

MEMORANDUM

KINGSVILLE, TEXAS 78364-1701

TO: South Texas Water Authority Board of Directors  
FROM: Kathleen Lowman, President  
DATE: April 16, 2018  
SUBJECT: Meeting Notice and Agenda for the South Texas Water Authority

A Regular Meeting of the STWA Board of Directors is scheduled for:

**Tuesday, April 24, 2018**  
5:30 p.m.  
South Texas Water Authority  
2302 East Sage Road, Kingsville, Texas

The Board will consider and act upon any lawful subject which may come before it, including among others, the following:

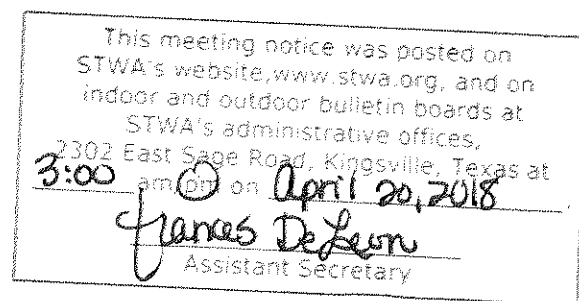
Agenda

1. Call to order.
2. Citizen comments. This is an opportunity for citizens to address the Board of Directors concerning an issue of community interest that is not on the agenda. Comments on the agenda items must be made when the agenda item comes before the Board. The President may place a time limit on all comments. The response of the Board to any comment under this heading is limited to making a statement of specific factual information in response to the inquiry, or, reciting existing policy in response to the inquiry. Any deliberation of the issue is limited to a proposal to place it on the agenda for a later meeting.
3. New Board members' oaths of office.
4. Election of officers.
5. Approval of Minutes. (Attachment 1)
6. Quarterly Report/Treasurer's Report/Payment of Bills. (Attachment 2)
7. Fiscal Year 2018 Budget Amendments. (Attachment 3)
8. TCEQ Enforcement Action and State Office of Administrative Hearings. (Attachment 4)
9. Driscoll Pump Station LAS Chemical Feed System Addition. (Attachment 5)
10. Water Supply Contract with the City of Bishop. (Attachment 6)

11. Offer for Supplemental Easement on CR 38 in Agua Dulce for the AEP Texas Banquete to Stadium Transmission Line Project in Nueces and Jim Wells Counties pertaining to the Agua Dulce Pump Station. (Attachment 7)
12. City of Corpus Christi Proposed Water Conservation and Drought Contingency Plan and Amended Part II of the STWA Water Conservation and Drought Contingency Plan. (Attachment 8)
13. **Resolution 18-02.** Resolution adopting an Amended Part II of South Texas Water Authority's Water Conservation and Drought Contingency Plan. (Attachment 9)
14. Amendment of South Texas Water Authority Personnel Policies. (Attachment 10)
  - Inclusion of an "At Will" statement
  - Compliance with Government Code, Chapter 619, Right to Express Breast Milk in the Workplace
  - Replacement of the term "Permanent" with "Regular" employee
15. **Resolution 18-03.** Resolution amending the Personnel Policies of the South Texas Water Authority. (Attachment 11)
16. Painting of Agua Dulce Ground Storage Tank. (Attachment 12)
17. Adjournment.

The Board may go into closed session at any time when permitted by Chapter 551, Government Code. Before going into closed session a quorum of the Board must be assembled in the meeting room, the meeting must be convened as an open meeting pursuant to proper notice, and the presiding officer must announce that a closed session will be held and must identify the sections of Chapter 551, Government Code, authorizing the closed session.

KL/CGS/fdl  
Attachments



ATTACHMENT 1

Approval of Minutes

SOUTH TEXAS WATER AUTHORITY  
Regular Board of Directors Meeting  
March 27, 2018  
Minutes

Board Members Present:

Kathleen Lowman  
Dr. Albert Ruiz  
Rudy Galvan  
Charles Schultz  
Filiberto Treviño

Board Members Absent:

Lupita Perez  
Patsy Rodgers  
Steven Vaughn

Staff Present:

Carola G. Serrato  
Frances De Leon  
Jo Ella Wagner  
Jacob Hinojosa  
Dony Cantu

Guests Present:

None

1. Call to Order.

Ms. Kathleen Lowman, Board President, called the Regular Meeting of the STWA Board of Directors to order at 5:31 p.m. A quorum was present.

2. Citizen Comments.

Ms. Lowman opened the floor to citizen's comments. No citizen comments were made.

3. Approval of Minutes.

Ms. Serrato presented a corrected version of the February 27, 2018 minutes and explained that a change was made to reflect Mr. Galvan as present at the meeting and Mr. Schultz as absent. Mr. Treviño made a motion to approve the corrected minutes of the February 27, 2018 Regular Meeting. Mr. Galvan seconded. The motion passed by unanimous vote.

4. Treasurer's Report/Payment of Bills.

The following reports were presented for the Board's consideration:

Treasurer's Report for period ending February 28, 2018  
Revenue Fund Income Statement for period ending February 28, 2018  
Tax Fund Income Statement for period ending February 28, 2018  
Special Services Income Statement for period ending February 28, 2018  
STWA Revenue Fund Balance Sheet – February 28, 2018  
STWA Revenue Fund GL Account Summary Report as of February 28, 2018  
STWA Debt Service Fund Income Statement for period ending February 28, 2018  
STWA Debt Service Fund Balance Sheet February 28, 2018  
STWA Debt Service Fund GL Account Summary Report as of February 28, 2018

STWA Capital Projects Fund Income Statement for period ending February 28, 2018  
STWA Capital Projects Fund Balance Sheet – February 28, 2018  
STWA Capital Projects Fund GL Account Summary Report as of February 28, 2018  
STWA 2012 Bond Election Report  
Anticipated vs. Actual Water Rate Charged  
Maintenance & Technical Report from O&M Supervisor

The following outstanding invoices were presented for Board approval:

• Willatt & Flickinger, PLLC	\$ 802.10
• Russell Corrosion Consultants	\$ 3,200.00
• Walker Partners	\$ 1,480.00
• Kleberg County Appraisal District	\$ 4,887.22
• Nueces County Appraisal District	\$ 1,692.00
• Kevin Kieschnick-NC Tax Assessor	\$ 3,585.46
• City of Corpus Christi	\$ 80,896.29

A motion was made by Mr. Treviño to approve the Treasurer's Report and payment of the bills as presented. Mr. Galvan seconded. The motion carried.

5. TCEQ Enforcement Action and State Office of Administrative Hearings.

Ms. Serrato reported that the modified Standard Operating Procedures were sent to TCEQ on March 26<sup>th</sup>. Craig Stowell of TCEQ indicated that they appeared to be satisfactory. She also stated that another extension will be required as a result of the Driscoll LAS project not being complete. No action was taken by the Board.

6. Assessment of STWA's 42" Waterline – Russell Corrosion Projects

- Examination of Section 0 – 5000 LF – Report on Cathodic Protection Evaluation
- Proposal for performing Cathodic Protection upgrades in-house

Ms. Serrato stated that Russell Corrosion's updated Final Report emailed to the Board on Monday was only slightly different from the Board packet version which was retracted. The new report has a formatting change and a word substitution; otherwise, the report remained the same. Mr. Schultz made a motion to accept the Final Report from Russell Corrosion. Mr. Galvan seconded. All voted in favor.

Ms. Serrato also discussed hiring two additional Field Technicians with skills necessary to perform the cathodic protection upgrades on the 42" waterline. She explained that the cost of two employees at an hourly rate of \$25 with full benefits is about \$160,000 per year compared to Russell Corrosion's estimate of \$150,000 for approximately only one mile of upgrades. The \$1,000,000 in remaining bond funds should be sufficient to cover the work needed to complete the project. During the Board discussion and in response to some of their questions Ms. Serrato explained that it might be difficult to find qualified candidates at the proposed pay rate and added that some of the field staff has shown interest in working on the project. She stated she discussed the issue at a recent staff meeting and will continue discussions with staff in order to avoid

problems with morale. A reduction in force may be necessary at the project's end but it was agreed that this would be re-evaluated by the Board at that time. Mr. Schultz made a motion to hire two additional Field Technicians to work on the 42" waterline cathodic protection upgrades. Mr. Treviño seconded. All voted in favor.

7. Driscoll Pump Station LAS Chemical Feed System Addition.

Ms. Serrato stated that she has been sending daily before and after residuals including Total, Mono, FAA and Free Chlorine results to HDR daily. The values show improvement but FAA remains higher than preferred. She added there were problems with programming which have led to Shay Roalson, HDR Engineering, losing confidence in the programming performed by Mercer's subcontractor. Ms. Roalson has indicated that she will likely recommend having another company, EI2, review the programming. Ms. Roalson does not recommend making any payment to Mercer at this time. If EI2 is hired, the work can be paid from liquidated damages assessed on the project. Ms. Serrato added that an extension will need to be requested from TCEQ due to the delay in completing the project, but no Board action was required.

8. Water Supply Contract with the City of Bishop.

Ms. Serrato presented a water supply contract emailed to her by Bishop City Secretary Cynthia Contreras. Although Ms. Contreras referred to the contract as a twenty year contract, Ms. Serrato pointed out that it is actually a five year contract with a sixty day notice to terminate. Ms. Serrato stated that she believes the terms of the contract offered to the City by the Authority were appropriate and discussed three items from Bishop's version that she feels need to be addressed. First, the term of the contract is not acceptable because it would create another class of customers which could jeopardize the tax-exempt status of the Authority's bonds. Second, the phrase added on page 3 which would permit the City to purchase water from another source "if water is not reasonably or economically available" is not acceptable and needs to be deleted. Finally, STWA did not transfer title of the building at the Bishop East Pump Station to Nueces Water Supply Corporation; therefore, rather than a license agreement, the City and STWA should be discussing purchase of the property. In addition, the City needs to make their intentions clear on whether they still want backup use of the pumps at Bishop East Pump station. She added that Mr. Flickinger recommends not approving the contract offered by Bishop. Ms. Lowman stated that she recently spoke with Ms. Contreras and expressed to her that the City needs to provide some communication on the contract and she believes this contract was provided as a starting point. Ms. Contreras told Ms. Lowman that the City cannot buy more than 50 percent and cannot go to 60 percent. Ms. Serrato requested authorization to continue working with legal counsel Bill Flickinger on the term of the contract, elimination of the phrase on page 3 and purchase of the property. The Board agreed by consensus for Ms. Serrato to work with Mr. Flickinger to address all three issues.

9. Mercer Controls contract for elimination of repeater antenna on Driscoll elevated storage tank.

Ms. Serrato stated that Mercer Controls has signed the proposal in the amount of \$34,475 to eliminate the Driscoll EST repeater station which was approved by the Board at the February meeting. She requested authorization to execute the proposal and move forward with the work.

