

COUNTY LINE SPECIAL UTILITY DISTRICT

Meeting Minutes

Board of Directors Meeting –February 20, 2023 at 6:30 PM

District Office-8870 Camino Real, Umland, Texas 78640

Board Members Present:

Toni Brewer

Robert Diaz

Joe Howe

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

Scott Manuel with PCU-OMMS

Herb Williams with Williams Water Works Consulting via Zoom

Blinda Irby-Customer of County Line Special Utility District with a Public Comment

Leigh-Anne Clabby-Customer of County Line Special Utility District representing Highlands at Grist Mill Neighborhood with a Public Comment

Jesse Pena with Quiddity Engineering

Daniel Heideman, County Line Special Utility District Staff

Jennifer Tarbutton, County Line Special Utility District Staff

Rebecca Moore, County Line Special Utility District Staff

Tracie Crowell, County Line Special Utility District 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, Diaz, Howe, Loep and Scheel in attendance.
- C. PUBLIC COMMENT.** Blinda Irby, a customer of County Line Special Utility District stated her hot water has a strong smell of sulfur, she presented a sample of hot water to the board to smell and wanted to know what is possibly causing the smell and what could be done to eliminate the smell. Ms. Irby stated she hired Reliant to come in and evaluate the smell and they installed a special filter and installed a new hot water heater, this did not solve the problem. Ms. Irby also hired Culligan to come in and evaluate the smell and they suggested she install a water softener, the water softener did not solve the problem either. Daniel Heideman stated sulfur naturally occurs in the Edwards Aquifer and heat makes the smell worse and having water sit in a hot water heater also can make the smell worse. Mr. Heideman will visit with the Engineers and see if they have a solution or any suggestions.

Leigh-Anne Clabby, a customer of County Line Special Utility District and representing the Highlands at Grist Mill Neighborhood raised the following topics: Raise higher tiered water rates instead of the lower tiered rates as a possible incentive for customers to conserve water; offer rebates or rewards for customers who have rain water collection systems and require developers to install rain water collection systems at public use buildings and landscape the neighborhood in native plants; have developers cover the cost of new infrastructure; and be more transparent on our rates. Herb Williams with Williams Water Works Consulting stated his rate study takes in to account the higher tiered rate brings in more money than the lower tiered rate. Around \$297,000.00 in fees from customers paying the higher tiered rate goes back in to lowering the rate per 1,000 gallons in the lower tiered rate. The variable rate amount covers the cost of the utility to purchase the water, pump water, cost to produce and deliver the water from Point A to Point B. The Base rate helps cover the cost of salaries, technology to deliver bills, basically covers the cost of the utilities day to day operating expenses. Mr. Williams stated developers pay for new development infrastructure through their impact fees and water reservation fees, customers are not paying these costs. Daniel Heideman stated customers would pay higher rates if County Line subsidized rain water collection systems and new developments are being required to connect to the reuse lines if they are planning on having an irrigation system. Construction of the reuse plant should start within the next few months. Herb Williams stated County Line uses a rate of .41 gallons of water per minute for every customer compared to most other water utility companies that use .6 gallons of water per minute for every customer. Humberto Ramos with Canyon Regional Water Authority recommends County Line SUD put together a frequently asked question and answer section on their website.

D. CONSENT AGENDA:

D.1 Consider and take action to approve the minutes of the January 23, 2023 regular Board meeting. Director Howe moved to approve the minutes and Director Scheel seconded the Motion. Passed unanimously 5 Aye, 0 Nay.

E. REPORTS.

The Board of Directors received the following reports:

E.1 Wastewater Operations Report. Scott Manuel with OMMS reported WRRF #1 is compliant and running well. Maintenance included replacement of lift pumps at the WRRF #1 lift station.

E.2 Engineer's Report.

Allison Nieto with Southwest Engineers reported all projects are complete except for the generator at the Downtown Umland Wastewater lift station, generator is delayed until March. Gristmill South Gravity and Reuse Mains are complete including manhole coating which had been delayed due to weather, a walk through is scheduled for Thursday, February 23, 2023. The Porter Creek Gravity Main is under design and should be ready to bid by the end of the month. Four (4) subdivisions are under construction; five (5) plans have been approved; five (5) subdivision plans have been submitted for review and eighteen (18) 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 Summer 2023. PCU is currently in design on the Porter Creek Lift Station and Force Main, which will convey the wastewater from County Line Special Utility District's Porter Creek Gravity Main and the Creeks Crossing Subdivision (Phases 3 & 4) to PCU WRRF 1.

