

COUNTY LINE SPECIAL UTILITY DISTRICT

Meeting Minutes

Board of Directors Meeting –January 23, 2023 at 6:30 PM

District Office-8870 Camino Real, Umland, Texas 78640

Board Members Present:

Toni Brewer

Joe Howe

William Ilse

Ken Dodson

James “Rusty” Loep

Tracy Scheel

Others Present:

Chris Betz

Allison Nieto with Southwest Engineers via Zoom

Jeff Kallus with Southwest Engineers via Zoom

Humberto Ramos with Canyon Regional Water Authority

Bill Fry with PCU-OMMS

Wyatt Misenheimer with PCU-OMMS

Justin Ivicic

Herb Williams with Williams Water Works Consulting

Daniel Heideman, CLSUD Staff

Doug Schnautz, CLSUD Staff

Jennifer Tarbutton, CLSUD Staff

Rebecca Moore, CLSUD Staff

Tracie Crowell, CLSUD Staff

The following represents the actions taken by the Board of Directors (Board) of the County Line Special Utility District (CLSUD) in the order they occurred during the meeting. The Board of Directors convened in a meeting at the date, time and location stated above.

- A. CALL TO ORDER.** Director Brewer called the meeting to order at 6:30 P.M.
- B. ROLL CALL.** Quorum of the Board was present, with Directors Brewer, Howe, Ilse, Dodson, Loep and Scheel in attendance.
- C. PUBLIC COMMENT.** There was no public comment.

D. CONSENT AGENDA:

D.1 Consider and take action to approve the minutes of the November 21, 2022 regular Board meeting. Director Dodson moved to approve the minutes and Director Howe seconded the Motion. Passed unanimously 6 Aye, 0 Nay.

E. REPORTS.

The Board of Directors received the following reports:

E.1 Wastewater Operations Report. Bill Fry with Plum Creek Utility reported Construction of the expansion of WRRF #1 nearing completion. Expansion will add an additional capacity of 150,000 gallons per day to the existing 150,000 gallons per day capacity. Current capacity being utilized is an average of 100,000 gallons per day. Maintenance activities include completion of the Las Estancia lift station pump and electrical controls repair. Winterization of all facilities was successful, no freeze damage affected operations of the facilities. Maintenance activities on CLSUD wastewater facilities and lines included winterization of the Downtown lift station performed by Plum Creek Utility's operator, OMMS. Cross Creek Subdivision and Las Estancias are adding connections. El Camino RV Park are on a pump and haul until the lift station is completed and will add 37 connections when they are connected to the system. Connections can be made once the generator is added to the downtown lift station.

E.2 Engineer's Report.

Allison Nieto with Southwest Engineers reported Downtown Uhland Wastewater projects completed except for the generator at the lift station. Gristmill South Gravity and Reuse Mains are under construction and should be complete this week. Four (4) subdivisions are under construction; four (4) plans have been approved; five (5) plans submitted for review; and nineteen (19) have requested service and paid the application fee. PCU is under construction on the WRRF 1 Phase 4 Expansion, which will add another 150,000 gallons per day of capacity for a total of 300,000 gallons per day, construction should be complete in Spring 2023. PCU currently in design on the Porter Creek Lift Station and Force Main which will convey the wastewater from CLSUD's Porter Creek Gravity Main and Creeks Crossing Subdivision (Phases 3 & 4) to PCU WRRF #1, design is scheduled to be complete in February.

Jeff Kallus reported material submittals have been approved for the Brooks Well Site for pump replacement and electrical repairs, the project does not include a generator as this will be a separate project. Survey has been completed and working on easements for the FM 2720 water line. Easement acquisition and surveying have begun for the San Marcos Interim Water Supply. Gristmill Road reuse water line extension is in design of the road crossing of SH 21 and extension to the concrete plant. The reuse line will continue to County Line SUD's office for construction water fill location, line will also be installed on property that has requested service.

E.3 Financial Report. Rebecca Moore reported the Balance Sheet included in the board packet is preliminary, yearend reconciliations have not been completed. Downtown wastewater facilities are now working and will be moved to wastewater assets and will start depreciating them. Small Impact Fee collected for Scrubs Car Wash. Interest income is still high. Restricted Income year to date is \$1.8 million over budget which means we had more new developments than expected in 2022. Did not budget for sale of service area, above budget for about \$640,000.00. Water revenue for full year approximately \$600,000.00 over budget. Sold over 13 million gallons of construction water.

