meeting to close the following resolutions:

- 2015-04 Replace cone valves
- 2016-10 Clean tanks at High Point
- 2016-11 Replace flow meters at Abilene Vault

Mrs. Beard made a motion to close the three CIP/MIP Resolutions listed above; Mr. Prater offered a second and the motion carried unanimously.

Proposed CIP/MIP Budget for FY 2017

Mr. Wingert discussed the projects that Staff has requested for FY2017. The total requested for FY2017 is \$424,700. Projects include:

- Two trucks, property upgrades, office furniture, timekeeping software, fireproof cabinets, and computers.
- Tank coating, pothole machine, 4 seat mule, grubber for excavator, road repairs, boat and trailer, air compressor, pickup tools, cameras and equipment, DFG meter site upgrades, arc flash suits, and Ipad upgrades.

The Operations Committee reviewed these items in detail at their meeting and recommended approval by the Board. Mr. Wingert stated that the CIP/MIP budget will be considered after the public hearing later in the meeting.

City of Abilene Proposed 2016 Water Transmission Agreement

Mr. Wingert explained that staff continues to work with the City of Abilene on a supplemental water transmission agreement with Abilene and that finalization of the agreement is close. Highlights of the agreement are: transporting water through WCBWDS to the City's point of delivery, operations and maintenance of the Veale Parks pipeline and the concentrate line, assignment of easements, and ownership of the product water pump station equipment. There are still a few issues to address in the agreement. One item requested by the City is the segregation of accounting records for the Veale Parks and Concentrate lines so that if expenses for those lines are less than budget, then Abilene could receive a refund or credit for such overpayment.

Mr. Palmore stated that the Operations Committee recommended that a small committee be formed in order to finalize this agreement in order to prevent the Board from having to come back in a possible special session to approve.

Mr. Foster made the motion that the Board authorize a small committee including the GM, David Buhrmann and two Operations Committee Members. The Committee will review and approve execution of the final version of the 2016 Water Transmission and Operations Agreement and the Memorandum of Understanding with the City of Abilene, so long as the final version is not substantially different from that shown in the Board Book. Mr. Prater offered a second and the motion carried unanimously.

Mr. Palmore appointed Joe Canon and Stan Carstens to serve as the Committee representatives.

Transfer and Assignment of the 1985 Water Contract

Mr. Wingert offered a background on the 1985 Water contracts between WCTMWD and the Colorado River Municipal Water District (CRMWD) and the “pass through” of payments from Abilene to the District and to CRMWD. An MOU was executed between Abilene and WCTMWD in 2004 which stated that the District will assign all its rights under the Ivie Contracts to Abilene when the obligations for payments to CRMWD for outstanding bonds have been met. The obligations have now been met so the three parties are moving to assign the stated rights to Abilene.

Under the terms of the Assignment and Termination contract considered by the Board, WCTMWD will assign rights, title, and interest to Abilene and will be released from all obligations it had to CRMWD. The Operations Committee recommended the Board authorize the President to execute such contract.

Mrs. Beard made the motion that the Board authorize the President to execute the Assignment of WCTMWD Water Facilities and Services Contract and termination of the WCTMWD-City of Abilene water contract. Mr. Carstens offered a second and the motion carried unanimously.

USGS Joint Funding Agreement

Mr. Wingert reviewed the history and purpose of the USGS Joint Funding Agreement. This agreement provides for water and species sampling at HCR including testing for the presence of zebra mussels. The contract price for 2017 remains the same as the previous year. Mr. Berry made a motion that the Board authorize the General Manager to execute the USGS Streamflow, Water Quality Monitoring and Species Sampling Agreement for FY 2017 including an expenditure not to exceed \$64,000 for this purpose. Mrs. Beard offered a second and the motion carried unanimously.

Declare Surplus Property

Mr. Wingert referenced page 4.69 in the Board book which list several items that Staff would like the Board to declare as surplus property. These include trucks, trailers, computers, tables, and other items which are surplus and need to be disposed. Mrs. Beard made a motion that the Board declare the 31 items shown on page 4.69 as surplus property and to authorize their disposal or sale. Mr. Canon offered a second and the motion carried.

