

Minutes of the Regular Meeting of the  
BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT #2

A regular meeting of the Board of Directors of Bastrop County Water Control and Improvement District #2 was held on Thursday, May 25, 2017, beginning at 6:30 p.m. at the Conference Center, 106 Conference Drive, Bastrop, TX. 78602.

**Present BCWCID #2 Board Members:**

John Creamer, President  
Karen Pinard, Vice President  
Sam Kier, Treasurer  
Victor Gonzalez, Director

**BCWCID #2 Staff/Other Professionals:**

Jim Ouellet, General Manager  
Tyler Walsh, Operations Manager

**Absent:**

Tammy Eden, Secretary  
Alma Rodriguez, District Administrator

AGENDA

- 1.) Call to Order and Establish a Quorum  
President Creamer called the meeting to order at 6:30 p.m. A quorum of Board members was present.
- 2.) Pledge of Allegiance  
President Creamer led the Pledge of Allegiance.
- 3.) Texas State Flag  
President Creamer led the Pledge of Allegiance to the Texas Flag.
- 4.) The next Board of Director's meeting will be held on Thursday, June 29, 2017 at 6:30 P.M.  
President Creamer announced the next Board of Director's meeting will be held on Thursday, June 29, 2017 at 6:30 P.M.
- 5.) CONSENT AGENDA: (Consent Agenda items are generally routine.) Unless removed by a member of the Board, items listed on the consent agenda will be acted on together.
  - a. Approval of minutes from the April 20, 2017 Regular meeting
  - b. Approval of minutes from the May 10, 2017 Special meeting
  - c. Approval of monthly financials report for April 2017

**Motion: Karen Pinard moved to approve the consent agenda items A and B. Seconded: Sam Kier. Vote: Three (3) in favor, motion carries.**

Director Kier stated there are still some issues with the financials for the month of April. Some of the allocations have not been done. District is currently in a transition period going over to the new accounting

firm in May. From a cash perspective the District is okay but between water, wastewater and road we are not okay.

6.) Public comments/Announcements (The Board respectfully requests you limit your comments to three (3) minutes)

Pierre Wilson resides at 115 Kaaawa Lane wanted an update of the for sale sign that went up.

Director Kier stated when the 16 acres John White owns went up for sale, he talked to Sac and Pac and the Board about making all these areas available for the right deal. If the building sells, the District has several lots over by the maintenance building to build an office building that is suitable for the District.

Pierre Wilson asked if the additional funds from the sale of the property would go towards building roads.

Director Kier stated no it would go towards water and wastewater operating funds.

7.) Discussion and update on concept of potential Bond to complete construction of roads -- Ouellet/Kier

Jim Ouellet stated since our last meeting there have been additional discussions held with a Bond Attorney and a Financial Advisor. Director Kier has been closely engaged in the activity of obtaining particular answers and moving the process forward.

A few of the high points that have been determined are:

1. Even though cash flow is more than capable of addressing a bond via road fees, the State of TX requires that Government Obligation Bonds (GO) include the verbiage "ad valorem tax" be part of the language for a vote.

2. We have been encouraged by our financial consultant that a direct placement of the bond with a financial institution may result in an interest rate that is very attractive. We would also save significantly on the fees associated with the borrowing.

3. The money borrowed must be used for the intended purpose within 3 years of issuance. As such, we would have 2018, 2019 and 2020 to complete the work.

A letter was written to provide residents with a summary of where the District presently is and where a bond may take us.

We have obtained labor and equipment pricing and calculations have been performed on the magnitude of materials we will need to build the road base. We need to finalize prices for the road base material based on the level of trucking that is now understood. The county has agreed to chip seal the roads for approximately \$25,000 per mile. The availability of the County is a question that needs to be firmed up.

In the next few weeks, more precise costs will be known and such can be shared with the residents. Question and Answer forums can be held in June and July.

The Board was provided a calendar by the Bond Council outlining a time table for certain actions to take place if the Bond is to be on the ballot in November.

The Board suggested having 3 informational meetings. The meeting dates will be on Tuesday, June 6<sup>th</sup>, July 15<sup>th</sup> and August 5<sup>th</sup>.

8.) Update on Senate Bill 749

Jim Ouellet stated Senate Bill 749 was passed through the Senate and the House without one dissenting vote. The bill is now before the governor for his signature.

The bill authorizes the Road District the opportunity to charge monthly road fees up to a cap of \$21 per month if it is deemed necessary.

