

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, September 17, 2020, beginning at 6:30 p.m. The meeting was conducted by videoconference and telephone.

Present BCWCID #2 Board Members:

Mary Beth O'Hanlon, President
Scott Ferguson, Secretary
Karen Pinard, Director

BCWCID #2 Staff/Other Professionals:

Tony Corbett, Attorney
Paul Hightower, General Manager
Tyler Walsh, Operations Manager
Alma Rodriguez, District Administrator

Absent:

Butch Carmack, Vice President
Sam Kier, Treasurer

- 1.) Call to Order and Establish a Quorum
President O'Hanlon called the meeting to order at 6:30 p.m. and stated a quorum of Board members was present.
- 2.) Pledge of Allegiance
- 3.) Texas State Flag
- 4.) Public Comments/Announcements (The Board respectfully requests that persons limit comments to three (3) minutes. Under the Open Meeting Act, the Board may not deliberate or take action in response to any matter raised during public comment that is not a separate agenda item.)
None.
- 5.) Discussion and possible action regarding scheduling of future meeting dates:
 - a. Annual Road Meeting scheduled for Saturday, September 26, 2020 at 9:00 a.m.
 - b. Regular Board of Director's Meeting scheduled for Thursday, October 15, 2020 at 6:30 p.m.President O'Hanlon reminded everyone of the Annual Road Meeting scheduled for Saturday, September 26, 2020 at 9:00 a.m. and the next Regular Board of Director's Meeting is scheduled for Thursday, October 15, 2020 at 6:30 p.m. These meetings will be virtual meetings.
- 6.) CONSENT AGENDA: (*Consent Agenda items are generally routine. Unless removed by a member of the Board or General Manager, items listed on the consent agenda may be acted on together and without prior discussion.*)

- a. Approval of minutes from the August 20, 2020 Regular Meeting of the Board of Directors;
- b. Approval of monthly financial report for August 2020; and
- c. Approval of Release of Liens held by District on Real Property.

Motion: Scott Ferguson moved to accept the approval of the minutes and the financial report. Seconded: Karen Pinard. Vote: Three (3) in favor, motion carries.

Alma Rodriguez presented the Release of Lien report.

Motion: Scott Ferguson moved to accept the Release of Liens. Seconded: Mary Beth O'Hanlon. Vote: Three (3) in favor, motion carries.

- 7.) Discussion and possible action regarding the following items to be presented in the General Managers report:

Paul Hightower reported on the following:

- a. Status of TTHM compliance:
Waiting on drilling rig to get here, they were due here this week but due to a rig going down from the storms last month then the replacement going down as well, we got pushed back again. As of today, they are scheduled to be here next Wednesday or Thursday.
- b. Update on district water plants and lift stations:
Interior of the first tank for Station 1 is completed and they are working on the interior of the pressure tank now. Exterior sand blasting and painting is the final task pending weather.
- c. W/W maintenance & Capital Improvements update:
Initial planning is on task with BEFCO for the Tahitian line improvements. They are currently preparing the plan for the Board to review. We have a meeting scheduled on September 29 for review and walk-thru of the project.
- d. Roads maintenance & improvement projects update:
Road crews are moving forward at a good pace. Several roads have been graded and some maintenance has been performed. Weather this past month has slowed them down a little as well as some leaks we have had. We have received several compliments and good feedback from residents as well as our County Commissioner.

New Road Construction: The next batch of roads (Keanahalululu, Kapapa, Nuupia, Olomana & Kaimuki) will be ready for walk-thru next week. If density's pass, contractors will move to the next small batches on construction. The contractors are already working on clearing trees now.

2021 Roads: Surveys started 2nd week of September.

Drainage study for Unit 4 has been started.

e. Employee update:
No updates at this time.

f. General Office Update:

We had 1 office employee off for a quarantine period. His wife had tested positive and while neither were feeling symptoms. We sent the employee for a test as well, which did come back negative, but it was necessary to follow protocol for the quarantine. No other updates at this time.

Director Ferguson informed Paul Hightower that in the chat window Mary Yarrington asked about Keawakapu.