Jeff Kallus with Southwest Engineers reported Watermill, Wayside and Camino East are wrapping up construction and should be adding homes this year. The contractor is waiting on materials to start construction on the Brooks Well Site. Met with a landowner on the possible water plant location for the GBRA water. County Line SUD Board approved 2,000 acre feet of water for the CRWA Wells Ranch Phase 3 project. Starting design and determining easement limits for the FM 2720 water line. Working on the reuse waterline across State Highway 21 to the concrete plant. Easement acquisition is in progress and survey should be completed by the end of the month on the San Marcos Interim Water Supply project. Rebecca Moore with County Line SUD stated she completed a Texas Department of Emergency Management questionnaire in response to Direct Howes' Grant status question.

E.3 Financial Report. Rebecca Moore with County Line Special Utility District reported balance sheet looks standard, nothing extraordinary with the budget. Watermill Phase II paid their wastewater Impact Fees. Water revenue is lower than normal because of the reversal of the accrual that had to be done for December to accrue half of the January billing. Positive interest income. EAA Management Fee, EAA Program Fee and TML property insurance are all full year expenses. Taxes shown are payroll taxes. Late fees and cutoff fees were high because cutoffs were not done in December, the amount is a combination of December and January fees. Will contact the auditor around the end of the month to schedule the 2022 audit.

E.4 CRWA & ARWA Report. Humberto Ramos with Canyon Regional Water Authority reported they met on February 13, 2023. House Bill 1646 pertains to using water outside the jurisdiction of the Edwards Aquifer Authority, this bill will allow entities to use water outside this jurisdiction, County Line needs to monitor this bill to make sure they are protected under it. House Bill 1699 will be problematic for the Canyon Regional Water project and Evergreen south of Bexar County in Wilson County because it will impose a 150% rate in the exportation of water. New appointments were made to CRWAs construction committee, Doug Schnautz from County Line SUD will remain on the committee. Entities reported the amount of water wanted on the CRWA Wells Ranch Phase III Agreement. County Line SUD requested 2,000 acre feet of water, Springs Hill Water Supply requested 3,000 acre feet of water, Crystal Clear SUD requested 1,500 acre feet of water, Maxwell SUD requested 3,000 acre feet of water, East Central SUD requested 2,150 acre feet of water and Martindale elected not to participate. Springs Hill Water Supply will not participate in the pipeline heading north, they have other delivery points. Permit change was submitted for an additional 920 acre feet of water in Gonzales, project went from 12,400 acre feet to 13,650 acre feet. Texas Commission on Environment Quality (TCEQ) approved use of a temporary trailer to help with the change of the membranes which are down to 1/3 capacity. Still waiting on the grant funding for the Hays/Caldwell water treatment extension. Corp of Engineers permit has expired and additional studies will need to be done since the endangered fresh water mussel has been found.

Chris Betz with Alliance Regional Water Authority stated their next meeting will be Wednesday, February 22, 2023 at 3:00 pm, will be an in person meeting only. Continue to work on the pipe line, right of ways and elevated storage tanks. Will discuss the Contract for the water treatment plant, will ARWA at some point want to take over running the plant or continue with a third party.

E.5 General Manager's Report. Daniel Heideman with County Line Special Utility District provided a handout with his report of water usage. Need to discuss how the GBRA water will be stored, will it be stored in an existing facility or will an elevated tank need to be built.

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

E.7 Capacity Report. Rebecca Moore with County Line Special Utility District reported Anderson-Marigold is now paying reservation fees. Received impact fees at the new rate from Camino East Phase 1 which will move them up on the water priority list. Watermill, Wayside, Marigold, TK Ranch, Rocky Ranch Road, Camino Real RV Resort and Steelhorn all paid first half of impact fees. Sunset Ridge, Monte Segrado and Creeks Crossing paid full amount of impact fees. Monte Segrado will consist of stick built homes and manufactured homes, lots will be sold without improvements and then landowner will construct their improvements. El Camino RV Park paid full impact fee and are fully operational.