Mr. Schultz made a motion to authorize Ms. Serrato to execute the agreement between Mercer Controls, Inc. and South Texas Water Authority for elimination of the Driscoll EST repeater station. Dr. Ruiz seconded. All voted in favor.

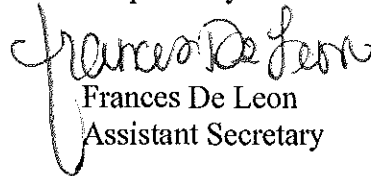
10. HDR proposal for Standard Operating Procedures for the Driscoll and Central Disinfectant Booster Stations.

Ms. Serrato stated that the Standard Operating Procedures she prepared and submitted to TCEQ have been approved and there is no longer need for HDR's proposal. No action was taken by the Board.

11. Adjournment.

With no further business to discuss, Ms. Lowman adjourned the meeting at 6:26 p.m.

Respectfully submitted,

  
Frances De Leon  
Assistant Secretary

ATTACHMENT 2

Quarterly Report/Treasurer's Report/Payment of Bills





SOUTH TEXAS WATER AUTHORITY  
INVESTMENT REPORT  
FOR QUARTER ENDED MARCH 2018

	BEGINNING BOOK VALUE 1-Jan-18	BEGINNING MARKET VALUE 1-Jan-18	TRANSFERS	REVENUES	EXPENSES	INTEREST	ENDING BOOK VALUE 31-Mar-18	ENDING MARKET VALUE 31-Mar-18
			FOR JANUARY, FEBRUARY, & MARCH					
<b>CASH ACCOUNTS</b>								
GENERAL ACCT - PROSPERITY BANK	164,058.87	164,058.87	0.00	575,190.96	681,078.29	180.83	58,352.37	58,352.37
GENERAL ACCT TEXPOOL 1371300002	1,684,834.98	1,684,700.19	(200,000.00)	662,053.05	0.00	6,895.89	2,153,783.92	2,153,374.70
GENERAL ACCT TEXSTAR 1111-000	1,321,338.21	1,321,367.28	0.00	0.00	0.00	4,505.76	1,325,843.97	1,325,700.78
PAYROLL ACCT - PROSPERITY BANK	20,244.11	20,244.11	100,000.00	0.00	101,919.54	29.05	18,353.62	18,353.62
OPERATIONS ACCT - PROSPERITY BANK	35,391.54	35,391.54	100,000.00	0.00	118,443.69	39.45	16,987.30	16,987.30
DEBT SERVICE ACCT TEXPOOL 1371300008	160,113.67	160,100.86	0.00	215,983.35	63,475.00	935.66	313,557.68	313,498.10
<b>TOTAL CASH ACCOUNTS</b>	<b>3,385,981.38</b>	<b>3,385,862.85</b>	<b>0.00</b>	<b>1,453,227.36</b>	<b>964,916.52</b>	<b>12,586.64</b>	<b>3,886,878.86</b>	<b>3,886,266.87</b>

	AVG. MAT. 3/31/2018	JANUARY RATE	JANUARY EARNING	FEBRUARY RATE	FEBRUARY EARNING	MARCH RATE	MARCH EARNING	TOTALS
GENERAL ACCT - PROSPERITY BANK	immediate	0.4000%	\$75.64	0.4000%	\$66.60	0.4000%	\$38.59	\$180.83
GENERAL ACCT TEXPOOL 1371300002	31 days	1.2989%	\$2,025.22	1.3438%	\$2,120.57	1.5156%	\$2,750.10	\$6,895.89
GENERAL ACCT TEXSTAR 1111-000	28 days	1.2900%	\$1,447.64	1.3518%	\$1,371.74	1.4995%	\$1,686.38	\$4,505.76
PAYROLL ACCT - PROSPERITY BANK	immediate	0.4000%	\$6.63	0.4000%	\$13.28	0.4000%	\$9.14	\$29.05
OPERATIONS ACCT - PROSPERITY BANK	immediate	0.4000%	\$10.54	0.4000%	\$13.16	0.4000%	\$15.75	\$39.45
DEBT SERVICE ACCT TEXPOOL 1371300008	31 days	1.2989%	<u>\$230.96</u>	1.3438%	<u>\$307.67</u>	1.5156%	<u>\$397.03</u>	<u>\$935.66</u>
<b>TOTALS</b>			<b>\$3,796.63</b>		<b>\$3,893.02</b>		<b>\$4,896.99</b>	<b>\$12,586.64</b>

THIS REPORT IS IN COMPLIANCE WITH THE STRATEGIES AS APPROVED AND THE PUBLIC FUNDS INVESTMENT ACT.

  
CO-INVESTMENT OFFICER

  
CO-INVESTMENT OFFICER

**SOUTH TEXAS WATER AUTHORITY**  
**Treasurer's Report**  
**For Period Ending March 31, 2018**

**STWA Water Sales:**

<u>Entity</u>	<u>Water Usage (1,000 g)</u>	<u>Cost of Water from City of Corpus Christi \$2.392127 per 1000 g</u>	<u>Handling Charge @ \$0.426386/1000g</u>	<u>Incremental Increase @ \$0.426386/1000g</u>	<u>Out of District Surcharge and Pass-Thru Credit</u>	<u>Total Due</u>
Kingsville	9,466	\$22,643.87	\$4,036.17	\$0.00	\$0.00	\$26,680.04
Bishop	4,135	\$9,892.24	\$1,763.25	\$1,763.25	\$0.00	\$13,418.74
Agua Dulce	2,355	\$5,633.20	\$1,004.09	\$0.00	\$0.00	\$6,637.29
RWSC	6,669	\$15,953.09	\$2,843.57	\$0.00	\$0.00	\$18,796.66
Driscoll	3,731	\$8,925.27	\$1,590.89	\$1,590.89	-\$41.95	\$12,065.09
NCWCID #5	2,271	\$5,431.78	\$968.19	\$968.19	\$731.47	\$8,099.63
NWSC	13,522	\$32,345.17	\$5,765.38	\$0.00	\$0.00	\$38,110.55
<b>TOTAL</b>	<b>42,149</b>	<b>\$100,824.62</b>	<b>\$17,971.54</b>	<b>\$4,322.33</b>	<b>\$689.52</b>	<b>\$123,808.01</b>

**Water Cost and Usage for Period of:**

	<b>02/28/18</b>	<b>to</b>	<b>04/02/18</b>
City of Corpus Christi Invoice for Cost of Water Purchased:			\$99,990.90
Gallons of Water Recorded by City of Corpus Christi:			41,800,000
Gallons of Water Recorded by STWA from Customer's Master Meters:			39,111,890
Water Loss Percentage:			6.43%

**Annual Usage for FY 2018**

	<b>Annual</b>
Gallons of Water Recorded by City of Corpus Christi:	236,500,000
Gallons of Water Recorded by STWA from Customer's Master Meters:	243,413,230
Water Loss Percentage: (year to date)	-2.92%

**REVENUE FUND  
INCOME STATEMENT  
FOR PERIOD ENDING MARCH 31, 2018**

**50.00%**

	MONTHLY	YEAR TO DATE	2018 ADOPTED BUDGET	% OF 2018 ADOPTED BUDGET	2017 YEAR TO DATE	2017 FINAL BUDGET
<b>REVENUES</b>						
Water Service Revenue	100,825	580,877	1,257,962	46%	577,569	1,240,206
Handling Charge Revenue	17,972	104,989	220,170	48%	106,333	228,517
Premium Incremental Increase	4,322	16,906	0	0%	0	0
Surcharge - Out of District	552	3,309	6,619	50%	2,889	5,778
Interest Income	2,814	12,061	10,000	121%	4,636	13,500
Other Revenue						
Operating & Maintenance Fees	0	0	0	0%	0	0
Miscellaneous Revenues	57	1,271	5,000	25%	6,535	6,750
<b>TOTAL REVENUES</b>	<b>126,541</b>	<b>719,414</b>	<b>1,499,751</b>	<b>48%</b>	<b>697,962</b>	<b>1,494,751</b>
<b>EXPENDITURES</b>						
<b>Water Service Expenditures:</b>						
Bulk Water Purchases	100,158	558,153	1,257,962	44%	583,269	1,233,414
<b>Payroll Costs</b>						
Salaries & Wages - Perm. Employees	17,941	145,215	328,813	44%	141,339	285,123
Salaries & Wages - Part-Time	134	771	1,607	48%	3,085	5,851
Overtime - NWSC	(114)	(0)	0	0%	0	0
Stand-by Pay - NWSC	0	0	0	0%	0	0
Overtime - RWSC	(0)	(0)	0	0%	0	0
Stand-by Pay - RWSC	0	0	0	0%	0	0
Overtime - STWA	2,250	9,722	21,000	46%	6,973	17,910
Stand-by Pay - STWA	150	650	1,300	50%	650	1,300
Employee Retirement Premiums	7,565	26,076	44,452	59%	12,713	36,612
Group Insurance Premium	11,992	79,039	169,122	47%	75,457	147,404
Unemployment Compensation	(346)	507	874	58%	2,091	300
Workers' Compensation	(993)	4,479	6,498	69%	10,798	7,252
Car Allowance	500	2,900	4,800	60%	2,400	4,800
Hospital Insurance Tax	409	1,704	3,757	45%	1,664	3,388
Supplies & Materials	0					
Repairs & Maintenance	4,453	32,518	80,000	41%	78,828	126,500
Meter Expense	0	3,375	5,000	68%	4,125	7,140
Tank Repairs	(4,300)	0	20,000	0%	0	7,800
Major Repairs	0	0	25,000	0%	0	25,000
Other Operating Expenditures:	0					
Professional Fees	0					
Legal	1,059	5,354	40,000	13%	11,429	30,000
Auditing	0	9,369	9,500	99%	9,155	9,155
Engineering	10,255	60,101	90,000	67%	0	60,000
Management & Consulting	0	278	10,000	3%	1,143	14,550
Inspection	0	2,725	5,500	50%	0	1,600
Leak Detection	0	55,440	75,000	74%	0	20,000
Consum Supplies/Materials	0					
Postage	(15)	2,490	11,500	22%	5,508	8,950
Printing/Office Supplies/Tech Support	2,211	14,867	19,000	78%	12,384	18,650
Janitorial/Site Maintenance	508	2,984	5,000	60%	1,329	4,350
Fuel/Lubricants/Repairs	2,680	14,216	33,000	43%	9,484	24,335
Chemicals/Water Samples	2,613	20,852	58,000	36%	26,051	49,900
Safety Equipment	0	0	1,500	0%	678	1,500
Small Tools	64	826	1,000	83%	249	1,000

