



TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT 17
3812 Eck Lane • Austin, Texas 78734
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A Regular Meeting of the Board of Directors of Travis County Water Control and Improvement District No. 17 was held at the District office located at 3812 Eck Lane on Thursday, August 21, 2008, at 6:00 p.m. This meeting was scheduled and conducted in compliance with the Texas Open Meetings Act.

I. CALL TO ORDER.

Director Steed called the meeting to order at 6:05 p.m.

II. ESTABLISH A QUORUM.

Directors Steed, Roberts, Moran, Tuerff and Ward were present. General Manager Debbie Gernes, District Engineers Pat Lackey and Will Pena, along with District Counsel Lauren Kalisek and David Klein were also present.

Director Tuerff left the meeting at 8:55 p.m.

III. MANAGER AND COMMITTEE REPORTS.

In addition to the written report, the General Manager gave the following updates:

- Ms. Gernes thanked the Board for their help with the Water Fest event. She stated the event was a success and she has already received several compliments from some of the District customers.
- A response has been received from LCRA to the District's inquiry about purchasing the West Travis County Water system stating they are not yet ready to divest themselves of the West Travis County Water system and that they were concentrating on selling their Williamson County systems first
- The next Household Hazardous Waste Event has been tentatively scheduled for October or November. The City of Lakeway has responded that the establishment of a permanent HHW collection center is too problematic for them and they do not want to participate in such a facility.
- The general manager is reviewing resumes for an Administrative Assistant.
- The general manager has authorized Water Plant Supervisor Thurman Carlisle to assist other area water treatment plants having Pall membrane systems when their operators need help troubleshooting the system. District 17 has provided assistance to several neighboring communities with Pall plants.
- The wastewater line project for the Lake Travis Elementary School has been advertised for bids, which will be opened before the September Board meeting.
- LTISD has notified Ms. Gernes of their intent to convert the main football field at the high school to artificial turf once the football season is over. Meanwhile, Accord Irrigation will be working with the grounds department to better balance the irrigation systems.
- The Deep Well Injection Study funding application has been placed on hold. Once the District Engineers began formalizing the application, all cost estimates increased significantly and Mr. Lackey did not want to proceed without Board authorization. The deadline for filing the application has passed. This project application can be submitted during the next fund year of the TWDB.

IV. CONSENT AGENDA:

A. APPROVE PAY ESTIMATES/CHANGE ORDERS FOR VARIOUS CONSTRUCTION PROJECTS IN THE DISTRICT:

1. Clearwell and High Service Pump Station, Pay Estimate #16 and Change Order #3.

Pay estimate # 16 in the amount of \$56,477.50 and Change Order # 3 in the amount of \$70,100.00 were presented for payment.

B. APPROVE PAYMENT OF CURRENT INVOICES.

A detailed listing of invoices presented for payment is attached.

C. APPROVE MINUTES.

Minutes presented for approval consisted of the April 17, 2008 regular meeting, the May 19, 2008 special meeting and May 22, 2008 regular meeting, the June 10, 2008 special meeting and June 19, 2008 regular meeting, and the July 17, 2008 regular meeting.

Motion: Director Moran to approve the Consent Agenda as presented.

Second: Director Roberts.

Ayes: 5

Noes: 0

Unanimous.

V. PUBLIC COMMENT, 6:30P.M.

Director Steed opened Public Comment at 6:55 P.M.

Mr. Peter Dwyer, a local real estate developer and resident on Mansfield Circle addressed the Board regarding the tract of land on which the District is planning to construct a water treatment plant. This property is currently owned by LCRA and is about 20-25 acres in size. LCRA is already under obligation to provide the District a 4 acre easement on a small portion of the property next to the current UT lease property for construction of the new treatment plant. Mr. Dwyer stated that he first approached LCRA wanting to purchase the property several years ago, speaking with Mark Rose, the general manager of LCRA at the time. Mr. Dwyer later followed up when Joe Beal was general manager, which he was then made aware of the agreement between the District and LCRA for the plant site. Mr. Dwyer hopes to purchase some of the property for his personal home site, with the balance being available to the District for the plant site and perhaps a few other home sites.