E.4 CRWA & ARWA Report. Humberto Ramos with CRWA reported they held their Trustees meeting January 9, 2023 and did not have a meeting in December. Had a clean audit and the board approved it. Imposed a February 1, 2023 deadline for entities to state how much water they are wanting and the delivery points for the Wells Ranch III Agreement. Samco to make sure entities conduct rate studies to ensure they are able to pay for requested water. Martindale decided not to participate in the Wells Ranch III Agreement. Springs Hill requested 3,000 acre feet instead of 2,000 acre feet. Waiting on TCEQ approval to start using new membrane technology at the Hays/Caldwell facility. Approved long term disability insurance for CRWA staff at \$370.00 per month. Adopted a Resolution with Gallegos Engineering for a two (2) year term to do service order of hydraulic modeling for CRWA/Maxwell Wheeling Agreement. Hired HRM Land Acquisitions at a cost of \$70,000.00 to obtain more Carrizo leases. Next Board of Managers meeting will be held Wednesday, February 1, 2023.

Chris Betz with ARWA referred to ARWA packet sent out. Working on updates on current progress of pipeline, progress is going well. Working out the details of GBRA/ARWA co-managing the water treatment facility, who will operate the facility. Working on issues that could impact us or members at the 88th Texas Legislature Session.

E.5 General Manager's Report. Daniel Heideman thanked the Directors for approving County Line SUD retirement benefit with TCDRS. Referred everyone to his report included in the board packet. The twelve inch (12") waterline going down Gristmill Road from Hwy 21 through Water Mill Subdivision is in place, in use, and tied customers on the other side of Gristmill Road into the new line, the old line is now out of service. Crystal Clear historically over pumps their permit at the Hays/Caldwell plant and need to remedy that. County Line SUD has some water that the plant cannot treat and get to us. Crystal Clear has some EAA water west of San Marcos that they do not have a facility to pump the water into their system. Daniel met with them last week and worked out a way to allow Crystal Clear to use water at the plant in exchange for some of their water west of San Marcos. No money would be exchanged, would only exchange water for a one (1) year period and then would try to work something out more permanently.

E.6 President's Report. Nothing was reported.

E.7 Capacity Report. Rebecca Moore reported developments on her chart included in the board packet will move up or down depending on payment of impact fees, signed NSSA's, plan submittal and review and schedule of construction. Have a lower LUE count than last month, Caldwell Valley Real Holdings 7400 LUE's is not happening right now. No one has paid the new impact fee yet, currently in negotiations with first subdivision that will pay the new impact fee. Jeff Kallus reported developments are providing buildout schedules and NSSA's are being prepared. Close to 1500 connections are being added. Hope to have revised numbers by February board meeting. Director Brewer recommended preparing a report to help keep track of what we are committed to.

F. ITEMS FOR ACTION OR DISCUSSION/DIRECTION TAKEN OUT OF ORDER:

F.1 Discuss, consider, and take action regarding adopting TCDRS as new retirement plan and Group Term Life Plan for CLSUD. Kristina Fox with Texas County & District Retirement System (TCDRS) made a presentation to the directors in regards to a new retirement plan and group term life insurance plan for County Line SUD staff. TCDRS was created in 1967 by the Texas Legislature and receives no funding from the State of Texas. They do not charge administration fees to employers who participate in the plan. They are managed independently by a nine (9) member board of trustees, are partnered with more than 830 employers and as of December 31, 2022 had \$45 billion in assets. The plan is known as a cash balance plan. Regardless of market ups or downs, employees earn 7% compound interest. Receive a lifetime benefit at retirement that includes employer matching and can extend to a beneficiary at employee death if employee chooses. All fulltime employees must participate and plan can be reviewed annually. Service time from other employers who participate in this program can be carried over along with military service time. Employees can either keep their money with TCDRS, rollover or withdraw their money at separation from an employer. If employee chooses to rollover or withdraw their money from TCDRS they will only be entitled to what they contributed and not what their employer contributed. Proposed plan for County Line SUD staff: Employee deposit rate of four percent (4%); employer matching of \$1.25 for every dollar employee has paid; retirement eligibility at age sixty (60) with five (5) years of service or rule of seventy-five (75) and must be vested or twenty (20) years of service at any age. Plan would also offer twenty-five percent (25%) of back pay for employees with prior service. Prior range of service for employees range from forty years to less than one year. Group Term Life would entitle beneficiary a one (1) time payment of one (1) times employee annual salary plus their retirement payment. Retiree beneficiary would receive a one (1) time payment of \$5,000.00. Proposed plan is currently within the budget of CLSUD. Current plan through Edward Jones would still be available to employees, but CLSUD would not contribute money, only the employee would contribute. Current life insurance benefit through TML Health would remain in effect at least for the time being. Director Brewer made a motion to adopt this retirement plan and include the group term life and make adjustment to Edward Jones account wherein CLSUD will no longer contribute employer portion. Director Scheel made a motion to adopt TCDRS as new retirement plan and group term life plan and Director Dodson seconded the motion. 6 Aye, 0 Nay-Motion passed unanimously.