	MONTHLY	YEAR TO DATE	2018 ADOPTED BUDGET	% OF 2018 ADOPTED BUDGET	2017 YEAR TO DATE	2017 FINAL BUDGET
<b>Recurring Operating Costs</b>						
Telephone/Communications	856	9,184	21,100	44%	7,964	23,700
Utilities	7,389	42,507	115,000	37%	53,065	108,500
D & O Liability Insurance	71	1,235	3,500	35%	1,577	2,100
Property Insurance	0	19,229	33,247	58%	33,247	33,247
General Liability	1,000	2,617	2,750	95%	2,247	2,750
Auto Insurance	0	2,050	2,050	100%	2,050	2,050
Travel/Training/Meetings	1,807	4,016	10,000	40%	3,388	6,300
Rental-Equipment/Uniforms	0	1,744	5,000	35%	677	3,500
Dues/Subscriptions/Publication	3,716	7,158	15,000	48%	3,204	9,300
Pass Through Cost	42	281	500	56%	234	780
Educational Materials	0	0	660	0%	0	0
<b>Miscellaneous</b>						
Miscellaneous Expenditures	117	2,685	7,500	36%	5,772	9,000
<b>Total Administrative &amp; Operations Exp.</b>	<b>174,170</b>	<b>1,147,315</b>	<b>2,545,492</b>	<b>45%</b>	<b>1,114,227</b>	<b>2,355,011</b>
<b>Capital Outlay</b>						
Capital Acquisition	0	87,259	79,000	110%	79,269	114,500
Engineering	0	0	0	0%	798	1,000
<b>TOTAL EXPENDITURES (w/o D.S. exp.)</b>	<b>174,170</b>	<b>1,234,573</b>	<b>2,624,492</b>	<b>47%</b>	<b>1,194,294</b>	<b>2,470,511</b>
<b>Excess (Deficiencies) of Revenue Over Expenditures</b>	<b>(47,629)</b>	<b>(515,160)</b>	<b>(1,124,741)</b>	<b>46%</b>	<b>(496,332)</b>	<b>(975,760)</b>
<b>OTHER FINANCE SOURCE (USES)</b>						
<b>Transfer to Other Funds</b>						
Transfer from Tax Account	(219,971)	(1,024,199)	(1,054,566)	97%	(386,268)	(991,729)
Extra Ordinary Income			(1,500)			
Disposition of Assets (Surplus Sale)	(1,280)	(4,432)	0	0%	0	0
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(221,251)</b>	<b>(1,028,631)</b>	<b>(1,056,066)</b>	<b>97%</b>	<b>(386,268)</b>	<b>(991,729)</b>
<b>EXCESS (DEFICIENCIES) OF REVENUES OVER OTHER SOURCES (USES)</b>						
	173,622	513,471	(68,675)		(110,064)	15,969
<b>NET INCOME</b>	<b>173,622</b>	<b>513,471</b>	<b>(68,675)</b>		<b>(110,064)</b>	<b>15,969</b>

**TAX FUND  
INCOME STATEMENT  
FOR PERIOD ENDING MARCH 31, 2018**

**50.00%**

	MONTHLY	YEAR TO DATE	2018 ADOPTED BUDGET	% OF 2018 ADOPTED BUDGET	2017 YEAR TO DATE	2017 FINAL BUDGET
<b>REVENUES</b>						
Ad-Valorem - Current	29,655	1,036,915	1,070,008	97%	950,791	989,500
Delinquent Tax Revenue	2,568	19,058	27,500	69%	19,702	33,850
Penalty & Interest - Tax Accounts	3,129	12,040	16,000	75%	11,142	22,050
Miscellaneous	0	0	0	0%	0	0
<b>TOTAL TAXES &amp; INTEREST</b>	<b>35,352</b>	<b>1,068,014</b>	<b>1,113,508</b>	<b>96%</b>	<b>981,635</b>	<b>1,045,400</b>
<b>EXPENDITURES</b>						
Tax Collector Fees	487	33,770	37,165	91%	33,350	35,371
Appraisal Districts	4,961	10,045	21,777	46%	8,628	18,300
<b>TOTAL EXPENDITURES</b>	<b>5,448</b>	<b>43,815</b>	<b>58,942</b>	<b>74%</b>	<b>41,978</b>	<b>53,671</b>
Transfer to General Fund	219,971	1,024,199	1,054,566	97%	386,268	991,729
<b>EXCESS REVENUES &amp; OTHER FINANCING SOURCES OVER(UNDER) EXPENDITURES AND OTHER USES</b>	<b>(190,067)</b>	<b>(0)</b>	<b>0</b>		<b>553,389</b>	<b>0</b>

**SPECIAL SERVICES  
INCOME STATEMENT  
FOR PERIOD ENDING MARCH 31, 2018**

**50.00%**

	MONTHLY	YEAR TO DATE	2018 ADOPTED BUDGET	% OF 2018 ADOPTED BUDGET	2017 YEAR TO DATE	2017 FINAL BUDGET
<b>REVENUES</b>						
Ricardo Water Supply Corporation	24,375	124,250	293,020	42%	121,834	271,554
Nueces Water Supply Corporation	33,772	131,646	275,134	48%	137,908	250,665
<b>TOTAL REVENUES</b>	<b>58,147</b>	<b>255,896</b>	<b>568,154</b>	<b>45%</b>	<b>259,742</b>	<b>522,219</b>
<b>EXPENDITURES</b>						
Personnel	32,928	154,874	304,185	51%	144,047	288,626
Overhead	22,947	124,800	263,969	47%	98,968	233,593
<b>TOTAL EXPENDITURES</b>	<b>55,875</b>	<b>279,674</b>	<b>568,154</b>	<b>49%</b>	<b>243,015</b>	<b>522,219</b>
<b>EXCESS REVENUES &amp; OTHER FINANCING SOURCES OVER(UNDER) EXPENDITURES AND OTHER USES</b>						
	2,272	(23,778)	0		16,727	0

**South Texas Water Authority**  
**Balance Sheet**  
**March 31, 2018**

**ASSETS**

**Current Assets**

STWA - General	\$	58,352.37	
STWA - Payroll		18,353.61	
STWA - Operations		16,987.30	
Petty Cash		150.00	
TexPool - STWA General		2,153,783.92	
Due From Capital Projects Fund		310,310.71	
Due from Debt Service Fund		5,672.42	
Due from D.S. -Collect Service		14,505.46	
Tax Accounts Receivable		165,274.52	
Allowance for Uncollect Taxes		(66,653.05)	
Service accts receivable		214,405.18	
Interlocal Rec-Ricardo		6,176.78	
Interlocal Rec-Nueces		17,951.11	
Interlocal Rec. - Tax Assessor		4,049.70	
Inventory		17,836.50	
<b>Total Assets</b>	<b>\$</b>		<b><u><u>2,937,156.53</u></u></b>

**LIABILITIES AND FUNDS EQUITY**

**Current Liabilities**

Trade Accounts Payable	\$	127,058.65	
Salaries & Wages Payable		4,240.48	
Unemployment Comp. Pbl.		1,475.64	
Miscellaneous Payables		1,365.89	
Compensated Absences		17,620.65	
Deferred tax revenue		98,621.47	
<b>Total Liabilities</b>			<b>250,382.78</b>

**Fund Equity**

Unassigned Fund Balance		2,179,245.44	
Assigned Fund Bal. - Inventory		17,836.50	
Current Earning		489,691.81	
<b>Total Fund Equity</b>			<b><u><u>2,686,773.75</u></u></b>
<b>Total Liabilities &amp; Fund Equity</b>	<b>\$</b>		<b><u><u>2,937,156.53</u></u></b>

**South Texas Water Authority**  
**GI Account Summary Report**  
**As of: March 31, 2018**

<u>Account Description</u>	<u>Beginning Balance</u>	<u>Debit Change</u>	<u>Credit Change</u>	<u>Net Change</u>	<u>Ending Balance</u>
<b>Current Assets</b>					
STWA - General	123,106.79	\$ 145,415.69	\$ (210,170.11)	\$ (64,754.42)	\$ 58,352.37
STWA - Payroll	35,789.91	25,009.14	(42,445.44)	(17,436.30)	18,353.61
STWA - Operations	64,345.16	92.51	(47,450.37)	(47,357.86)	16,987.30
Petty Cash	150.00	0.00	0.00	0.00	150.00
Transfers	0.00	25,000.00	(25,000.00)	0.00	0.00
TexPool - STWA General	2,111,797.98	41,985.94	0.00	41,985.94	2,153,783.92
Due From Capital Projects Fund	309,410.71	900.00	0.00	900.00	310,310.71
Due from Debt Service Fund	5,797.02	55.29	(179.89)	(124.60)	5,672.42
Due from D.S. -Collect Service	12,728.68	1,776.78	0.00	1,776.78	14,505.46
Tax Accounts Receivable	165,274.52	0.00	0.00	0.00	165,274.52
Allowance for Uncollect Taxes	(66,653.05)	0.00	0.00	0.00	(66,653.05)
Service accts receivable	188,586.27	158,990.24	(133,171.33)	25,818.91	214,405.18
Interlocal Rec-Ricardo	4,498.11	6,174.72	(4,496.05)	1,678.67	6,176.78
Interlocal Rec-Nueces	6,409.65	17,951.11	(6,409.65)	11,541.46	17,951.11
Interlocal Rec. - Tax Assessor	7,951.74	4,049.70	(7,951.74)	(3,902.04)	4,049.70
Inventory	17,836.50	0.00	0.00	0.00	17,836.50
<b>Total Assets</b>	<b>2,987,029.99</b>	<b>427,401.12</b>	<b>(477,274.58)</b>	<b>(49,873.46)</b>	<b>2,937,156.53</b>
<b>Current Liabilities</b>					
Trade Accounts Payable	(146,801.44)	202,817.16	(183,074.37)	19,742.79	(127,058.65)
Salaries & Wages Payable	(21,167.20)	21,167.20	(4,240.48)	16,926.72	(4,240.48)
Hospital Ins Tax Payable	0.00	1,726.32	(1,726.32)	0.00	0.00
Withholding Taxes Payable	0.00	5,629.67	(5,629.67)	0.00	0.00
Emply Retire Prem Payable	0.00	15,207.56	(15,207.56)	0.00	0.00
Unemployment Comp. Pbl.	(1,229.12)	0.00	(246.52)	(246.52)	(1,475.64)
Miscellaneous Payables	(642.84)	13,450.12	(14,173.17)	(723.05)	(1,365.89)
Compensated Absences	(17,620.65)	0.00	0.00	0.00	(17,620.65)
Deferred tax revenue	(98,621.47)	0.00	0.00	0.00	(98,621.47)
<b>Total Liabilities</b>	<b>(286,082.72)</b>	<b>259,998.03</b>	<b>(224,298.09)</b>	<b>35,699.94</b>	<b>(250,382.78)</b>
<b>Fund Equity</b>					
Unassigned Fund Balance	(2,179,245.44)	0.00	0.00	0.00	(2,179,245.44)
Assigned Fund Bal. - Inventory	(17,836.50)	0.00	0.00	0.00	(17,836.50)
<b>Total Fund Equity</b>	<b>(2,197,081.94)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>(2,197,081.94)</b>
<b>Totals</b>	<b>503,865.33</b>	<b>\$ 687,399.15</b>	<b>\$ (701,572.67)</b>	<b>\$ (14,173.52)</b>	<b>\$ 489,691.81</b>