Paul Hightower stated the County just moved in the equipment to start the chip sealing on Keawakapu next week.

Commissioner Hamner stated he was out on Diamond Head today and his crew is extremely impressed with the work the District has done and with the training.

- 8.) Update from McCreary Veselka Bragg & Allen regarding the collection of delinquent road fees accounts
Noe Reyes with McCreary Veselka Bragg and Allen thanked the Board for having him on the agenda to give an update on the collection of delinquent fees. MVBA has been under contract with the District from many years. The last report to the Board was in 2016 so I am going to share a bit of information regarding proceeds from public auctions from the years 2017 to 2020 with the Board. This does not include all the collections made from payment arrangements and collections letters sent out. I estimate the District collects about \$200k to \$300k from payment arrangements and collection letters.

Director Kier arrived at the meeting at 6:48 P.M.

Mr. Reyes reported the following:

2017 – 5 Public auctions held
46 Lawsuits filed
59 Properties taken to auction
\$63,747.43 collected from auction proceeds

2018 – 4 Public auctions held
73 Properties taken to auction
\$60,672.74 collected from auction proceeds

2019 – 4 Public auctions held
54 Lawsuits filed
57 Properties taken to auction
\$103,403.18 collected from auction proceeds

2020 - 1 Public auction held
5 properties taken to auction
\$9,187.88 collected from auction proceeds

Mr. Reyes explained that 2020 has been a very unusual year due to COVID and the Courts have been closed since March but MVBA has been able to secure a setting date in October. If it were a normal year the collections would have surpassed the 2019 collections. Property in Bastrop County has been selling for unprecedented amounts. The demand is so high for property in Bastrop. The auctions have been highly successful for the District.

President O'Hanlon thanked Mr. Reyes for his update.

- 9.) Discussion and possible action regarding Construction of New Office Building
Paul Hightower stated there is not a lot of information on this item the architect has been out of pocket dealing with some family issues, but we should have some by next week.
- 10.) Discussion and possible action regarding upgrading meters and meter software
Paul Hightower stated we have been discussing the meter issue for a few months now. The Board asked for some information, which we brought back last month. Unfortunately, like several other water companies I have learned of, we were not the only one slammed by Badger with this. It is a tactic of theirs and not the 1st time it has caught people off guard.

We had meetings either virtual or in-person with the top 4-meter manufacturers in the industry; Badger, Neptune, Master and Sensus. There are several others out there but pricing vs reliability and trust issues, were some of the factors considered looking it over. I am going to give a quick rundown of what we discovered, liked, dis-liked and the cost factors then let Alma give you the billing, customer portal and employee use stance side of things.

I have a spreadsheet I will go over shortly showing the cost side of things.

For what you get cost wise, most of the companies offer a PD and ultrasonic style meter. Master and Sensus are moving to an ultrasonic only platform as their sales are dropping way off, after the ultrasonic introductions. For the small difference in cost between the styles, its pays for itself to go with the ultrasonic. Their warranty, reliability and measuring capabilities are all a ton better. I included PD on the Badger side, simply because it is what we use now and as you will see, the small difference in cost outweighs what it can do. I did not include it on Neptune,

because of this. Badger, Master and Sensus all offer a 10 + 10 flat warranty, meaning 10 years @ 100% and the next 10 pro-rated for accuracy and battery. Neptune is a 10 + 10 on accuracy and full 20-year on battery, meaning if on the 364th day of the 19th year, the battery goes bad, they will replace the meter at 100%.

The measuring capabilities of the meters are all fairly similar in the ultrasonic band. They are basically designed to start at a few drops of water and are extremely accurate. I went thru this sort of a change a few years ago and it is amazing what it did for our production vs sales figures...it will find the losses that mechanical meters lose. Ultrasonic being a solid body form and no moving parts, will not wear out over time like what we have now. As well, the push on ultrasonic meters is not just aimed at billing for every single drop of water, it is also to show people how much is lost or wasted. The reports we can pull with these, are amazing, and that is with any brand we choose. We have this ability with Badger now, but you cannot narrow it down, like you can with ultrasonic.