Mr. Dwyer submitted to the Board a Letter of Intent in which he proposed that a partnership be formed with the District and himself to negotiate a deal for the purchase of the property. Mr. Dwyer stated that he would cover the costs of establishing the partnership. Mr. Dwyer stated that he would purchase the acres of land not needed by the District, which he estimates to be 12-17 acres. Mr. Dwyer stated he brings 32 years of land development experience to the table as well as the ability to interface with neighborhood groups concerning the project.

Director Moran asked Ms. Kalisek asked if the District would have to make the excess property available for public bids. Ms. Kalisek stated that the District would need to declare it as surplus, advertise it for bids, but could still negotiate a private sale.

Ms. Kalisek stated that she was not ready to give the Board a legal opinion regarding the proposal set forth by Mr. Dwyer. Director Steed stated that the Board could not act on his proposal since it was not posted on the agenda as an action item. He stated that an Executive Session was posted for the Board regarding this property, which would be taken up after all the other agenda items had been addressed.

Director Steed noted for the record that Mr. Dwyer had been a client of his consulting firm, which was disbanded in January 2007. Director Steed last worked for Mr. Dwyer in 1997-1998.

Public Comment was held open for any other persons that wished to address the Board.

Motion: Director Roberts to close Public Comment.

Second: Director Moran.

Ayes: 5

Noes: 0

Unanimous.

Director Steed closed Public Comment at 8:05 p.m.

VI. OLD BUSINESS:

A. DISCUSS/CONSIDER/TAKE ACT ON PROPOSED CHANGES TO THE DISTRICT'S WATER RATES FOR LOW-USE RETAIL CUSTOMERS AND RECLAIMED WATER RATE.

Ms. Gernes stated that the Policy Committee met to discuss a rebate or credit to be issued for those retail customers using less than the minimum of 3,000 gallons of water each month. The current rate structure penalizes the high volume users, but she wanted to provide a "life-line" rebate for the low volume users. The Committee recommended a Conservation Credit of \$5 for those customers using 3,000 gallons of water or less, effective October 1, 2008. This credit would cost the District approximately \$157,000 in lost revenue a year. The Committee did not feel the need to offset the credit with an additional increase to the rates for the extremely high-end volume users.

Director Tuerff stated that in order for the District to meet its 10% reduction in water usage by the year 2010, he feels the large volume water users still need to be addressed by increasing

the "penalty" rates at the higher volumes by 20 percent. Director Steed stated that this Conservation Credit is more of a humanitarian effort than a conservation effort.

Director Steed requested that the Conservation Committee meet to determine if there should be an additional tier added to the water rate structure to address excessive water usage. The Committee should also review the results of the water audits that have been completed to see if the customer's monthly consumption has been reduced as a result.

Motion: Director Moran to change the water rate structure to allow a Conservation Credit of \$5 for those customers using 3,000 gallons or less, effective October 1, 2008.

Second: Director Roberts.

Ayes: 4

Noes: 1, Tuerff

B. DISCUSS/CONSIDER/TAKE ACTION ON PROPOSED CHANGE ORDER FOR THE CONSTRUCTION OF THE MURFIN ROAD SUBTERRANEAN WATER PIPELINE PROJECT FROM J.C. EVANS.

Ms. Gernes reminded the Board that the contract for this project was awarded to J.C. Evans Construction (JCE). The original subcontractor for the boring was TransAmerican Underground, Ltd. (TAUG) that had a long list of contingencies that have been negotiated. The change order presented for approval incorporates these negotiations, but JCE has not been able to get TAUG to sign off on the contract. Since JCE is having trouble securing the necessary signatures, the District engineers inquired of JCE if there were any other bore subcontractors that had submitted a bid. JCE responded that there was only one other subcontractor that bid on the boring, which was Apollo, who did not have a long list of contingencies, but did have a higher cost by \$100,000 over TAUG.