**DEBT SERVICE FUND  
INCOME STATEMENT  
FOR PERIOD ENDING MARCH 31, 2018**

**50.00%**

	MONTHLY	YEAR TO DATE	2018 ADOPTED BUDGET	% OF 2018 ADOPTED BUDGET	2017 YEAR TO DATE	2017 FINAL BUDGET
<b>REVENUES</b>						
Ad-Valorem - Current	9,672	338,185	366,174	92%	340,587	354,529
Delinquent Tax Revenue	835	6,101	7,000	87%	5,923	10,400
Penalty & Interest - Tax Accounts	970	3,484	5,500	63%	2,880	5,675
Out-of-District Surcharge	180	1,079	2,159		1,035	2,070
Interest on Temporary Investments	397	1,150	900	128%	438	1,450
Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>	0%	<u>0</u>	<u>0</u>
<b>TOTAL TAXES &amp; INTEREST</b>	<b>12,053</b>	<b>350,000</b>	<b>381,733</b>	<b>92%</b>	<b>350,863</b>	<b>374,124</b>
<b>OTHER FINANCING SOURCES</b>						
Excess Bond Proceeds	<u>0</u>	<u>0</u>	<u>0</u>	0%	<u>0</u>	<u>0</u>
<b>TOTAL OTHER FINANCE SOURCES</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>374,124</b>
<b>TOTAL REVENUE AND OTHER     FINANCE SOURCES</b>	<b>12,053</b>	<b>350,000</b>	<b>381,733</b>	<b>92%</b>	<b>350,863</b>	<b>374,124</b>
<b>EXPENDITURES</b>						
Fiscal Agent Fees	0	100	200	50%	100	200
Bond Interest Expense	0	63,375	126,750	50%	65,525	131,050
Bond Principal Payments	0	0	220,000	0%	0	215,000
Tax Collector Fees	159	11,066	12,121	91%	11,946	12,676
Appraisal District Fees	1,618	3,439	7,103	48%	3,091	6,555
Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>	0%	<u>0</u>	<u>0</u>
<b>TOTAL EXPENDITURES</b>	<b>1,777</b>	<b>77,980</b>	<b>366,174</b>	<b>21%</b>	<b>80,662</b>	<b>365,481</b>
<b>EXCESS REVENUES OVER(UNDER) EXPENDITURES AND OTHER USES</b>	<b>10,277</b>	<b>272,020</b>	<b>15,559</b>		<b>270,201</b>	<b>8,643</b>

**STWA Debt Service Fund  
Balance Sheet  
March 31, 2018**

**ASSETS**

**Current Assets**

Debt Service Acct. - TexPool	\$ 313,557.68
Due from Other Governments	200.83
Taxes Receivable	31,320.88
Allowance for Uncollectibles	<u>(8,581.46)</u>

**Total Current Assets** 336,497.93

**Other Assets**

**Total Other Assets** 0.00

**Total Assets** \$ 336,497.93

**LIABILITIES AND FUNDS EQUITY**

**Current Liabilities**

Deferred Tax Revenue	\$ 21,610.10
Due to General Fund	<u>20,177.89</u>

**Total Current Liabilities** 41,787.99

**Long-Term Liabilities**

**Total Long-Term Liabilities** 0.00

**Total Liabilities** 41,787.99

**Funds Equity**

Fund Balance	22,690.35
Net Income	<u>272,019.59</u>

**Total Funds Equity** 294,709.94

**Total Liabilities & Funds Equity** \$ 336,497.93

STWA Debt Service Fund  
 GI Account Summary Report  
 As of: March 31, 2018

<u>Account Number</u>	<u>Account Description</u>	<u>Beginning Balance</u>	<u>Debit Change</u>	<u>Credit Change</u>	<u>Net Change</u>	<u>Ending Balance</u>
10400	Debt Service Acct. - TexPool	300,393.49	\$ 13,164.19	\$ 0.00	\$ 13,164.19	\$ 313,557.68
13100	Due from Other Government	200.83	0.00	0.00	0.00	200.83
13300	Taxes Receivable	32,556.21	1,330.15	(2,565.48)	(1,235.33)	31,320.88
13301	Allowance for Uncollectibles	(8,581.46)	0.00	0.00	0.00	(8,581.46)
21700	Deferred Tax Revenue	(21,610.10)	0.00	0.00	0.00	(21,610.10)
24000	Due to General Fund	(18,525.71)	179.89	(1,832.07)	(1,652.18)	(20,177.89)
39100	Fund Balance	(22,690.35)	0.00	0.00	0.00	(22,690.35)
	Totals	<u>261,742.91</u>	<u>\$ 14,674.23</u>	<u>\$ (4,397.55)</u>	<u>\$ 10,276.68</u>	<u>\$ 272,019.59</u>

**CAPITAL PROJECTS FUND  
INCOME STATEMENT  
FOR PERIOD ENDING MARCH 31, 2018**

**50.00%**

	MONTHLY	YEAR TO DATE	2018 ADOPTED BUDGET	% OF 2018 ADOPTED BUDGET	2017 YEAR TO DATE	2017 FINAL BUDGET
<b>REVENUES</b>						
Bond Proceeds	0	0	0	0%	0	0
Interest Income	1,686	8,156	12,500	65%	4,626	11,750
TOTAL REVENUE AND OTHER FINANCE SOURCES	1,686	8,156	12,500	65%	4,626	11,750
 <b>EXPENDITURES</b>						
Right of Way Acquisition	0	0	7,264	0%	0	0
Engineering Fees	900	5,400	228,320	2%	23,775	125,000
Construction Costs	0	193,886	643,232	30%	197,288	678,066
Pipeline Condition Assessment	0	0	194,100	0%	5,295	5,295
Legal & Administrative Fees	0	0	181,712	0%	0	0
Cost of Bond Issuance	0	0	0	0%	0	0
Miscellaneous Fees	0	0	0	0%	0	0
TOTAL EXPENDITURES	900	199,287	1,254,628	16%	226,358	808,361
 <b>EXCESS REVENUES OVER(UNDER) EXPENDITURES AND OTHER USES</b>						
	786	(191,130)	(1,242,128)		(221,732)	(796,611)

**STWA Capital Projects Fund  
Balance Sheet  
March 31, 2018**

**ASSETS**

**Current Assets**

TexSTAR - Construction Fund	\$ 1,325,843.97	
Total Current Assets		1,325,843.97

**Property and Equipment**

Total Property and Equipment		0.00
------------------------------	--	------

**Other Assets**

Total Other Assets		0.00
--------------------	--	------

Total Assets	\$ 1,325,843.97	

**LIABILITIES AND FUNDS EQUITY**

**Current Liabilities**

Due to General Fund	\$ 310,310.71	
Total Current Liabilities		310,310.71

**Long-Term Liabilities**

Total Long-Term Liabilities		0.00
-----------------------------	--	------

Total Liabilities		310,310.71
-------------------	--	------------

**Fund Balance**

Fund Balance	1,206,663.20	
Net Income	(191,129.94)	
Total Fund Balance		1,015,533.26

Total Liabilities & Fund Balance	\$ 1,325,843.97	

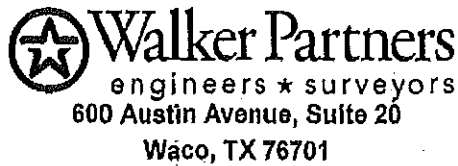
STWA Capital Projects Fund  
 Gl Account Summary Report  
 As of: March 31, 2018

<u>Account Number</u>	<u>Account Description</u>	<u>Beginning Balance</u>	<u>Debit Change</u>	<u>Credit Change</u>	<u>Net Change</u>	<u>Ending Balance</u>
11300	TexSTAR - Construction	1,324,157.59	\$ 1,686.38	\$ 0.00	\$ 1,686.38	\$ 1,325,843.97
2400	Due to General Fund	(309,410.71)	0.00	(900.00)	(900.00)	(310,310.71)
39100	Fund Balance	(1,206,663.20)	0.00	0.00	0.00	(1,206,663.20)
	Totals	<u>(191,916.32)</u>	<u>\$ 1,686.38</u>	<u>\$ (900.00)</u>	<u>\$ 786.38</u>	<u>\$ (191,129.94)</u>

**OUTSTANDING INVOICES FOR BOARD APPROVAL**

INV DATE	VENDOR	INV #	DESCRIPTION	STATUS	AMOUNT
1/31/2018	Walker Partners	14667	TCEQ Order/Sampling	pending	\$5,080.00
3/28/2018	Willatt & Flickinger		March legal	pending	\$1,059.10
3/31/2018	Walker Partners	15011	TCEQ Order/Sampling	pending	\$592.00
4/3/2018	City of Corpus Christi		March water usage	pending	\$100,158.09
4/10/2018	Kevin Kieschnick-NC Tax Assessor		March per parcel fees	pending	\$645.47
4/11/2018	Russell Corrosion	2320	March Corrosion Assessment	pending	\$3,103.08
4/19/2018	HDR Engineering, Inc.	1200115743	Driscoll LAS System	pending	<u>\$900.00</u>
					\$111,537.74

Invoice



600 Austin Avenue, Suite 20  
Waco, TX 76701  
Phone:(254) 714-1402 / Fax:(254) 714-0402  
www.walkerpartners.com  
TBPE No. 8053 | TBPLS No. 10032500

Carola Serrato  
South Texas Water Authority  
P. O. Box 1701  
Kingsville, TX 78364

January 31, 2018  
Invoice No: 0300652.00 - 14667

Project Manager: Aaron D. Archer, P.E.

Project 0300652.00 South Texas Water Authority - TCEQ Order

Engineering/Surveying Services through January 30, 2018

Phase 0000 Lump Sum Fee

Billing Phase	Lump Sum Fee	% Comp.	Earned	Prior Amount	Current Amount
30 Preliminary Design	29,600.00	80.00	23,680.00	18,600.00	5,080.00
Total Fee	29,600.00		23,680.00	18,600.00	5,080.00
	<b>Total</b>				<b>5,080.00</b>
				<b>Sub-total</b>	<b>\$5,080.00</b>
				<b>Total this Invoice</b>	<b>\$5,080.00</b>

Billings to Date

	Current	Prior	Total	Received	A/R Balance
Lump Sum Fee	5,080.00	18,600.00	23,680.00		
<b>Totals</b>	<b>5,080.00</b>	<b>18,600.00</b>	<b>23,680.00</b>	<b>18,600.00</b>	<b>5,080.00</b>

Authorized By:

Aaron D. Archer, P.E.