Moving over to the spreadsheet, this is a lot of info for a shared screen, so the board members have their own printed sheet to look at and it is the same as being displayed here.

Badger is our current company and what they are offering, is to switch the registers only in our system, keeping the mechanical bodies in place, which are between 1-10 years old. The mechanicals have a 10-year / 1MG basic life recommendation. Their DB system using a PD meter for our entire system comes in at \$489k. Their cell platform system comes in at \$477k for a PD style register system or \$580k for ultrasonic meter. They are giving significant discounts for using their cell system because it will cost us roughly \$11k a year to license and operate it thru the cellular network, so they get you there. As our customer count increases, so will this number, per meter per month. Since their system is proprietary, it must use their laptop or reading equipment.

Master Meter falls into the same category as Badger for the most part but only offers a drive-by system for the reading platform and the ultrasonic meter. Theirs comes in at \$652k and \$10.2k up to the 2500-meter count, \$11k at 3k meters, \$11.8k at 3,500 and \$12.6k at 4,000 meters.

Sensus, I am not going to waste much time on, simply due to pricing and, the employees did not care for the software side that much. They offer the cellular based ultrasonic system coming in at \$885k and \$44k annual renewal with a minimum 5-year required term and 3% annual increase...quite sure I can rule them out.

Neptune, for what they call a "cellular" style system is actually their own unique network. It does not operate off the cellular band and it is not open to being infringed on, price increased or capped like the cellular is. Their network

operates on its own repeater and receiver system. They come in at \$543k for the network system and \$530k for the basic DB system. Their annual license and renewals are \$5,500 for DB and \$6,600 for network system and this covers us up to 7,000 meters. Another benefit to Neptune is the equipment. Their portal uses our current I-pads for reading and mapping which integrates with our WO and billing system.

The difference between the DB and cell/network systems, is what we (the District) and the customer are able to do and see, in the portals. The cell system gets 720 readings a month. With the network system, we can see live what is going on or thru the meter any time we pull it up. If a customer is on the phone and we are trying to look at an issue, it's easier to pull the info right then and there vs sending a work order out and waiting for the field crew to go ping the meter, bring the info back, we look it over then call the customer back. The network system also eliminates the monthly driving around, so no more meter reading out of the vehicles which will save the time, labor, vehicle maintenance/gas and etc. that plays into this.

At this time, I will let Alma give you the employees side of comments from all the meetings we had then I will come back with the rest of the info and our recommendation.

Alma Rodriguez stated that Mike, Patricia, and herself had the opportunity to review presentations from Neptune, Sensus and Master Meter. All the dashboard are pretty similar and easy to navigate through the system and downloading the reads seem simple. The cellular point reads will eliminate a meter reader because the meter readings are downloaded automatically, and we will get 720 readings a month. One thing the Neptune system had was a notification system. We could notify all our customers from a section in case of a water outage. The District does have a notification program within Incode but there is a charge for notifications with Incode and there is no charge with Neptune. Another good feature on the Neptune was they could setup a pay link on the customer portal so the customer can go to one screen to pay instead of having to go to another site. This is also included in the pricing. There are various reports that could be generated from the software and we also had the capabilities of emailing the customer from the software. We were all pretty much in agreement that Neptune had the better software from a billing standpoint. With cellular reads we could also cut down on work orders because we could look at the usage from the software without having to send a technician out to get the report. Sensus and MasterMeter did offer a notification program or offer to have a payment link on the customer portal. Sensus stated that 40% of their customer use the Incode program so they are very familiar with working with Incode. One thing about Badger Meters that was brought to my attention by Patricia Lujan was that their customer service representatives were not very friendly.

Currently, San Antonio, Buda and Round Rock all use Neptune in our area along with 9 other smaller companies within a 3-hour circle around us. I spoke with someone I know in Buda and he said they love their system. I reached out to RR but never heard back from anyone. Neptune is what we used in North TX and it was great there as well. I still communicate with a couple of those guys and they have said it has done wonders for their pumping reports. Overall, looking at all 4 companies with what they offer, warranty, meter style (PD & Ultra), portal use and how easy it is to maneuver around, battery life & of course cost factor, staff is recommending going with Neptune meters and the cellular meters.