Sale of Real Property

Mr. Wingert stated that Lots #264 and #265 in the Tanglewood subdivision were jointly developed with amenities that include a dwelling, pool, concrete walkways, and a storage building. This property was offered for sale and the buyer learned of an encroachment on District property during the course of the transaction. The buyer is requesting that the District sell the encroached tract of land covering 0.158 acres to them in order for them to complete their purchase. Mr. Wingert stated that the Operations Committee made no recommendation regarding this issue and asked that the Board take it under consideration. Discussion was held regarding the purchase price and when this encroachment could have occurred. The Board is concerned with the number of recent encroachments which have come to the Board for purchase. Board discussion included: the value of the encroached land, should the Board consider an assessment of \$3000 to \$5000 per encroachment, and determining who is at fault for this particular situation.

Mr. Canon recommended that the Board form a small Committee to review this issue and negotiate and approve the sale of 0.158 acres of land adjacent to Tanglewood Subdivision, Block B, Lots 264 and 265 in the T.E. & L. Company Surveys 1262 and 1271, Stephens County to John and Mary Neely under the following conditions:

- An appraisal will be done at the buyers expense
- The Sub-Committee will determine the selling price based on the appraised value
- A \$4,000 floor on the sale

This Committee will also be given the responsibility to work with Staff to develop an Encroachment Policy which will include rules and regulations as well as enforcement and penalties for future encroachments. Mr. Berry offered a second and the motion carried unanimously. Mr. Palmore appointed Rowland Foster, David Cleveland, and Kelly Kinard to serve on this Sub-Committee.

Water District Road Transfer to Stephens County

Mr. Wingert gave a summary of the roads that the District currently owns and maintains. WDR 214, 274, and 277 have been owned and maintained by the District for several years now, but Mr. Wingert would like for the Board to consider turning these roads over to Stephens County. He stated that Mr. Carstens has been working with the County Commissioners regarding this issue and that they are willing to take over WDR 214, 274, and 277 with the condition that WDR 277 include a four year interlocal agreement under which the District would pay the County for maintenance of that road.

Staff asks that the Board agree to turn these roads over to the County. Mr. Prater made a motion that the Board authorize the General Manager to negotiate the transfer of WDR #214, WDR #274, and WDR #277 to Stephens County and to execute all Agreements, Contracts, and Documents required to affect this transfer. Mr. Canon offered a second and the motion carried unanimously.

Mr. Palmore asked for a short recess at 11:20 a.m. The Board reconvened at 11:25 a.m.

Finance, Personnel, and Customer Service Committee

Health Insurance

Mr. Foster stated that the Finance Committee reviewed the budget and said that health insurance is everchanging. He asked Mr. Wingert to give his update on health insurance. Mr. Wingert stated that providers have gone from age banded pricing last year back to group pricing as was done in years past. The change means that younger employees will have a higher premium versus last year and older employees will have a lower premium than last year. Staff reviewed over 100 plans in order to narrow down what option would be best for the District. The recommendation being made at this time is that the District switch from United Healthcare to Blue Cross/Blue Shield (BCBS) as the health insurance provider.

Mr. Foster made the motion that the Board adopt BCBS plan "G620CHC" for FY 2017 with the District paying a total of 100% for employee only coverage, 73.45% for employee and spouse coverage, 73.05% for employee and child coverage, and 68.93% for employee and family coverage. Mr. Prater offered and second and the motion carried unanimously.

Authorization of TCDRS Plan Provisions for 2017

Mr. Wingert explained the provisions of the current TCDRS plan and noted the required contribution rate will be decreasing to 9.05% for 2017. Mr. Berry made a motion that the Board authorize the General Manger to execute any necessary documents for the continuation with the TCDRS retirement plan including the following provisions for 2017:

- A 9.05% required contribution rate
- No cost of living adjustment for retirees
- No addition be made to the required rate

Mr. Cartens offered as second and the motion carried unanimously.

Proposed FY 2017 General Fund Budget

Mr. Wingert stated that the proposed General Fund Budget in the book includes the health insurance rates for the BCBS plan adopted earlier. He highlighted that electric costs are down due to Abilene's projected pumping estimates, salary costs are down due to consolidation of positions, and that the CIP/MIP transfer is less this year as well. Formal action on the budget was delayed until after the public hearing.