Should the residents of the District choose to complete the roads over the next 4 years via long term financing, current information indicates the road fees can be held to \$15 per month per lot. The flexibility that SB 749 provides will place the District in a more desirable financial position in the eyes of those who offer the financing. As such, the passage of the bill can only help the District obtain the best possible interest rate which will benefit the residents.

Should the residents choose not to support long term financing (the Bond) and continue with the present approach of constructing a few miles per year, the additional monthly fees allowed in SB 749 will be a necessity to keep up with inflation.

Director Gonzalez dedicated more than 80 hours of his personal time in an effort to see the bill through to passage. His efforts may prove to save the residents of the District many hundreds of thousands of dollars due to a lower interest rate should a bond be desired to complete the roads. Thank you Director Gonzalez.

9.) Discussion, possible action and updates given by General Manger

a. Road Maintenance / Construction activities – The bids for the annual road maintenance contract were received and 304 Construction was the low bid. The daily rates for equipment and labor will allow us to construct the roads over the next three years as is intended. We will now begin the process of securing long term pricing on materials which will be delivered in an efficient manner.

Additional work has been performed this past month on firming up the façade of the culverts recently installed. A concrete and rock blend will be put together to ensure the embankments stay in place in a heavy rain event.

Additional Roads were graded as part of routine maintenance.

b. Accounting changes - Betty Sheldon resigned from her position as an accounting consultant effective the close of the books for April 2017. Going forward, the accounting activities have been outsourced to Municipal Accounts and Consulting (MA&C) of Austin. MA&C provides accounting services to more than 300 entities such as the District.

Director Kier and I first met with MC&A on April 5, 2017 and were very impressed with their abilities to improve our accounting practices through consolidation and efficiency. Some of the improvements that will be realized:

- Better reports which are easy to visualize and understand due to improved software
- Consolidate water and wastewater accounts as well as Road Construction and Road Maintenance.
- Eliminate the expense of annual module service fees from Incode
- Move us in a direction where we can eliminate Incode completely
- Realize a better return on invested funds – estimated to be approximately \$10,000 per year based on current cash position

- Have better accounting reports which will allow for a much easier annual audit thereby reducing the cost of the audit
- Instantly reduce the risk of having our accounting activities limited to a few people. We now have a company with more than 60 employees which provide continuity should one or two people come and go.
- Move us to accrued based accounting which has been requested by the TCEQ
- Allow greater flexibility with current staff to be more proactive in addressing the needs and services of our customers.

c. Annual Audit - The annual audit was reviewed at a board meeting on May 10, 2017. Due to certain accounting activities of the past, the audit required more work than originally intended to bring into compliance. The auditor, Mr. Bob West, expressed his belief that our change to MC&A will improve our accounting activities and make for a smooth audit for FY 2017.

d. Repairs on Koolua Drive and Awehi Lane landslide– Had a meeting with the design engineer for the steel piling. Plans all set for both locations. Final design and bid documents need to be put together and submitted for bid.

e. Outsourcing of Monthly Water Bill Production and Mailing – The June bills will be printed by a third party.

f. One Time Relief for Water Leak – Discussed.

g. Lost Pines Nature Trail - A survey of the property was finally completed and provided to the Lawyer for the County. The county can now take matters under consideration for a potential transfer of ownership. Frank May has also engaged residents of the Village to participate in the maintenance of the area. There is a fair amount of positive actions taking place at the park. The District completed the initial mowing of the main area to get the group off to a good start.

h. Personnel Matters - We hired a new employee, Jonatan Hidalgo, who will start in early June. Jonatan lives in the Village and appears eager to start.

i. Insurance Renewals – Insurance has been renewed for a June 1 deadline for Dental, Vision, (Life and ADD), LTD and STD. The costs are as follows:

- a. Life & ADD Insurance – same coverage, reduced cost \$34 per month changing to Unum from Principal
- b. STD& LTD – same coverage – switched to Unum from Lincoln and saved \$36 per month
- c. Vision – switched to Humana from Always Care and saved \$22 per month
- d. Dental- stayed with Dental Select– not a very substantial dental plan and such is reflected in the relative cost.