Director Ferguson asked if the installation is included in the cost or will it be contracted out?

Paul Hightower stated Neptune charge \$55 per meter to install. The installation on about 2000 meters is a little over \$100k. We could also offer overtime to our employees.

Director Ferguson stated in his opinion it is a no brainer to go with Neptune, he just has a bad taste from Badger.

President O'Hanlon agreed with Director Ferguson they knew we were looking to modernize, and they sold us equipment that is now obsolete. What is the timeline on the pricing?

Mr. Hightower stated he was sure the pricing was good until the end of the year.

Tony Corbett asked if the District went through a procurement process or did the District just contact the vendors because generally due to the cost the District is going to have to advertise for the purchase and installation. We are required to go through the procurement process.

Mr. Hightower stated that would be his next step and asked if the installation could be a separate line item.

Mr. Corbett responded that the installation could be an alternate bid.

Director Kier asked how often does Neptune change their technology?

Mr. Hightower stated that they have not changed their platform in about 6 years, the system that they are using now is what they call they excellent system.

Mr. Walsh stated the updates are included are in their annual support and they have been using the same system since the 90's.

Director Kier asked how long it would take to implement 2000 meters in the system?

Mr. Hightower responded if we had a contractor install the meters it would take 60 to 90 days depending on how many people, they have installing the meters and if employees installed the meters it would take about 6 months to a year.

Director Ferguson stated it is about 600 hours' worth of work if you do 3 an hour but you would save \$70,000 if the District employees installed the meters.

Mr. Hightower stated it would be a tremendous savings if the employees installed the meters and stated he could run some numbers on the cost and savings.

President O'Hanlon stated that once this is implemented, we are going to have much more accurate consumption readings. We need to look at the cost of installs in 3 months vs 6 months vs the collection improvements and accuracy improvement as well. It maybe that we pay the cost of a contracted install with more accurate usage readings and more accurate billing cost.

Director Kier stated plus you will have the dual billings systems for an extra 6 to 9 months.

President O'Hanlon asked if makes sense for us to go into competitive procurement for new meters?

Director Kier asked how would we pay for it?

Mr. Hightower stated we can use the TWDB (Texas Water Development Board) funds for this if we choose, we have about \$670K in those funds and we do have funds for Capital Improvements.

Director Kier stated this item was not in the Capital Plan so it will need to be added. The next item up on the Capital Plan was the Tahitian Drive water line is this more important than the Tahitian water line or less important?

Mr. Hightower stated that it is hard to say because we are having so many issues with the Tahitian water line with water breaks, it is a toss-up. If the Badger systems goes down, we can still hand read the meters.

Director Kier stated we have not met with Chris Lane from Samco yet on debt so I am not sure if we would be able to float any debt at this point.

Paul Hightower stated we do not have to decide tonight but we could go ahead and put the procurement out.

Director Kier asked if that was a good thing to go out for a bid and then decide we are not doing the project.

President O'Hanlon stated that is not a good idea. First thing we need to do is figure out how we will pay for the project then do the procurement procedures.

Director Kier stated that first this needs to be placed on the Capital Plan and we need to decide on which is more important.

Mr. Hightower responded to Director Kier that he was not here for the beginning of the meeting and the Tahitian Line work is moving forward and we have a meeting on September 29th to do a walk through so we should have that available for the Board to review next month.

Director Kier stated I think we may have the funds, but he is not sure.

Mr. Hightower stated looking at the 3 top projects which are the meters, the well and the Tahitian line depending on how we structure it we have money in reserves but we do not want to go in and deplete our accounts. We may have to do it in sections.

Director Kier stated we need to have a meeting with Chris Lane and see what we can pay for and what we can get debt on.

Mr. Hightower stated they will have a meeting with Mrs. Lane before the next Board meeting and will have more information at the next Board meeting.