Formal Action Regarding WCBWDS Water Rates

***Public hearing regarding WCBWDS transportation rates beginning September 1, 2016
and
Adoption of Proposed WCBWDS Transportation Rates beginning September 1, 2016***

Mr. Wingert noted that the fixed and variable transportation rates for customers along the West Central Brazos Water Distribution System (WCBWDS) needs to be set by the Board at this time and annually afterwards. The current long term customers are BASA, DFG Energy, Clearly Petroleum, and MM Terry Ranch. The fixed rate covers the administrative costs and the variable rate covers the cost to transport the water. The Finance Committee recommended at their meeting to set a fixed rate of \$174.11 and a variable rate of \$150.38 per acre foot of water delivered. Mr. Wingert explained that these proposed rates are more in line with historic rates set by the Brazos River Authority in years prior to 2016.

Mr. Palmore opened up a public hearing to discuss the proposed water rates for WCBWDS customers at 11:43 a.m. No comment was received so the hearing was closed at 11:43 a.m. and 30 seconds. Mr. Foster made a motion to set a fixed rate of \$174.11 and a variable rate of \$150.38 per acre foot of water delivered under the Water Transportation Contracts to Non-Municipal Customers of WCBWDS. Mr. Prater offered a second and the motion carried unanimously.

RESOLUTION

BE IT RESOLVED that the Directors approved and adopted a Fixed Rate of \$174.11 and a Variable Rate of \$150.38 per acre foot of water delivered under the Water Transportation Contracts to Non-Municipal Customers of the West Central Brazos Water Distribution System beginning September 1, 2016.

Formal Action Regarding the District's FYE 2017 Budgets

Public hearing regarding District's Budgets

Mr. Palmore opened up a public hearing to receive and hear comments on the District's Proposed Fiscal Year 2017 General Fund Budget and Fiscal Year 2017 Proposed CIP/MIP Budget at 11:45 a.m. No comments were received so Mr. Palmore closed the public hearing at 11:46 a.m.

Adoption of the Proposed FY 2017 CIP/MIP Budget

Mr. Berry made a motion to adopt the Proposed Fiscal Year 2017 CIP/MIP Budget as presented on page 4.03 of the Board book. Mrs. Beard offered a second and the motion carried.

RESOLUTION

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE WEST CENTRAL TEXAS MUNICIPAL WATER DISTRICT:

The Capital Improvement Fund Budget for the fiscal year ending September 30, 2017 in the form identified by the signatures of the President and Secretary of this Board is hereby approved and adopted.

Adoption of the Proposed FY2017 General Fund Budget

Mr. Foster made a motion to approve the proposed Fiscal Year 2017 General Fund budget as presented on pages 5.10 to 5.15 of the Board book. Mr. Prater offered a second and the motion carried.

A RESOLUTION APPROVING AND ADOPTING THE BUDGET FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2017

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE WEST CENTRAL TEXAS MUNICIPAL WATER DISTRICT:

The budget for the fiscal year ending September 30, 2017 in the form identified by the signatures of the President and Secretary of this Board, is hereby approved and adopted.

President's and Officer's Report

Appointment of Board Members, Bonds, Oaths of Office

Mr. Palmore noted that the City of Abilene reappointed Mr. Canon and Mr. Kinard to the Board and appointed K.O. Long to replace Mike Alexander who resigned earlier this year.

Mr. Buhrmann administered the Oath of Office to Mr. Kinard, Mr. Canon, and Mr. Long.

Calendar for Fiscal Year 2017 Meeting Date

Mr. Palmore asked that the Board note the calendar in the book listing future meeting dates.

Manager's/Staff Report

Water Supplies and Projections

Mr. Wingert reported that the lake is elevation 1181.88. He reviewed the graph in the Board book showing future water projections.

Maintenance Activities

Mr. Wingert informed the Board that construction continues at the PK Intake and that staff continues to work on leaks along the WCBWDS line.

Travel and Training Report

Mr. Wingert referenced the report in the book showing that staff has attended various trainings on payroll laws, HR issues, TCEQ water classes, and TWCA meetings.

Staff Vacancies

Mr. Wingert referenced the organization chart in the book showing a full staff, however, the lake crew recently received a resignation letter so staff will begin working on finding a replacement.