F.2 Discuss, consider, and take action regarding update of employee benefits. Jennifer Tarbutton made a presentation of proposed updates to County Line SUD employee benefits. Ms. Tarbutton reviewed benefits of other Special Utility Districts within a twenty (20) mile radius for her proposal. She is working on a chart of employee benefits so employees will see what their true pay is when you factor in paid sick and vacation days, paid holidays, employee paid health

insurance and payment of half of family health insurance along with employee paid life insurance. Ms. Tarbutton's proposed update includes: adding Martin Luther King day and New Year's Eve as paid holidays and including two (2) floating days to be used at any time during the year; revised vacation time of eighty (80) hours for one (1) to two (2) years of employment, one-hundred twenty (120) hours for three (3) to nine (9) years of employment and one-hundred sixty (160) hours for ten (10) plus years of employment. Bereavement leave would change to five (5) days for use with the death of immediate family members. Immediate family members would include employee's spouse, children, siblings, grandparents, parents and anyone living in employee's home. Paid sick leave would increase to eighty (80) hours per year with a max of two-hundred forty (240) hours allowed to accrue. Update would also include a \$20.00 per week pay increase for the three (3) CLSUD employees who can fluently speak Spanish. Board of directors could not agree whether to have paid sick and paid vacation days or pool the time as paid time off (PTO). Humberto Ramos recommended the benefit committee meet and discuss the proposed benefit update for CLSUD. Director Brewer recommended a decision not be made until after the committee meets and the board could vote on the entire proposal. Director Scheel made a motion to have Employee Benefits Committee meet to decide benefits package and Director Dodson seconded the motion. 6 Aye, 0 Nay-Motion passed unanimously.

F.3 Discuss, consider, and take action regarding Rate Study prepared by Herb Williams with Williams Water Works Consulting. Herb Williams prepared a rate study for County Line SUD for 2023. Rate study prepared for 2022 supported a 34.93% increase, but CLSUD board felt the increase was too much and decided on a 11 to 11 ½ percent increase and a 10 ½ percent increase for 2023. A 10 ½ percent increase for 2023 will not generate the revenue stream needed to fund upcoming projects and increased expenses. Crystal Clear SUD already raised rates, City of Kyle is currently working on a rate increase and Goforth SUD is currently having a rate study prepared. Mr. Williams stated increases should be based upon your expenses and not upon other Special Utility District's rates. Proposal would increase the base rate from \$40.36 to \$48.15, variable rate from \$3.65 to \$4.36, implement an additional water use category from 20k to 25k and increase intervals between usage categories to 20% to encourage water conservation. Mr. Williams made the recommendation County Line SUD inform customers of the rate increase prior to implementing the increase. Mr. Williams can draft a letter to send to customers notifying them of the rate increase. Customers have ninety (90) days to file a petition with the PUC for review of the rates to justify the increase. Director Brewer made a motion to propose rates to customers and vote/implement the increase at the February board of directors meeting. Director Scheel agreed on the motion and Director Dodson seconded the motion. 6 Aye, 0 Nay- Motion passed unanimously.

F.4 Discuss, consider, and take action regarding Order Amending Water Service Rates. No motion made, proposal approved in Item F.3 above so proposal can be sent to customers in the upcoming water bill statement. Will pass and implement at the February board of directors meeting.