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

F.1 Discuss, consider, and take action regarding Rate Study prepared by Herb Williams with Williams Water Works Consulting. Mr. Williams worked off of County Line SUD 2023 budget approved at the January board meeting. Rate increase is needed to cover budget items and expenses shown on the budget. Funds paid over the minimum rate goes back in to

help lower the first tier rate amount. Base rate amount will see an increase of 19.3% and variable rate amount will see an increase of 19.5%. New rates will take effect in March 2023. No action taken.

F.2 Discuss, consider, and take action regarding Order Amending Water Service Rates and updating Section G of the District's Service Policy. April will be the first month to reflect the new rates. Director Scheel made a motion to approve the Order Amending Water Service Rates and updating Section G of the District's Service Policy and Director Diaz seconded the motion. Attachment A to the Order was then reviewed and decided the only meter size and charge shown on the table should be for the 5/8"x3/4" meter at \$48.15 per month. Director Scheel made another motion to approve the Order Amending Water Service Rates and updating Section G of the District's Service Policy with corrections to Attachment A, Director Diaz seconded the motion. 5 Aye, 0 Nay-Motion passed unanimously. Board agreed to use the Section G of the District's Service Policy with rates and fees shown on a table instead of within the policy.

F.3 Discuss, consider, and take action regarding Gonzales Carrizo Water Supply Project. Chris Betz reported GBRA is working on engineering and design. Working on right of way acquisitions for the pipelines around Lockhart and up FM 2001/TX 21 to get water from the Lockhart area to us and the other TX 130 customers. Drafting sharing agreements for interim water and looking for interim water after the San Marcos water. Need to have a regional sharing matrix instead of everyone building infrastructure. Daniel Heideman stated County Line SUD and other water utilities rely on GBRA, CRWA and ARWA to help find other water sources. No action taken on this item.

F.4 Discuss, consider, and take action on PCU Wholesale Wastewater Agreement. Chris Betz reported multiple meetings have occurred and plan to meet again in a smaller group to see if the details can be worked out and an agreement reached. If no agreement is reached, they will meet again and go line by line and work out the details and have everyone sign off after each paragraph in agreement of the details. No action taken.

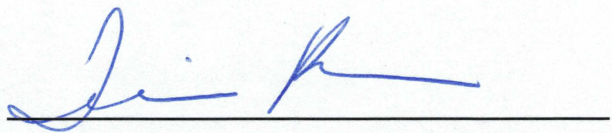
F.5 Discuss, consider, and take action regarding Interim Water Supply Agreement with the City of San Marcos. Chris Betz went over the main points of the agreement: County Line SUD can receive varying amounts, but cannot exceed one million gallons per day; County Line SUD can request to purchase additional water over the million gallons if available and needed by County Line; water will be delivered at the southeast corner of the intersection of Highway 21 and William Pettus Road in Hays County, a new point of delivery can be designated if needed and agreed upon by the parties; agreement requires a minimum monthly amount equivalent to usage of 500,000 gallons per day at a billing rate of \$5.82 per 1,000 gallons for a total of \$88,512.50 per month regardless of the actual amount of treated water delivered to County Line SUD. If San Marcos fails to make available the maximum daily quantity of treated water on any day, payment shall be reduced by the percentage reduction in treated water furnished to County Line SUD; rates cannot be increased more than 5% in any twelve month period; before the 25th day following the date of the billing statement, County Line SUD shall pay to San Marcos the amount due for such previous month; initial term of the agreement is two years starting July 1, 2023 and can be renewed and extended with the mutual consent of the parties, the agreement will automatically terminate at the expiration of the initial term unless County Line SUD provides written notice six months prior to the expiration of the initial term. San Marcos has their infrastructure in place to deliver the water

and County Line SUD is still working on easements and rights of entry from eleven (11) landowners to be able to start construction on the infrastructure to receive the water. If landowners do not agree to give an easement, County Line SUD will start condemnation proceedings. San Marcos Board will meet Tuesday, February 21, 2023 to discuss this agreement. Director Scheel made a motion to approve and Director Diaz seconded the motion. 5 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 Diaz made a motion to adjourn the meeting and Director Howe seconded the Motion, Motion passed unanimously. Meeting was adjourned at 8:09 P.M.



Date 3/20/23

County Line SUD, Board President

Toni Brewer