- 11.) Discussion and possible action regarding the projects using the funds from the Texas Water Development Board
Paul Hightower stated the top projects now is going to be the line upgrades, meters, and the well. We are looking at some savings on the Tahitian line projects because some of that line has been replaced. We will have information on this item at upcoming Board meetings.
- 12.) Discussion and possible action regarding Attorney General Opinion No. KP-0327 relating to applicable design standards applicable to, and acceptance of, District roads under Special District and Local Laws Code chapter 11001
President O'Hanlon stated we did a request for an Attorney General's Opinion regarding applicable standards for road construction.

Paul Hightower we finally received a response back regarding our request and it falls in the favor of the County, but I will let Tony Corbett go into detail about the Attorney General's Opinion.

Tony Corbett stated we were trying to seek clarification from the Attorney General regarding a couple of issues based on the legislation that granted to the District road district powers. The legislation clearly provided that road standards applicable to Road District projects would be those applicable to subdivisions where roads were located when the roads were platted. It is our understanding that the County did not have any road standards when Tahitian Village was platted so the clarity we wanted

from the Attorney General's office was then what standards should apply, the legislation has some language about good engineering practices and so the question really was if our engineer identifies good standards for the design of the road is that the applicable standards for the approval by the County or instead can it be any standards identified by the County particular those applicable to new subdivision that are platted today. The Attorney General ended up finding that if there are no road standards at the time the subdivision was originally platted then the County may in its discretion can apply its standards required for new subdivision developments under the premise those are good engineering practices. The second question was the legislation provide that after completion of construction in accordance with the standards the County will accept the road. There was a question about the timing of that acceptance. Whether it was immediately upon completion or after a warranty period and the Attorney General stated that the acceptance is mandatory, they will leave it to the County Commissioners subject to judicial review whether a warranty period is reasonable and constitutes a good engineering standard. It gives us some information that we were struggles with. According to the Attorney Generals' office the County has a lot of discretion with respect to these projects. Going forward to complete as many roads as possible is the Districts position, we utilize what standards are necessary to complete the best roads in the quickest time at the least cost.

Director Kier thanked Mr. Corbett for the information.

- 13.) Discussion and possible action regarding approval of Interlocal Agreement with Bastrop County relating to 2020/2021 road improvement projects

Paul Hightower stated he has received the Interlocal from the County regarding the 2020/2021 Road Improvement Projects. This is the same agreement we had last year with the County and he has sent it to Tony Corbett for his review. I have discussed this with Commissioner Hamner. At the end of the document we do have the list of roads and footage. The only comment Commissioner Hamner had on the Interlocal Agreement was Exhibit C the Project Specifications. This is something that Mr. Corbett wished to have in the document and Commissioner Hamner stated he did not feel the need for it because it is already in the County specifications that is published.

Mr. Corbett asked if these roads have been designed yet?

Mr. Hightower responded no these are new roads.

Mr. Corbett asked what standards are the engineers using for the design of the roads.

Mr. Hightower responded basically what is published in the County specifications.

Mr. Corbett stated from a contract perspective your engineers need to know what to design the roads to so that we know they can be constructed and will be accepted.

This Exhibit is what the District's engineers came up with in terms of design of new roads but if this is not going to be the standards and instead it is going to be the County's published standards for new subdivision, we need to know that so we can design it accordingly.

Commissioner Hamner stated the system we have in place now where your engineer, your crew and my crew, Mr. Hightower and myself walk through these roads and we apply variances at that time your engineer actually documents that and stated he does not see a problem.

Mr. Corbett asked Commissioner Hamner if the District Engineer design the roads to these specifications in Exhibit C or to the County's specifications for new subdivisions?

Commissioner Hamner responded by stating they start off with the current specifications for new subdivisions but I am the ex officio for this Precinct and I walk the roads with them and I give the variances right then and there and it is documented and we all agree. We have a workable solution.