F.5 Discuss, consider, and take action regarding Gonzales Carrizo Water Supply Project. Chris Betz provided the following from Brian Perkins at GBRA: HDR Engineering continues work on the design and ROW acquisition for the pipelines around Lockhart and up FM 2001/TX 21 to get water from the Lockhart area to CLSUD and other TX 130 customers. Discussions with ARWA on the expansion of the Water Treatment Plant necessary for the project have gone well. GBRA is actively working with all of the customers to make interim

water available to the TX 130 customers along with working on draft sharing agreements that will set the terms for the interim water. GBRA is working through the process to get additional groundwater permits from the groundwater conservation district. There were a number of folks that submitted protests. The Texas Water Development Bonds closed in November 2022 at 4.05%. Total payments show \$36.6 million in payments through August 2052 with a maximum annual payment of \$1.4 million per year. This does not include CLSUD infrastructure costs, these costs are in the budget as restricted income. No action taken on this item.

F.6 Discuss, consider, and take action on CRWA's Wells Ranch Phase III Water Supply Project Agreement. Humberto Ramos with CRWA stated CLSUD will need to provide them with the amount of water CLSUD will require by the February 1, 2023 deadline. CLSUD can request additional water if needed, but must keep in mind the infrastructure may not be able to support the water increase if all the participating entities request additional water down the road. Wells Ranch III has a peaking factor of 1.3. Jeff Kallus with Southwest Engineering recommends CLSUD take at least 2,000 acre feet of water, 3,000 acre feet of water would be better, but not sure about payment of the additional water. Rebecca Moore with CLSUD stated \$354,000.00 is in this year's restricted budget for this project based upon 2,000 acre feet of water. Mr. Ramos said water to CLSUD within three years. Chris Betz recommended the construction of a larger line in case it is needed down the road. Developer projections provided to Mr. Kallus is 1500 customers for 2024 and 1700 customers for 2025, at this rate 2,000 acre feet of water will last until 2031 or 2032. Mr. Betz stated banks are not an option for funding and neither is Texas Water Development Board money since this is not in the statewide Region L Water Plan. We would not get a good rate going out on our own, would get a better rate as part of CRWA. Mr. Ramos recommends CLSUD sign a document for 2,000 acre feet with an option for more, if needed. Director Brewer made a motion to approve the 2,000 acre feet with an option to modify. Director Scheel made a motion to let staff inform CRWA of the 2,000 acre feet with an option to increase later. Director Dodson seconded the motion. 6 Aye, 0 Nay-Motion passed unanimously.

F.7 Discuss, consider, and take action on PCU Wholesale Wastewater Agreement. Chris Betz stated the Agreement is in process, moving ahead slowly. No action taken.

F.8 Discuss, consider, and take action regarding Interim Water Supply Agreement with the City of San Marcos. Jeff Kallus reported working on easement acquisition. Survey should be complete mid February. A meeting is scheduled with San Marcos Wednesday, February 1, 2023 at 2:00 pm to discuss agreement. Chris Betz stated contract is for 1 million gallons per day for now, small changes are being made to the contract, pathway changes are being made which makes it harder to connect. Cost of approximately \$6.00 per thousand gallons should be put on new developers and not the existing customers. Mr. Betz will resend a copy of the contract to everyone prior to the next board of directors meeting. No action taken.

F.9 Discuss, consider, and take action regarding handling violations of CLSUD's Service Policy regarding one meter per residence requirement. Board of directors could not reach an agreement on how to handle the violation(s). Payment plan was suggested, possibly placing a lien on the customer's property, sending letters to the customer setting out what must be done, fees that must be paid and setting out the consequences if action is not taken, possibly making the account a master metered account, have customer sign an Affidavit stating they are not using the additional home(s) and no one is occupying them. Should the old or new impact fee

be charged to these customers, if any. Daniel Heideman stated the easiest solution would be to start billing the customer monthly for the number of extra houses located on the property, no impact fee would be collected. Directors feel CLSUD attorney should provide direction with this matter. Director Scheel made a motion to send Item F.9 to the lawyers and let them tell us what we can and cannot do in regards to this issue, Director Dodson seconded the motion. 6 Aye, 0 Nay-Motion passed unanimously.