Saved \$94 per month all totaled and maintained the same level of coverage by consolidating provider.

j. Trihalomethane’s – TTHM- A letter (attached) was sent with a bill and via other means to the customers informing them of the most recent violation of the TTHM levels. We are scheduled to have the treatment equipment installed in July if TCEQ moves on the permit that has been submitted.

k. Improved Billing Options and Updated Website - A report will be provided next month on the status of new sign up format for credit card or auto draft features. The ability to have the credit card automatically charged each month is also underway. The revised web site will also be a priority now that accounting activity is being reduced.

l. FEMA Project Status - An extension was done for Koolua was granted by FEMA. There were a total of 47 sites and 21 sites have been completed.

m. Informational handouts – final drafts of handouts that will help us communicate with the customers were provided.

- 10.) Discussion and possible action regarding excessive water bills associated with known water leak  
There are occasions when a customer experiences a leak of a significant proportion that is due to an extraordinary circumstance. In such occasions, the customer receives a bill that includes charges intended to discourage water use under normal circumstances. Due to the inclining block rate designed to promote water conservation, a customer is charged at a punitive rate when there was no intent to use such water.

The following is a suggestion on how such a circumstance can be addressed to extend good will to our customers while ensuring the full cost to provide the water is paid.

- The leak must have resulted in a water use which was 10,000 gallons more than the same period a year before.
- Relief can only be sought on one occasion per 12 month period.
- A receipt must be provided which shows materials or a plumber was required to repair the leak.
- All the water will be paid for at the tier 1 charge of \$4.38 per 1000 gallons for all gallons used.
- The GM will evaluate every request to evaluate the legitimacy of the request.

This would assist the customer in a hardship situation but also ensure that the entire variable costs are covered.

An example of the present situation would be as follows:

Customer uses 4,000 gallons in the month of June 2016

Customer uses 27,000 gallons in June 2017 and reports a leak in the service line going to the house

The standard bill the customer receives based on the 27,000 gallons of water use would be

Base rate .....	\$ 32.50
Tier 1 charges (0-3000 gallons) .....	\$ 13.14
Tier 2 charges (3000-5000 gallons) .....	\$ 10.24
Tier 3 charges (5000 – 10,000 gallons) .....	\$ 28.25
Tier 4 charges (10,000-20,000 gallons) .....	\$65.40
Tier 5 charges (20,000-30,000 gallons) .....	\$48.79
Total .....	\$198.32

If the aforementioned leak policy were to be implemented, the following would occur:

Customer uses 4,000 gallons in the month of June 2016

Customer uses 27,000 gallons in June 2017 and reports a leak in the service line going to the house

The adjusted bill the customer receives based on the 27,000 gallons of water use would be

Base rate ..... \$ 32.50  
Tier 1 charges (\$4.38/1000 gallons) .....\$ 118.26  
Total ..... \$150.76

A delta of \$47.56 by eliminating the escalating rate structure.

**Motion: Sam Kier moved to approve the Leak Adjustment Policy as presented effective May 25, 2017. Seconded: Karen Pinard. Vote: Three (3) in favor, motion carries.**

11.) Discussion and possible action regarding use of tablets for Directors meetings  
Jim Ouellet stated we will send all the information on a pdf format for everyone to view and broadcast it to the audience.

12.) Board suggestions on future agenda items

Holding Director Retreats for higher level planning concepts  
Discussion on new homes being assessed a road maintenance fee  
Discussion on commercial rates  
How to provide an incentive for payment of annual road in an expedited manner and discuss the timing of lien fees.  
Hiring and retaining valuable and talented employees.  
Fire Hydrants and Fire Protection  
Decisions on what to do with the funds in escrow

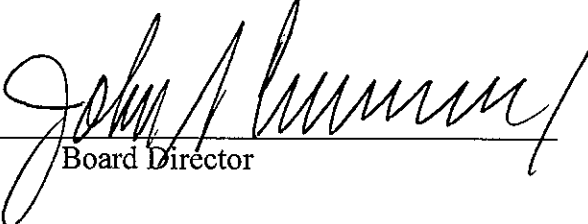
13.) Release of Liens  
Jim Ouellet presented the Release of Liens.

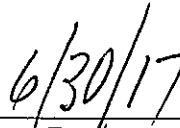
**Motion: Karen Pinard moved to approve the Release of Liens. Seconded: Sam Kier. Vote: Three (3) in favor, motion carries.**

14.) Adjournment

**Motion: Victor Gonzalez moved to adjourn. Seconded: Sam Kier. Vote: Three (3) in favor, motion carries.**

MEETING ADJOURNED AT 8:20 P.M.

  
Board Director

  
Date