Date:

2/12/18

POSTED



**WILLATT & FLICKINGER, PLLC**  
**ATTORNEYS AT LAW**

12912 HILL COUNTRY BLVD., SUITE F-232 · AUSTIN, TEXAS 78738 · (512) 476-6604 · FAX (512) 469-9148

March 28, 2018

Ms. Carola Serrato  
Executive Director  
South Texas Water Authority  
P.O. Box 1701  
Kingsville, Texas 78364-1701

---

FOR PROFESSIONAL SERVICES RENDERED since the date of last billing:

GENERAL

POSTED

BILL FLICKINGER

- 03/01/18 Receive and review emails between Carola Serrato and Noel Valdez on proposed contract with the City of Bishop. (0.2 Hours).
- 03/06/18 Continue preparation for today's conference call with TCEQ on enforcement order. (0.2 Hours). Complete preparation for and participate in conference call with TCEQ. (1.3 Hours).
- 03/12/18 Receive, review and respond to email from Carola Serrato with draft email to City of Kingsville on inconsistent daily flows and possible impact on Driscoll LAS. (0.3 Hours).
- 03/19/18 Telephone conference with Carola Serrato on recent conference with TCEQ on SOPs and possible extension. (0.2 Hours).
- 03/22/18 Receive and begin review of email from Carola Serrato on recent redline of water supply contract sent by the City of Bishop. (0.3 Hours). Telephone conference with Carola Serrato on same. (0.3 Hours). Receive, review and respond to email from Carola Serrato on draft memo to Board on status of City of Bishop water supply contract. (0.2 Hours).
- 03/26/18 Receive and review additional information on the Bishop contract emailed by Carola Serrato, and telephone conference with her on same. (0.3 Hours).
- 03/28/18 Telephone conference with Carola Serrato on last night's Board meeting and status of City of Bishop contract. (0.2 Hours).

Attorney BF: 3.5 Hours

WILLATT & FLICKINGER, PLLC

March 28, 2018

Page 2

---

Attorney BF: 3.5 Hours @ \$300.00 per hour	\$1,050.00
Attorney MM: 0 Hours @ \$300.00 per hour	
Legal Assistant AN: 0 Hours @ \$95.00 per hour	

CLIENT EXPENSES

33 Photocopies @ \$.20 each	\$6.60
-----------------------------	--------

5 Color Photocopies @ \$.50 each	\$2.50
----------------------------------	--------

Total Client Expenses	\$9.10
-----------------------	--------

TOTAL AMOUNT DUE	\$1,059.10
------------------	------------

**Invoice**

 **Walker Partners**  
 engineers \* surveyors  
 600 Austin Avenue, Suite 20  
 Waco, TX 76701  
 Phone: (254) 714-1402 / Fax: (254) 714-0402  
 www.walkerpartners.com  
 TBPE No. 8053 | TBPLS No. 10032500

**RECEIVED**

APR 16 2018

EFFECTIVE APRIL 30, 2018  
 OUR REMITTANCE ADDRESS WILL BE:  
 823 WASHINGTON AVENUE #100  
 WACO, TEXAS 76701

SOUTH TEXAS WATER AUTHORITY

✓ NSF

Carola Serrato  
 South Texas Water Authority  
 P. O. Box 1701  
 Kingsville, TX 78364

March 31, 2018  
 Invoice No: 0300652.00 - 15011

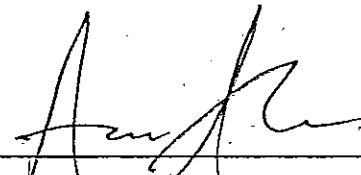
Project Manager: Aaron D. Archer, P.E.  
 Project 0300652.00 South Texas Water Authority - TCEQ Order  
Engineering/Surveying Services through March 27, 2018

Phase 0000 Lump Sum Fee

Billing Phase	Lump Sum Fee	% Comp.	Earned	Prior Amount	Current Amount
30 Preliminary Design	29,600.00	87.00	25,752.00	25,160.00	592.00
Total Fee	29,600.00		25,752.00	25,160.00	592.00
<b>Total</b>					<b>592.00</b>
<b>Sub-total</b>					<b>\$592.00</b>
<b>Total this Invoice</b>					<b>\$592.00</b>

**Billings to Date**

	Current	Prior	Total	Received	A/R Balance
Lump Sum Fee	592.00	25,160.00	25,752.00		
<b>Totals</b>	<b>592.00</b>	<b>25,160.00</b>	<b>25,752.00</b>	<b>20,080.00</b>	<b>5,672.00</b>

Authorized By:   
 Aaron D. Archer, P.E.

Date: 4-13-18

**POSTED**



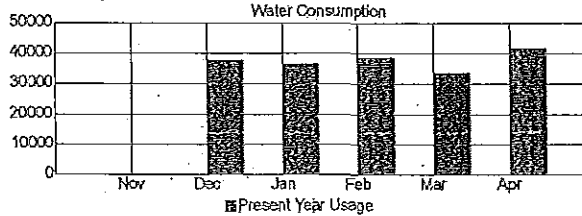
Monthly Statement of Utility Services  
 City of Corpus Christi  
 P.O. Box 9257 • Corpus Christi, TX 78469-9097  
 (361) 826-CITY • www.cctexas.com

Account Name: SOUTH TX WATER AUTH  
 Account Number: 20004093  
 Service Address: 0 END DR WTR5 RAW  
 Account Type: PA  
 Bill Date: 04/03/2018

**METER INFORMATION**

Meter ID	Service Type	Current Read	Previous Read	Consumption 3/2018
WT200006	WA	4143500	4101700	41800
SERVICE PERIOD: 2/28/18 3/31/18 31 DAYS				

**CONSUMPTION HISTORY**



**IMPORTANT MESSAGE**

Thank you so much for your patience during our transition to the new billing system. If you have a concern regarding your bill, please do not hesitate to contact us at 826-CITY or by email at uboresolutions@cctexas.com. We apologize for the inconvenience.

**ACCOUNT ACTIVITY**

LAST BILL	\$103,567.24
TOTAL PAID SINCE LAST BILL	-\$80,896.29
ADJUSTMENTS	\$0.00
BALANCE FORWARD DUE NOW	\$22,670.95
<b>NEW CHARGES</b>	
WATER	\$59,444.89
RWCA \$0.974/TGAL	\$40,713.20
TOTAL WATER	\$100,158.09

PAY THIS AMOUNT BY 04/24/2018: **\$100,158.09**

ACCOUNT BALANCE **\$122,829.04**

PLEASE ALLOW 5 BUSINESS DAYS BEFORE DUE DATE TO ENSURE PROPER CREDIT.

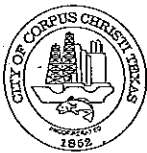
RECEIVED

APR 16 2018

SOUTH TEXAS WATER AUTHORITY

POSTED

PLEASE FOLD ON PERFORATION BEFORE TEARING --RETURN BOTTOM PORTION WITH YOUR PAYMENT. MAKE CHECKS PAYABLE TO CITY OF CORPUS CHRISTI. INCLUDE ACCOUNT NUMBER ON THE CHECK.



CITY OF CORPUS CHRISTI

P.O. Box 9257 • Corpus Christi, TX 78469-9097  
 (361) 826-CITY • www.cctexas.com

Working to Serve You Better.

3-1  
 SOUTH TX WATER AUTH  
 P O BOX 1701  
 KINGSVILLE TX 78364-1701

Account Number: 20004093  
 Service Address: 0 END DR WTR5 RAW  
 Cycle-Route #: 01-60

DUE DATE:	04/24/2018
AMOUNT DUE:	\$122,829.04

Remit to: CITY OF CORPUS CHRISTI  
 P.O. BOX 659880  
 SAN ANTONIO TX 78265-9143

When making payment in person, please bring entire statement.

200040930122829046

Nueces County Courthouse  
901 Leopard, Suite 301  
Corpus Christi, TX 78401



*Kevin Kieschnick*  
Assessor and Collector of Taxes

Administration  
(361) 888-0307  
(361) 888-0308

April 10, 2018

RECEIVED

APR 13 2018

SOUTH TEXAS WATER AUTHORITY

South Texas Water District  
C/O Carola Serrato  
P.O. Box 1701  
Kingsville, TX 78363

**Fees for Collection of Ad Valorem Taxes  
during the month of March 2018**

POSTED

Total collected parcels	465
Collection Fee per Parcel	<u>\$1.3881</u>
Total for MARCH	<u>\$645.47</u>

Please Make Checks Payable To:  
**Nueces County Tax Assessor-Collector**

For information contact:  
voice  
fax

Motor Vehicle  
(361) 888-0459  
(361) 888-0482

Property Tax  
(361) 888-0230  
(361) 888-0218

Voter Registration  
(361) 888-0404  
(361) 888-0339

**Invoice**



**Russell Corrosion Consultants, LLC**  
 Remit to: P.O. Box 6266  
 Carol Stream, IL 60197-6266  
 (P) (410) 997-4481  
 ACH - ABA #071925334, Acct #5741230227  
 Lake Forest Bank & Trust

April 11, 2018  
 Project No: 1795027.01  
 Invoice No: 0002320

Project Manager: Karl Norred  
 Ref. Number:

**Invoice Total: \$3,103.08**

South Texas Water Authority  
 P.O. Box 1701  
 Kingsville, TX 78364

Project 1795027.01 STWA Corrosion Assessment and Testing Exam Stations 0-5000  
 mcgserrato@stwa.org.

**Professional Services from February 25, 2018 to March 31, 2018**

**Professional Personnel**

	Hours	Rate	Amount	
Corrosion: Corrosion Practice Area Lead				
Szeliga, Michael	8.00	200.00	1,600.00	
Corrosion Project Manager				
Norred, Karl	3.00	150.00	450.00	
Corrosion Designer (CAD)				
Thims, Anita	.50	75.00	37.50	
<b>Totals</b>	<b>11.50</b>		<b>2,087.50</b>	
<b>Total Labor</b>				<b>2,087.50</b>

**Reimbursable Expenses**

<b>Travel - Accommodation - Reimb</b>				
1/10/2018	Keller, Ryan	Hotel stay from 1/8-1/10 for Agustin S.	285.72	
1/10/2018	Keller, Ryan	Hotel stay from 1/8-1/10 for Matt M.	285.72	
1/10/2018	Keller, Ryan	Hotel stay from 1/8-1/10 for myself	285.72	
<b>Travel - Auto - Reimb</b>				
1/8/2018	Keller, Ryan	Gas for company car	30.69	
<b>Meals - Reimb</b>				
1/8/2018	Keller, Ryan	Monday lunch, co-workers and I	29.94	
1/8/2018	Keller, Ryan	Monday dinner, co-workers and I	84.52	
1/10/2018	Keller, Ryan	Wednesday breakfast, co-workers and I	13.27	
	<b>Total Reimbursables</b>		<b>1,015.58</b>	<b>1,015.58</b>

**Billing Limits**

	Current	Prior	To-Date
Total Billings	3,103.08	33,314.64	36,417.72
Limit			65,000.00
Remaining			28,582.28

**Total this Invoice \$3,103.08**

# Billing Backup

Wednesday, April 11, 2018

Russell Corrosion Consultants, LLC

Invoice 0002320 Dated 4/11/2018

4:08:02 PM

Project	1795027.01	STWA Corrosion Assessment and Testing Examin Stations 0-5000
---------	------------	--