Ms. Gernes stated that she was seeking direction from the Board as to how to proceed with getting the contract signed so that construction could begin. Ms. Kalisek asked if JCE had signed the contract, if there was anything in the contract that would allow for a change in the subcontractor and allow for a price increase. Mr. Pena stated JCE had signed in good faith that TAUG would sign off on the approved list of contingencies. Mr. Lackey added that JCE may pull out of the contract completely, and that is what we are trying to avoid.

Director Steed stated that it was necessary for the project to get started and if needed in the future, a change order could be presented for Board approval. The Board authorized the General Manager to negotiate with JCE to get the contract signed as soon as possible.

C. DISCUSS/CONSIDER/TAKE ACTION ON RESOLUTION REQUESTING APPROVAL OF HPK VENTURES, LTD'S COST ESTIMATE FOR IMPROVEMENTS TO BE INCLUDED IN THE ISSUANCE OF BONDS FOR THE FLINTROCK RANCH ESTATES DEFINED AREA.

Ms. Gernes stated that the Board had authorized the application to TCEQ back in February, but did not agree to the projects and amounts that were to be included in the application. Mr. Rusty Parker of HPK Ventures, Ltd. had requested that there be 100% reimbursement and more than 2 years of developer interest reimbursed. These two requests were denied by the Board.

Mr. Lackey stated that since February, the consultants for both the developer and the District have come to an agreement on the value of the effluent storage ponds and the irrigation system for the golf course. These have been valued at \$4,805,000. The irrigation facilities were oversized for use by the District, which would need to be reimbursed to the developer in the amount of \$1,534,000. Ms. Gernes stated these fees would be paid from Wastewater Impact Fees collected.

This application would complete the reimbursement for central facilities, which are 100% reimbursable. Mr. Lackey and Ms. Gernes recommended approval of the resolution authorizing the filing of an application to TCEQ for the third bond issue for the Flintrock Ranch Estates Defined Area.

Motion: Director Roberts to adopt the Resolution for filing an application to TCEQ in the amount of \$4,805,000 as presented and to rescind the previously adopted Resolution adopted on February 21, 2008.

Second: Director Moran.

Ayes: 5

Noes: 0

Unanimous.

VII. NEW BUSINESS:**A. DISCUSS/CONSIDER/TAKE ACTION REGARDING 2008 UPDATES TO THE DISTRICT'S PERSONNEL POLICY.**

Ms. Gernes requested approval of the changes made to the Personnel Policy which formalizes changes made throughout the last few years. The manual has also been updated to be in compliance with all current employment law, including the Family Medical Leave Act. The revisions have been approved by Ms. Sheila Gladstone, employment law specialist with Lloyd Gosselink. The Policy Committee has reviewed the changes and recommended approval.

Motion: Director Moran to approve the updates made to the District's Personnel Policy.

Second: Director Ward.

Ayes: 5

Noes: 0

Unanimous.

The Board recessed for a break at 8:20p.m. Director Steed reconvened the meeting at 8:25 p.m.

B. DISCUSS/CONSIDER/TAKE ACTION ON THE PROPOSED FISCAL YEAR 2009 OPERATING BUDGET.

Ms. Gernes stated that the Finance Committee met and reviewed the Budget. Ms. Gernes reviewed the major areas of the Budget with the Board. She stated that there are still some small revisions still to be made, including adjusting Water Sales for the Conservation Credit and Reclaimed Water Rate changes approved by the Board. An adjustment would also be made to the Salary category due to the recent hirings and proposed positions to be filled in the next fiscal year. The budget will need to be approved at the September regular Board meeting.

C. DISCUSS/CONSIDER/TAKE ACTION ON THE PROPOSED 2008 TAX RATES FOR THE DISTRICT-WIDE TAX, THE STEINER RANCH DEFINED AREA TAX, THE FLINTROCK RANCH ESTATES DEFINED AREA TAX, AND THE SERENE HILLS DEFINED AREA TAX; AND SETTING PUBLIC HEARING FOR SAME.

Office Manager Leslie Terrell reviewed the tax rates with the Board. She stated the Board needed to vote on the proposed tax rates, which would be published in the local newspaper before the next Board meeting. A public hearing will be held on the tax rates at the September meeting before the Board adopts the tax rates.