Mr. Corbett stated he just wants to know the starting point and we can just say that our engineers design to the County's standards for new subdivisions then there is a walk through and the parties mutually agree to variances and that is how the process works. We can change the Exhibit to say it is the County standards applicable to new subdivisions and that variances can be granted.

Commissioner Hamner made the comment he is on the District's team.

Mr. Corbett stated in the document in Section A we just need to tweak that sentence to say for new subdivisions and we do not need Exhibit C.

Commissioner Hamner agreed to the revision.

Mr. Hightower stated we will strike Exhibit C and change the one sentence in Section A, and we will call it good.

Director Kier stated do we need to update this for the roads that have not been completed by the end of September.

Commissioner Hamner responded no that the current ILA allows for us to go past September due to weather and other delays.

Mr. Corbett recommended a motion by the Board to approve the Interlocal agreement subject to clarification that the applicable standards will be the County standards for new subdivisions.

Motion: Sam Kier moved to approve the Interlocal agreement subject to clarification that the applicable standards will be the County standards for new subdivisions. Seconded: Scott Ferguson. Vote: Four (4) in favor, motion carries.

Commissioner Hamner stated he had a couple of updates. The ingress/egress road coming from Highway 71 through Colo Vista and landing on Upola Circle is anticipated to be done by October 21st depending on the weather and the bridge over the Colorado did not make the cut but I have engaged McCaul's office for options and I am engaging the City for other options because I want to see that bridge in there.

14.) Discussion and possible action regarding the Road Committee

a) Receive Monthly Committee update,

Paul Hightower stated there has been no meetings. We are getting ready for the annual meeting there were no updates that we discussed. After the annual meeting we will start meetings

Jo Egitto asked if the draft for the road plan the final draft for the road meeting?

Mr. Hightower stated no changes, this was approved at the last Road Committee Meeting.

Director Ferguson stated he knows Greg Stigall is ready to be on the Road Committee, he has attended every meeting.

President O'Hanlon stated she appreciates his willingness to serve on the committee and once we have the Annual Meeting there will be work to be done on the road plan. Hopefully, next year we can get back on schedule of having our meetings in March.

Mr. Hightower stated as we open up these roads, we are having more people building on these roads it will become a challenge on getting roads completed.

15.) Discussion and possible action regarding evaluation for General Manager
This item was discussed in Executive Session. After Executive Session the following motion was made.

Motion: Sam Kier made a motion that the Board reviewed Paul Hightower's performance during Executive Session and we are pleased with his performance and would like to retain him and give him an increase in salary commencement with his performance. Seconded: Scott Ferguson. Vote: Three (3) in favor, motion carries.

President O'Hanlon announced at 7:53 p.m. that the Board will meet in Executive Session regarding Section 551.074 Evaluation and performance of the General Manger.

16.) Executive Session-

- a. Pursuant to Section 551.071 of the Texas Open Meetings Act, the Board will consult with its attorney in Executive Session to seek legal opinion and advice regarding Agenda Item Nos. 13 and 15;
- b. Pursuant to Section 551.074 of the Texas Open Meetings Act, the Board will deliberate the evaluation and performance of the General Manager; and
- c. The Board may also discuss in Executive Session any other item referenced on this Agenda when authorized pursuant to the applicable section of Subchapter D, Chapter 551, Texas Government Code, of the Texas Open Meetings Act.

The Board Adjourned Executive Session at 8:26 p.m.

No action or decision made in Executive Session.

17.) Discussion and possible action regarding matters discussed in Executive Session
The Board went back to Item #15.

18.) Board suggestions on future agenda items
President O'Hanlon reminded everyone of the Annual Road Meeting on Saturday, September 26th at 9:00 A.M.

Director Pinard asked Paul Hightower to have the amount collected for the past 5 years in road fees.

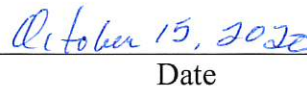
19.) Adjourn

Motion: Sam Kier moved to adjourn the meeting. Seconded: Scott Ferguson. Vote: Three (3) in favor, motion carries.

MEETING ADJOURNED AT 8:28 P.M.



Board Director



Date