## Professional Personnel

			Hours	Rate	Amount	
Corrosion: Corrosion Practice Area Lead						
50002	Szeliga, Michael	2/27/2018	1.00	200.00	200.00	
	Revised draft report					
50002	Szeliga, Michael	3/22/2018	1.00	200.00	200.00	
	Contract 1 0+00 to 5+00: revised draft report					
50002	Szeliga, Michael	3/23/2018	4.00	200.00	800.00	
	Revised draft report and responded to inappropriate editing of signed and sealed report by unauthorized personnel					
50002	Szeliga, Michael	3/27/2018	2.00	200.00	400.00	
	Coordination with STWA over improperly edited signed and sealed report.					
Corrosion Project Manager						
50079	Norred, Karl	3/22/2018	3.00	150.00	450.00	
	Working on Final report and talking with Mr. Szeliga					
Corrosion Designer (CAD)						
50107	Thims, Anita	3/26/2018	.50	75.00	37.50	
	putting PDF report together					
	Totals		11.50		2,087.50	
	<b>Total Labor</b>					<b>2,087.50</b>

## Reimbursable Expenses

### Travel - Accommodation - Reimb

EX 0097787	1/10/2018	<input type="checkbox"/> Keller, Ryan / Hotel stay from 1/8-1/10 for Agustin S.	285.72
EX 0097787	1/10/2018	<input type="checkbox"/> Keller, Ryan / Hotel stay from 1/8-1/10 for Matt M.	285.72
EX 0097787	1/10/2018	<input type="checkbox"/> Keller, Ryan / Hotel stay from 1/8-1/10 for myself	285.72

### Travel - Auto - Reimb

EX 0097787	1/8/2018	<input type="checkbox"/> Keller, Ryan / Gas for company car	30.69
------------	----------	---	-------

### Meals - Reimb

EX 0097787	1/8/2018	<input type="checkbox"/> Keller, Ryan / Monday lunch, co-workers and I	29.94
EX 0097787	1/8/2018	<input type="checkbox"/> Keller, Ryan / Monday dinner, co-workers and I	84.52
EX 0097787	1/10/2018	<input type="checkbox"/> Keller, Ryan / Wednesday breakfast, co-workers and I	13.27

<b>Total Reimbursables</b>		<b>1,015.58</b>	<b>1,015.58</b>
----------------------------	--	-----------------	-----------------

<b>Total this Project</b>	<b>\$3,103.08</b>
---------------------------	-------------------

<b>Total this Report</b>	<b>\$3,103.08</b>
--------------------------	-------------------



# Invoice

HDR Engineering, Inc.  
Austin, TX 78741  
Phone: (512) 912-5100

Please send remittance with copy of invoice to  
HDR Inc/US Engineering Accounts Receivable  
P.O. Box 74008202  
Chicago, IL 60674-8202

HDR Invoice No. 1200115743  
Invoice Date 4/19/2018  
Period Ending 11/26/17-03/31/18

South Texas Water Authority  
P.O.Box 1701  
Kingsville, Texas 78364

Project No.: 10031798 \$ 900.00

Attn: Ms. Carola Serrato

Email to: JoElla Wagner <jwagner@stwa.org>

Engineering Services for Driscoll LAS System

	Lump Sum Fee	Percent Complete	Amount Earned	
Design	\$ 45,900.00	100.0%	\$ 45,900.00	
Bidding	\$ 7,200.00	100.0%	\$ 7,200.00	
Construction	\$ 18,000.00	100.0%	\$ 18,000.00	
Total Amount Earned to Date:			\$ 71,100.00	
Total Amount Invoiced to Date:			\$ 70,200.00	
Due this invoice:			\$ 900.00	\$ 900.00

**TOTAL DUE THIS INVOICE: \$ 900.00**



**SOUTH TEXAS WATER AUTHORITY  
2012 BOND ELECTION**

<b>Cost of Bond Issuance:</b>	<b>\$107,386.40</b>	
<b>Proposition #1: REGIONAL WATERLINE</b>	<b>\$1,900,000.00</b>	<b>36.54%</b>
<b>Proposition #2: KINGSVILLE PUMP STATION</b>	<b>\$2,925,000.00</b>	<b>56.25%</b>
<b>Proposition #3: BISHOP FACILITY</b>	<b><u>\$375,000.00</u></b>	<b><u>7.21%</u></b>
<b>TOTAL BOND PROCEEDS:</b>	<b>\$5,307,386.40</b>	<b>100.00%</b>

<b>Cost of Bond Issuance</b>		
Financial Advisory Fee (First Southwest)	\$30,385.00	
Computer Structure Fee (for bidding securities)	\$6,000.00	
Bond Counsel - Leroy Grawunder (MP&H)	\$39,000.00	
Attorney General - State Fees and Review	\$5,110.00	
Standard & Poor's - Rating Agency	\$11,000.00	
Paying Agent - Bank processing bonds/paid semi annually	\$200.00	
Document Preparation/Printing	\$5,000.00	
Miscellaneous	\$1,973.90	
Accrued Interest - use to make first Debt Payment	<u>\$8,717.50</u>	
TOTAL Cost of Bond Issuance	<b>\$107,386.40</b>	

Proposition #1: REGIONAL WATERLINE

36.54%

	Engineer Estimate	Contract Amount	Percent Expended	Amount Expended	Amount Remaining
TOTAL PROPOSITION #1:	\$1,900,000.00				
Construction: Lewis Construction		\$1,035,100.00		\$1,035,100.00	
Change Order #1		\$4,320.85		\$4,320.85	
Change Order #2		\$30,815.17		\$30,815.17	
Change Order #3		-\$5,100.00		-\$5,100.00	
Change Order #4		\$13,954.16		\$13,954.16	
		<u>\$1,079,090.18</u>	100.00%	<u>\$1,079,090.18</u>	
ROW Acquisition:		\$60,541.31	100.00%	\$60,541.31	
		<u>\$1,139,631.49</u>		<u>\$1,139,631.49</u>	\$760,368.51
HDR Pipeline Condition Assessment		\$105,900.00	100.00%	\$105,900.00	
HDR LAS Booster -Driscoll		\$71,100.00	98.73%	\$70,200.00	
LAS Booster - Construction		\$369,000.00			
Change Order #1		\$45,586.84			
Change Order #2		\$1,705.00			
Change Order #3		\$10,650.00			
		<u>\$426,941.84</u>	91.90%	\$392,344.75	
Rock Engineering		\$1,051.00		\$1,051.00	
Rock Engineering		\$2,026.00		\$2,026.00	
				<u>\$395,421.75</u>	
Non-Construction Related Costs:		\$36,076.45	100.00%	\$36,076.45	\$0.00
TOTAL Proposition #1	\$1,900,000.00	\$1,782,726.78		\$1,747,229.69	\$116,222.22 *

\* Estimated balance after Mercer/Driscoll LAS Project @ 100%

**Proposition #2: KINGSVILLE PUMP STATION**

56.25%

	Engineer Estimate	Contract Amount	Percent Expended	Amount Expended	Amount Remaining
ROW Acquisition:					
Construction Related Costs:					
Ground Storage Tank - PreLoad	\$1,894,460.00	\$1,248,602.55 *	100.00%	\$1,206,897.95	
Final - Payment #8				\$41,704.60	
				\$1,248,602.55	\$645,857.45
New Pumps - ACP	\$327,378.00	\$295,000.00		\$295,000.00	
Change Order #1		\$12,310.75		\$12,310.75	
Odessa Pumps		\$20,162.00		\$20,162.00	
		\$327,472.75	100.00%	\$327,472.75	-\$94.75
Emergency Generator	\$0.00	\$123,586.38	100.00%	\$123,586.39	-\$123,586.39
Engineering Costs:	\$560,500.00				
Engineering - GST*		\$234,800.00	100.00%	\$234,800.00	
Engineering - GST additional work by HDR		\$48,000.00	100.00%	\$48,000.00	
Engineering - Pump Station		\$91,600.00	100.00%	\$91,600.00	
Rock Engineering, Inc.				\$1,121.00	
LNV - Generator		\$30,000.00	100.00%	\$30,000.00	
				\$405,521.00	\$154,979.00
Non-Construction Related Costs:	\$122,500.00	\$60,404.85		\$60,404.85	\$62,095.15
TOTAL Proposition #2	\$2,904,838.00	\$2,164,466.53		\$2,165,587.54	\$739,250.46

\*Reduced by Change Order #1

**Proposition #3: BISHOP FACILITY**

7.21%

	Engineer Estimate	Contract Amount	Percent Expended	Amount Expended	Amount Remaining
Construction: Mercer	\$277,100.00	\$109,900.00	100.00%	\$117,596.50	\$159,503.50
Change Order: Painting building		\$3,996.00			
Change to WYE		\$3,700.00			
		\$117,596.00			
Construction Related Costs:	\$69,300.00	\$52,200.00	100.00%	\$52,200.00	\$17,100.00
LNV Engineering					
Non-Construction Related Costs:	\$28,600.00	\$13,330.35	100.00%	\$13,330.35	\$15,269.65
TOTAL Proposition #3	\$375,000.00	\$183,126.35		\$183,126.85	\$191,873.15

**TOTAL \$1,047,345.83**

**ANTICIPATED (BUDGETED) vs. ACTUAL WATER RATE CHARGED**

	ANTICIPATED (BUDGETED) CHARGES			ACTUAL CHARGES			Difference: Actual vs. Budgeted
	Handling Charge	CC Cost	Total	Handling Charge	CC Cost	Total	
Oct-17	\$0.426386	\$2.4362	\$2.8626	\$0.426386	\$2.312247	\$2.738633	-\$0.1239
Nov-17	\$0.426386	\$2.4380	\$2.8644	\$0.426386	\$2.316174	\$2.742560	-\$0.1218
Dec-17	\$0.426386	\$2.4383	\$2.8647	\$0.426386	\$2.349496	\$2.775882	-\$0.0888
Jan-18	\$0.426386	\$2.4381	\$2.8645	\$0.426386	\$2.397528	\$2.823914	-\$0.0405
Feb-18	\$0.426386	\$2.4398	\$2.8662	\$0.426386	\$2.400483	\$2.826869	-\$0.0393
Mar-18	\$0.426386	\$2.4376	\$2.8640	\$0.426386	\$2.392127	\$2.818513	-\$0.0455
Apr-18	\$0.426386	\$2.4359	\$2.8623	\$0.426386		\$0.426386	-\$2.4359
May-18	\$0.426386	\$2.4358	\$2.8622	\$0.426386		\$0.426386	-\$2.4358
Jun-18	\$0.426386	\$2.4350	\$2.8614	\$0.426386		\$0.426386	-\$2.4350
Jul-18	\$0.426386	\$2.4335	\$2.8599	\$0.426386		\$0.426386	-\$2.4335
Aug-18	\$0.426386	\$2.4330	\$2.8594	\$0.426386		\$0.426386	-\$2.4330
Sep-18	\$0.426386	\$2.4360	\$2.8624	\$0.426386		\$0.426386	-\$2.4360
<b>Avg Cost</b>	<b>\$0.426386</b>	<b>\$2.4364</b>	<b>\$2.8628</b>	<b>\$0.426386</b>	<b>\$2.361343</b>	<b>\$2.787729</b>	<b>-\$0.0751</b>