F.10 Discuss, consider, and take action regarding construction of new addition to CLSUD office. Daniel Heideman stated he obtained a bid for a 40 X 40 finished out addition with two (2) bathrooms for \$155.00 a square foot. Current board room would be converted into offices. The new addition would be constructed on CLSUD property as a separate building. The new addition is in the budget. Chris Betz brought up partnering with the City of Uhland to build a new building on property currently owned by the City of Uhland. Mr. Betz stated he would visit with the City. No action taken.

F.11 Discuss, consider, and take action regarding First Amendment of Wholesale Treated Water Supply Agreement entered into by and between County Line Special Utility District and Goforth Special Utility District. Daniel Heideman presented this item. Original Agreement with Goforth SUD dated back to November 14, 2001 because they needed to show an additional source of water. Originally water was delivered to a pump station located on High Road, Goforth SUD abandoned the station and CLSUD purchased the equipment. A revised Agreement was signed in May 2012 with an expiration date of May 2022. Goforth SUD needs water to serve a subdivision located on Bunton Creek Road. Subdivision is located within the CCN of Goforth SUD, but they do not currently have the infrastructure to deliver the water, County Line SUD has infrastructure capable of delivering the water. Agreement is for 1.9 million gallons of water per month for eighteen months (18) or until their infrastructure is in place, whichever occurs first. Price per gallon for water is \$6.42 per thousand gallons with a monthly minimum of \$6,101.00. Goforth SUD cannot sell construction water in the subdivision, would be required to purchase from County Line SUD at a cost of \$17.00 per thousand gallons. Motion made to allow board president sign the Agreement when the Agreement is complete. Director Howe approved the motion and Director Dodson seconded the motion. 6 Aye, 0 Nay-Motion passed unanimously.

F.12 Discuss, consider, and take action regarding Reclaimed Water Supply Agreement between PCU and County Line Special Utility District. Jeff Kallus and Daniel Heideman presented this item. PCU attorney drafted the Agreement and presented the Agreement to CLSUD attorney. PCU will take water from the wastewater treatment plant and place in a ground storage tank and will pump at a similar pressure as potable water and deliver to CLSUD, concrete plant and irrigation meters. All subdivisions must install reuse lines for irrigation, potable water will be used until the reuse system is up and running and then they will switch from the potable lines to the reuse lines. PCU wants to get started, but wants a signed agreement with CLSUD first. Rate will be \$2.00 per thousand gallons with a \$250.00 monthly minimum. Everyone will pay the same rate for reuse water and the rate will not be raised when potable water rates increase. Grants are available to help companies cover the cost of utilizing reuse water, but are difficult to get. NSSA's state any water discharged belongs to CLSUD. Mr. Heideman suggests board approve Agreement pending CLSUD staff and attorney agreeing to the terms, board president can sign with further negotiations. Director Scheel made a motion to approve Reclaimed Water Supply Agreement between PCU and County Line Special Utility District, Director Howe seconded the motion. 6 Aye, 0 Nay-Motion passed unanimously.

F.13 Discuss, consider, and take action regarding 2023 Budget. Rebecca Moore presented this item. Restricted Income of \$4,579,358.96 which is based on 300 LUEs signed for wastewater and 400 LUEs signed for water impact fees. Improvements for High Rd BS GST #2, Gristmill South Gravity Main, Porter Creek Gravity Main, FM 2720 water line and Re-use water extension to concrete plant would all come out of the restricted income. Budget includes the purchase of two (2) work trucks. \$1.6 million in budget for the San Marcos water which starts in March, take or pay and will be \$58,000.00 per month. GBRA buy in \$123,000.00, restricted in CIP. High Road elevated tank will go away and will be replaced with the Misty Lane tank. Director Ilse made a motion to approve budget and Director Scheel seconded the motion. 6 Aye, 0 Nay-Motion passed unanimously.

G. BOARD MEMBER ITEMS OR FUTURE AGENDA ITEMS. No Future Items were given.

H. EXECUTIVE SESSION. Meeting did not go into Executive Session.

I. ADJOURNMENT. Director Ilse made a motion to adjourn the meeting and Director Dodson seconded the Motion, Motion passed unanimously. Meeting was adjourned at 10:34 P.M.



County Line SUD, Board President

Toni Brewer

Date 2/20/23