Other Significant Issues

Mr. Wingert told the Board that staff has been performing boat dock inspections and has found 233 violations out of the 689 completed inspections. Staff is attempting to complete a full assessment of the facilities along the lake shoreline. It was noted that current dock regulations do not have any enforcement procedures. Staff will update the regulations and will bring these to the Board at the November meeting. No action is needed at this time.

Another issue that has been brought to Staff's attention is irrigation water. Several years ago, the District held an agreement with the Hubbard Creek Irrigators Association for irrigation use but this was terminated in 1995. In 2010, the Board made a change to the irrigation permit to lower the cut off level from 1170 msl to 1165 msl. The Board considered terms and conditions for agricultural permits in 2010, but these were not formally adopted. Currently, Mr. Henry Musselman has a 5hp, 10hp, and a 15hp pump that are not being metered at the present time.

Staff will work to draft Irrigation Rules and Regulations for the Board to review at the November meeting. Rules should include the requirement of meters to be monitored by staff, minimum safety provisions, the maximum length of lines, violation procedures, and reporting procedures. No Board action is required.

Water Supply and Transportation Contracts

DFG Energy and Brazos River Authority

Mr. Wingert gave a summary of the current DFG Energy contract and that they take water from the Ranger pipeline. DFG currently has a Surface Water Availability Contract (SWAA) with the Brazos River Authority (BRA) and a Water Transportation Agreement (WTA) for 235 acre feet per year and both expire today. District and BRA Staff have made several attempts to contact DFG to see if they wish to renew their contract and no response was received until last week. Mr. Gao, with DFG, has made an urgent request for water since he had procrastinated in his response previously. Mr. Gao is requesting an additional 107 acre feet be added to the current 235 acre foot contract. BRA indicated this addition would need to be considered on an interruptible basis. In order to renew the contracts, the following will need to be done:

- The District will have to contract with BRA for the 235 acre-feet of water in Possum Kingdom, then “wheel” the water to DFG.
- This Agreement would be for 5-years beginning 9/1/16. The price would be the current System Rate of \$72.00 per acre-foot, subject to change each year.
- The District will need to execute a new 5-year SWAA with DFG covering the 235 acre-feet, similar but somewhat different from the BRA standard contract.
- The District also must execute a new 5-year Water Transmission Agreement with DFG, again with changes from the standard BRA agreement. The cost would be the Board Approved \$174.11 per acre foot plus \$150.38 per acre foot for 2017.
- Staff will need a little time for Buhrmann to review these contracts
- Staff can execute a temporary service letter with DFG effective today that will:
 - Maintain service under the same provisions as the current contract
 - Change the rates to the rates adopted today
 - Will expire October 1, 2016 or when the replacement SWAA and WTA are executed whichever comes first

Mr. Foster asked that the Board approve all motions in one vote: The motions made by Mr. Foster are:

1. *BRA Surface Water Availability Contract:*
Recommend the Board authorize the General Manager to execute a 5-year Surface Water Availability Agreement with the Brazos River Authority for 235 acre-feet of System Water from Possum Kingdom Reservoir with an effective date of 9/1/2016.

2. DFG Surface Water Availability Agreement:

Recommend the Board authorize the General Manager to execute a 5-year Surface Water Availability Agreement with DFG Energy Company for 235 acre feet of System Water from Possum Kingdom Reservoir with an effective date of 9/1/2016 and with an additional fee of \$0.50 per acre foot added to the BRA rate.

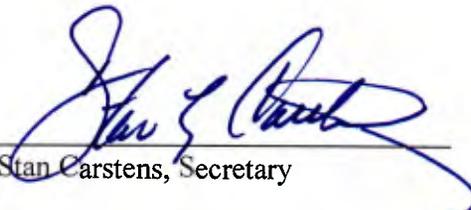
3. DFG Water Transportation Contract:

Recommend the Board authorize the General Manager to execute a 5-year Water Transportation Agreement with DFG Energy Company for 235 acre-feet of water from Possum Kingdom Reservoir with an effective date of 9/1/2016.

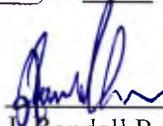
Mr. Canon offered a second and the motions approved unanimously.

There being no further business before the Board, the 386th meeting adjourned at 12:15 p.m.

Approved this 9th day of November, 2016.



Stan Carstens, Secretary



J. Randall Palmore, President