**ANTICIPATED (BUDGETED) vs. ACTUAL WATER USAGE**

All Customers	Budgeted			Actual			Difference		
Oct-17	43,106,064	49,257,770	6,151,706	Oct-17	11,406,490	13,839,280	2,432,790		
Nov-17	39,010,208	41,240,370	2,230,162	Nov-17	10,288,004	12,528,080	2,240,076		
Dec-17	38,272,268	37,196,850	-1,075,418	Dec-17	10,329,528	11,526,840	1,197,312		
Jan-18	39,270,789	41,006,500	1,735,711	Jan-18	10,835,370	13,263,230	2,427,860		
Feb-18	35,570,793	38,505,650	2,934,857	Feb-18	9,334,104	11,186,170	1,852,066		
Mar-18	39,754,343	42,148,523	2,394,180	Mar-18	10,296,803	13,521,510	3,224,707		
Apr-18	43,693,987	0	0	Apr-18	11,536,949	0	0		
May-18	44,073,875	0	0	May-18	12,015,101	0	0		
Jun-18	46,279,865	0	0	Jun-18	12,879,697	0	0		
Jul-18	50,891,700	0	0	Jul-18	14,328,969	0	0		
Aug-18	52,856,325	0	0	Aug-18	14,308,455	0	0		
Sep-18	43,581,741	0	0	Sep-18	12,438,360	0	0		
<b>TOTAL</b>	<b>516,361,957</b>	<b>249,355,663</b>	<b>14,371,199</b>	<b>TOTAL</b>	<b>139,997,830</b>	<b>75,865,110</b>	<b>13,374,811</b>		

Kingsville	Budgeted			Actual			Difference		
Oct-17	10,188,919	13,323,000	3,134,081	Oct-17	8,892,000	8,533,000	-359,000		
Nov-17	10,188,919	8,716,000	-1,472,919	Nov-17	7,675,200	7,776,000	100,800		
Dec-17	10,188,919	6,734,000	-3,454,919	Dec-17	7,091,800	7,006,000	-85,800		
Jan-18	10,188,919	7,519,000	-2,669,919	Jan-18	7,211,600	6,986,000	-225,600		
Feb-18	10,188,919	8,188,000	-2,000,919	Feb-18	6,276,600	5,462,000	-814,600		
Mar-18	10,188,919	9,466,000	-722,919	Mar-18	8,122,200	6,669,000	-1,453,200		
Apr-18	10,188,919	0	0	Apr-18	9,168,400	0	0		
May-18	10,188,919	0	0	May-18	9,261,200	0	0		
Jun-18	10,188,919	0	0	Jun-18	10,412,600	0	0		
Jul-18	10,188,919	0	0	Jul-18	11,164,600	0	0		
Aug-18	10,188,919	0	0	Aug-18	11,785,400	0	0		
Sep-18	10,188,919	0	0	Sep-18	8,403,600	0	0		
<b>TOTAL</b>	<b>122,267,026</b>	<b>53,946,000</b>	<b>-7,187,513</b>	<b>TOTAL</b>	<b>105,465,200</b>	<b>42,432,000</b>	<b>-2,837,400</b>		

Bishop	Budgeted	Actual	Difference
Oct-17	5,417,400	5,521,000	103,600
Nov-17	4,275,800	4,247,000	-28,800
Dec-17	4,314,400	4,005,000	-309,400
Jan-18	4,635,200	4,873,000	237,800
Feb-18	3,702,800	6,598,000	2,895,200
Mar-18	4,623,400	4,135,333	-488,067 Estimated
Apr-18	5,871,600	0	
May-18	5,176,600	0	
Jun-18	4,661,600	0	
Jul-18	6,609,800	0	
Aug-18	8,080,400	0	
Sep-18	5,338,000	0	
<b>TOTAL</b>	<b>62,707,000</b>	<b>29,379,333</b>	<b>2,410,333</b>

Banquete	Budgeted	Actual	Difference
Oct-17	2,393,856	2,107,860	-285,996
Nov-17	2,168,468	1,979,060	-189,408
Dec-17	2,078,142	2,033,820	-44,322
Jan-18	2,037,054	2,288,560	251,506
Feb-18	1,971,256	1,929,340	-41,916
Mar-18	2,043,050	2,270,690	227,640
Apr-18	2,106,092	0	
May-18	2,278,536	0	
Jun-18	2,477,094	0	
Jul-18	2,533,790	0	
Aug-18	2,561,114	0	
Sep-18	2,232,010	0	
<b>TOTAL</b>	<b>26,880,462</b>	<b>12,609,330</b>	<b>-82,496</b>

Driscoll	Budgeted	Actual	Difference
Oct-17	2,440,991	3,788,900	1,347,909
Nov-17	2,318,365	3,995,000	1,676,635
Dec-17	2,240,349	3,669,100	1,428,751
Jan-18	2,422,620	3,925,000	1,502,380
Feb-18	2,237,900	3,316,400	1,078,500
Mar-18	2,467,160	3,731,100	1,263,940
Apr-18	2,610,900	0	
May-18	2,832,220	0	
Jun-18	3,105,320	0	
Jul-18	3,369,200	0	
Aug-18	3,091,193	0	
Sep-18	2,683,790	0	
<b>TOTAL</b>	<b>31,820,009</b>	<b>22,425,500</b>	<b>8,298,115</b>

Agua Dulce	Budgeted	Actual	Difference
Oct-17	2,366,408	2,144,730	-221,678
Nov-17	2,095,452	1,999,230	-96,222
Dec-17	2,029,130	2,222,090	192,960
Jan-18	1,940,026	2,151,710	211,684
Feb-18	1,859,214	1,825,740	-33,474
Mar-18	2,012,811	2,354,890	342,079
Apr-18	2,211,127	0	
May-18	2,321,299	0	
Jun-18	2,554,636	0	
Jul-18	2,696,422	0	
Aug-18	2,840,844	0	
Sep-18	2,297,062	0	
<b>TOTAL</b>	<b>27,224,431</b>	<b>12,698,390</b>	<b>395,349</b>

#### Kingsville Actual Usage vs. Bell Chart Volume

	Target Volume	Actual Volume	Difference
Oct-17	12,451,513	13,323,000	871,487
Nov-17	7,362,963	8,716,000	1,353,037
Dec-17	5,893,607	6,734,000	840,393
Jan-18	4,650,000	7,519,000	2,869,000
Feb-18	6,760,471	8,188,000	1,427,529
Mar-18	8,319,028	9,466,000	1,146,972
Apr-18	10,906,161	0	
May-18	12,497,858	0	
Jun-18	14,240,055	0	
Jul-18	15,711,155	0	
Aug-18	15,911,986	0	
Sep-18	13,866,300	0	
<b>TOTAL</b>	<b>128,571,097</b>	<b>53,946,000</b>	<b>8,508,418</b>

**Net Revenue per Thousand (1,000) Gallons**

<b>Kingsville</b>	<b>Actual</b>	<b>Net Rev</b>	<b>Per 1000g</b>	<b>NWSC</b>	<b>Actual</b>	<b>Net Rev</b>	<b>Per 1000g</b>
Oct-17	13,323,000	\$4,456.79	\$0.3345	Oct-17	13,839,280	\$3,919.47	\$0.2832
Nov-17	8,716,000	\$2,145.93	\$0.2462	Nov-17	12,528,080	\$3,932.40	\$0.3139
Dec-17	6,734,000	\$1,213.48	\$0.1802	Dec-17	11,526,840	\$3,182.96	\$0.2761
Jan-18	7,519,000	\$2,137.00	\$0.2842	Jan-18	13,263,230	\$3,938.08	\$0.2969
Feb-18	8,188,000	\$2,309.87	\$0.2821	Feb-18	11,186,170	\$2,841.79	\$0.2540
Mar-18	0		#DIV/0!	Mar-18	0		#DIV/0!
Apr-18	0		#DIV/0!	Apr-18	0		#DIV/0!
May-18	0		#DIV/0!	May-18	0		#DIV/0!
Jun-18	0		#DIV/0!	Jun-18	0		#DIV/0!
Jul-18	0		#DIV/0!	Jul-18	0		#DIV/0!
Aug-18	0		#DIV/0!	Aug-18	0		#DIV/0!
Sep-18	0		#DIV/0!	Sep-18	0		#DIV/0!
<b>TOTAL</b>	<b>44,480,000</b>	<b>\$12,263.07</b>	<b>\$0.2757</b>	<b>TOTAL</b>	<b>62,343,600</b>	<b>\$17,814.70</b>	<b>\$0.2858</b>
<b>Bishop</b>	<b>Actual</b>	<b>Net Rev</b>	<b>Per 1000g</b>	<b>RWSC</b>	<b>Actual</b>	<b>Net Rev</b>	<b>Per 1000g</b>
Oct-17	5,521,000	\$1,015.42	\$0.1839	Oct-17	8,533,000	\$538.11	\$0.0631
Nov-17	4,247,000	\$425.49	\$0.1002	Nov-17	7,776,000	\$1,907.85	\$0.2454
Dec-17	4,005,000	\$608.07	\$0.1518	Dec-17	7,006,000	\$1,660.87	\$0.2371
Jan-18	4,873,000	\$1,017.40	\$0.2088	Jan-18	6,986,000	\$1,612.65	\$0.2308
Feb-18	6,598,000	\$594.49	\$0.0901	Feb-18	5,462,000	\$1,038.33	\$0.1901
Mar-18	0		#DIV/0!	Mar-18	0		#DIV/0!
Apr-18	0		#DIV/0!	Apr-18	0		#DIV/0!
May-18	0		#DIV/0!	May-18	0		#DIV/0!
Jun-18	0		#DIV/0!	Jun-18	0		#DIV/0!
Jul-18	0		#DIV/0!	Jul-18	0		#DIV/0!
Aug-18	0		#DIV/0!	Aug-18	0		#DIV/0!
Sep-18	0		#DIV/0!	Sep-18	0		#DIV/0!
<b>TOTAL</b>	<b>25,244,000</b>	<b>\$3,660.87</b>	<b>\$0.1450</b>	<b>TOTAL</b>	<b>35,763,000</b>	<b>\$6,757.81</b>	<b>\$0.1890</b>
<b>Driscoll</b>	<b>Actual</b>	<b>Net Rev</b>	<b>Per 1000g</b>	<b>Banquete</b>	<b>Actual</b>	<b>Net Rev</b>	<b>Per 1000g</b>
Oct-17	3,788,900	\$847.98	\$0.2238	Oct-17	2,107,860	\$243.69	\$0.1156
Nov-17	3,995,000	\$979.64	\$0.2452	Nov-17	1,979,060	\$386.16	\$0.1951
Dec-17	3,669,100	\$945.70	\$0.2577	Dec-17	2,033,820	\$295.27	\$0.1452
Jan-18	3,925,000	\$1,090.72	\$0.2779	Jan-18	2,288,560	\$473.32	\$0.2068
Feb-18	3,316,400	\$672.03	\$0.2026	Feb-18	1,929,340	\$330.66	\$0.1714
Mar-18	0		#DIV/0!	Mar-18	0		#DIV/0!
Apr-18	0		#DIV/0!	Apr-18	0		#DIV/0!
May-18	0		#DIV/0!	May-18	0		#DIV/0!
Jun-18	0		#DIV/0!	Jun-18	0		#DIV/0!
Jul-18	0		#DIV/0!	Jul-18	0		#DIV/0!
Aug-18	0		#DIV/0!	Aug-18	0		#DIV/0!
Sep-18	0		#DIV/0!	Sep-18	0		#DIV/0!
<b>TOTAL</b>	<b>18,694,400</b>	<b>\$4,536.07</b>	<b>\$0.2426</b>	<b>TOTAL</b>	<b>10,338,640</b>	<b>\$1,729.10</b>	<b>\$0.1672</b>