Ms. Gernes explained that the tax rates proposed are sufficient to cover the annual debt service payments required for the defined areas and the O&M tax is collected to cover larger projects such as waterline replacement, similar to the Hudson Bend waterline projects.

Ms. Terrell stated that the Board could raise the District – wide O&M tax rate from \$0.0575 to \$0.0581 to optimize the tax revenue. Director Tuerff stated he would like to see the O&M tax rate remain at the same level. Ms. Terrell stated that this would only cost the District \$20,000 in unrealized revenue with the lower rate. Director Ward agreed with Director Tuerff, stating this would symbolize to the voters that the Board understands that the appraised values of the property within the District is often overstated.

Motion: Director Ward to approve a proposed O&M tax rate of \$0.0575 per \$100 of assessed value.

Second: Director Tuerff.

Ayes: 5

Noes: 0

Unanimous.

Ms. Terrell stated that both of the tax rates for the Steiner Ranch Defined Area and the Flintrock Ranch Estates Defined Area have decreased slightly. Ms. Gernes stated that there will not be a tax rate proposed for the newly created Serene Hills Defined Area since there has not been any improvements made to the area.

Motion: Director Roberts to approve a proposed tax rate of \$0.5494 per \$100 of assessed value for the Steiner Ranch Defined Area and a proposed tax rate of \$0.3982 per \$100 of assessed value for the Flintrock Ranch Estates Defined Area.

Second: Director Tuerff.

Ayes: 5

Noes: 0

Unanimous.

D. DISCUSS/CONSIDER/TAKE ACTION ON ACQUISITION OF REAL PROPERTY FROM LCRA LOCATED WITHIN THE DISTRICT'S BOUNDARIES NEARBY MANSFIELD DAM FOR THE NORTH SHORE TREATMENT PLANT PROJECT.

Following discussion in Executive Session, the following motion was made:

Motion: Director Ward to authorize the General Manager to negotiate an Earnest Money Contract with a feasibility period not less than six months and a purchase price not to exceed \$1.3 million for the LCRA tract located at the East portion of Mansfield Dam.

Second: Director Moran.

Ayes: 4

Noes: 0

Unanimous, with Director Tuerff absent for the vote.

E. DISCUSS/CONSIDER/TAKE ACTION ON PROPOSAL FROM PALL CORPORATION TO PURCHASE TWO NEW MEMBRANE RACKS FOR THE ECK LANE WATER TREATMENT PLANT.

Mr. Lackey stated he has received a quote from PALL Corporation for two additional racks of 98 modules each in the amount of \$1,942,000. These racks will be installed in Plant B of the Eck Lane Treatment Plant and increase the treatment capacity by 2 million gallons per day. This quote is for the equipment only. A contract will need to be negotiated with Payton Construction for the installation of the equipment, but some of the work will also be done by District staff. This project would be cost-shared with TWC/Steiner Ranch, Ltd.

Ms. Gernes added that a quote of \$340,000 had been received for the replacement of 120 modules in Plant A. Mr. Lackey added that the life of the modules was originally estimated at 10 years, but it is proving to be shorter at about 5 years. Ms. Gernes stated she is not ready to act on this proposal yet.

Motion: Director Moran to accept the proposal of \$1,942,000 for the purchase of 198 modules for Plant A.

Second: Director Roberts.

Ayes: 4

Noes: 0

Unanimous, with Director Tuerff absent for the vote.

F. DISCUSS/CONSIDER/TAKE ACTION ON CONTRACT AWARD FOR THE HUDSON BEND AREA WATER LINE IMPROVEMENTS 12 INCH WATER LINE INSTALLATION.

Mr. Will Pena stated that 15 bids had been received for the project, with the lowest bid received from Royal Vista, Inc. in the amount of \$946,131.00. Ms. Gernes stated that this project would be funded through O&M taxes already collected.

Motion: Director Moran to award the contract to Royal Vista, Inc. as presented.

Second: Director Roberts.

Ayes: 4

Noes: 0

Unanimous, with Director Tuerff absent for the vote.

G. DISCUSS/CONSIDER/TAKE ACTION ON CONTRACT AWARD FOR STEINER RANCH PHASE ONE, SECTION 10D, PHASE 1A, WATER, WASTEWATER AND DRAINAGE IMPROVEMENTS.

Mr. Robert Long stated that this project was the next phase of lot development in the golf course community. Six (6) bids were received, with the apparent low bid from Benitez Construction. However, Benitez did not include costs for street excavation and spoils removal in their bid. The bid was rejected and Mr. Long recommended contract award to the second low bidder, Ross Construction, in the amount of \$ 1,620,484.67. The general manager and District engineer concurred.

Motion: Director Moran to award the contract to the second low bidder, Ross Construction.

Second: Director Roberts.

Ayes: 5

Noes: 0

Unanimous.

H. DISCUSS/CONSIDER/TAKE ACTION ON SALES TRANSFER MERGER APPLICATION TO TCEQ FOR THE COMMANDER'S POINT WASTEWATER TREATMENT SYSTEM.

Ms. Gernes stated that the application has been prepared and is ready to submit to TCEQ. There are still a few items that remain to be completed by 620 Utility Co. before she is ready to

accept the wastewater treatment plant and submit the application to TCEQ. The plant is a recirculated sand filtration system that has been in operation for several years, but at a reduced flow rate. The original developer had this plant permitted with TCEQ before the District had received its Wastewater CCN. An agreement was put in place with the developer that the District would take over operations of the plant at full build-out of the subdivision. The application will take about 120 days for TCEQ review and approval.

Motion: Director Moran to authorize the execution of the Sales Transfer or Merger Application as presented.

Second: Director Roberts.

Ayes: 4

Noes: 0

Unanimous, with Director Tuerff absent for the vote.

I. DISCUSS/CONSIDER/TAKE ACTION ON THE PETITIONS FOR ANNEXATIONS AND ORDERS ADDING LAND FOR THE FOLLOWING LOCATIONS:

- 1. Lot 25, Block 2M of Travis Landing No. 2, Phase 5, Troy & Carolyn Bonnet owners.
- 2. 1.241 Acres of Land, more or less, out of the John Foster Survey No 587, being a portion of a vacated street, all of Lot 17 and a portion of Lot 3, Block 4 of Hudson Bend Colony No. 1, Greg and Bertha Shapiro, owners.
- 3. Lot 21, Majestic Hills Ranchettes, Lee and Dorie deGeest, owners.
- 4. Lot 37, Majestic Hills Ranchettes, Michael Mollison and Tammy Cook, owners.

Ms. Terrell stated that all documents were in order for the annexation requests and recommended approval of all.

Motion: Director Ward to approve the Petitions for Annexation and the Orders Adding Land as presented.

Second: Director Moran.

Ayes: 4

Noes: 0

Unanimous, with Director Tuerff absent for the vote.

VIII. THE BOARD WILL MEET IN EXECUTIVE SESSION TO DELIBERATE THE ACQUISITION OF REAL PROPERTY FROM LCRA LOCATED WITHIN THE DISTRICT'S BOUNDARIES NEARBY MANSFIELD DAM FOR THE NORTH SHORE TREATMENT PLANT PROJECT, AND TO RECEIVE ADVICE FROM ITS ATTORNEY REGARDING SUCH PURCHASE, IN ACCORDANCE WITH TEXAS GOVERNMENT CODE SECTIONS 551.071 AND 551.072.

The Board entered Executive Session at 9:59 p.m. Director Steed closed the Executive Session at 10:48 P.M.

IX. ADJOURNMENT.

Motion: Director Ward to adjourn the meeting.

Second: Director Moran.

Ayes: 4

Noes: 0

Unanimous.

Director Steed adjourned the meeting at 10:50 p.m.

Approved this _____ day of _____ 2008, with a motion

by Director _____ and a Second by Director _____.

Ayes _____ Noes _____ Abstained _____

Presiding Officer

Secretary