<b>Agua Dulce</b>	<b>Actual</b>	<b>Net Rev</b>	<b>Per 1000g</b>
Oct-17	2,144,730	\$475.40	\$0.2217
Nov-17	1,999,230	\$477.13	\$0.2387
Dec-17	2,222,090	\$387.81	\$0.1745
Jan-18	2,151,710	\$512.72	\$0.2383
Feb-18	1,825,740	\$318.93	\$0.1747
Mar-18	0		#DIV/0!
Apr-18	0		#DIV/0!
May-18	0		#DIV/0!
Jun-18	0		#DIV/0!
Jul-18	0		#DIV/0!
Aug-18	0		#DIV/0!
Sep-18	0		#DIV/0!
<b>TOTAL</b>	<b>10,343,500</b>	<b>\$2,171.99</b>	<b>\$0.2100</b>

<b>All Customers</b>	<b>Actual</b>	<b>Net Rev</b>	<b>Per 1000g</b>
Oct-17	49,257,770	\$11,496.86	\$0.2334
Nov-17	41,240,370	\$10,254.60	\$0.2487
Dec-17	37,196,850	\$8,294.16	\$0.2230
Jan-18	41,006,500	\$10,781.89	\$0.2629
Feb-18	38,505,650	\$8,106.10	\$0.2105
Mar-18	0		#DIV/0!
Apr-18	0		#DIV/0!
May-18	0		#DIV/0!
Jun-18	0		#DIV/0!
Jul-18	0		#DIV/0!
Aug-18	0		#DIV/0!
Sep-18	0		#DIV/0!
<b>TOTAL</b>	<b>207,207,140</b>	<b>\$48,933.61</b>	<b>\$0.2362</b>

## INTER-OFFICE MEMO

TO: Carola G. Serrato, Executive Director  
FROM: Jacob Hinojosa, O&M Supervisor  
DATE: April 20, 2018  
RE: Maintenance & Technical Report

During the week of March 19, 2018, the following work was completed.

- Safety Meeting for all Field Techs.
- Exercised generators, downloaded GPS reports and performed line locates.
- Took Residuals for Driscoll Project.
- Worked on SOP's for chlorine adjustments at Driscoll and Central Pump Stations.
- Mowed grass around the office and pump stations.
- Took water samples.
- Took Unit #6 to get A/C repaired.
- Took Unit #5 to dealership to check on engine light.

During the week of March 26, 2018, the following work was completed.

- Safety Meeting for all Field Techs.
- Exercised generators, downloaded GPS reports and performed line locates.
- Employees took a valve and hydrant class in Corpus.
- Took residuals for Driscoll project.
- Took water samples.
- Cleaned up parking lot area.
- Helped Mercer Controls adjust meter factors at Banquete and Central Pump Stations.
- Took Unit #1 for an oil change.
- Repaired turn signal for Unit #6.

During the week of April 2, 2018, the following work was completed.

- Safety Meeting for all Field Techs.
- Exercised generators, downloaded GPS reports and performed line locates.
- Took residuals for Driscoll project.
- Re-newed water license for employee.
- Installed a PRV valve at Central Pump Station.
- Mowed pump stations.
- Took Nitrate/Nitrite samples at maximum water age sites.
- Installed a booster pump for the chlorine system on the Ground Storage Tank at Driscoll Pump Station.
- Took Unit #5 to dealership for check engine light.



- Had to trouble shoot air compressor at Central Pump Station. Company is coming in to repair it, needs new heads.
- Electrician came in to troubleshoot Bishop East MOV and replaced relays and housing.

During the week of April 9, 2018, the following work was completed.

- Safety Meeting for all Field Techs.
- Exercised generators, downloaded GPS reports and performed line locates.
- Checked on new cable for Agua Dulce SCADA antenna.
- Took residuals for Driscoll project.
- Took water samples.
- Took screen shots of Driscoll project control screens on site and at office.
- Repaired Driscoll SCADA controller with Mercer Controls. Had to reinstall program on Opto 22 SNAP PAC.
- Took Unit #6 to get windshield replaced.
- Took Unit #6 to get new step sides mounted on truck.
- Took Unit #2 to get brakes worked on

ATTACHMENT 3  
FY 2018 Budget Amendments

## Memorandum

To: South Texas Water Authority Board of Directors  
From: Carola G. Serrato, Executive Director  
Date: April 20, 2018  
Re: Fiscal Year 2018 Budget Amendments

### Background:

Enclosed are staff's recommended amendments for the FY 2018 Budget. These amendments are provided at the 6-month time frame per past operating procedures.

### Analysis:

1. **Total Revenues increased** by \$47,000 based on an increase in interest income and the implementation of the Premium Incremental charge.
2. **Total Administrative/Operations Expenditures without Capital Outlay decreased** by \$63,022 predominantly associated with savings on professional fees and property insurance.
  - **Payroll Costs decreased** by \$17,997 associated with field tech vacancies.
  - **Supplies and Materials increased** by \$6,500 for master meter replacements.
  - **Professional Fees decreased** by \$51,465 associated with reduced legal costs, completion of Russell Corrosion services on the three (3) projects, and the SmartBall test revealing no leaks thereby requiring less consultation from HDR Engineering.
  - **Consumable Supplies/Materials/Tech Support increased** by \$7,000 due to the need for additional outside consultation on network communications (Printing/Office Supplies/Tech Support). In addition, the *Small Tools* line item is increased due to my recommendation to purchase two (2) Hach DR 900 devices to monitor Total Chlorine, Monochloramines, Free Ammonia and Free Chlorine. STWA has only one (1) DR 900 device which was purchased at a cost of \$1,382 and used by O&M Supervisor Jacob Hinojosa. Other field personnel use Hach Colorimeter II devices which cost \$487. A recent conference call with TCEQ regarding residual anomalies (such as Monochloramine residuals higher than Total Chlorine) revealed that the TCEQ uses DR 900 devices due to its increased accuracy.
  - **Recurring Operating Costs decreased** by \$11,207 due to a property insurance refund as a result of facilities being transferred to NWSC and RWSC.
  - **Miscellaneous Cost increased** by \$4,147 for the approved study with Ag extension/Kenedy GCD.
3. **Capital Outlay increased** by \$10,000 as a result of the purchase of the DM2 pipe locator device.
4. **Other Finance Sources increased** by \$4,069 from the surplus sale and projected tax collections.
5. **Deficiencies of Revenues over Expenditures is increased** by \$104,091 for a **Net Gain of \$35,416** as compared to the original budget's ending balance of -\$68,675.

### Staff Recommendation:

Approve the FY 2018 Six-Month Budget amendments.

### Board Action:

Determine whether to approve the recommended amendments.

### Summarization:

The Net Gain of \$35,416 is almost entirely attributed to the \$35,000 increase in revenue from the Premium Incremental charge; or, stated from an expenditure perspective, the proposed budget is break even.

**SOUTH TEXAS WATER AUTHORITY  
GENERAL FUND  
PROPOSED AMENDED FY2018 BUDGET**

**2018 RATES**  
O & M TAX RATE: \$0.064224  
I & S TAX RATE: \$0.020946  
HANDLING CHARGE: \$0.426386  
WATER RATE: \$2.436121

	2018 ADOPTED BUDGET	YEAR TO DATE 3/31/2018	% OF 2018 ADOPTED BUDGET	2018 PROPOSED AMENDED BUDGET	VARIANCE
<b>REVENUES</b>					
Water Service Revenue	\$1,257,962	\$580,877	46%	\$1,257,962	\$0
Handling Charge Revenue	\$220,170	\$104,989	48%	\$220,170	\$0
Premium Incremental Increase	\$0	\$16,906	0%	\$35,000	\$35,000
Surcharge - Out of District	\$6,619	\$3,309	50%	\$6,619	\$0
Interest Income	\$10,000	\$12,061	121%	\$22,000	\$12,000
Other Revenue					
Operating & Maintenance Fees	\$0	\$0	0%		
Miscellaneous Revenues	\$5,000	\$1,271	25%	\$5,000	\$0
<b>TOTAL REVENUES</b>	<b>\$1,499,751</b>	<b>\$719,414</b>	<b>48%</b>	<b>\$1,546,751</b>	<b>\$47,000</b>
<b>EXPENDITURES</b>					
Water Service Expenditures:					
Bulk Water Purchases	\$1,257,962	\$558,153	44%	\$1,257,962	\$0
Water Loss	\$0	\$0	0%	\$0	\$0
<b>TOTAL WATER SERVICE</b>	<b>\$1,257,962</b>	<b>\$558,153</b>	<b>44%</b>	<b>\$1,257,962</b>	<b>\$0</b>
Payroll Costs					
Salaries & Wages -					
Regular Employees	\$328,813	\$145,215	44%	\$313,366	\$15,447
Part-Time Employee	\$1,607	\$771	48%	\$1,607	\$0
Overtime - NWSC	\$0	\$0	0%	\$0	\$0
Stand-by Pay - NWSC	\$0	\$0	0%	\$0	\$0
Overtime - RWSC	\$0	\$0	0%	\$0	\$0
Stand-by Pay - RWSC	\$0	\$0	0%	\$0	\$0
Overtime - STWA	\$12,500	\$6,134	49%	\$12,500	\$0
Stand-by Pay - STWA	\$1,300	\$650	50%	\$1,300	\$0
Janitorial Pay - STWA Overtime	\$8,500	\$3,588	42%	\$7,800	\$700
Employee Retirement Premiums	\$44,452	\$26,076	59%	\$54,023	-\$9,571
Group Insurance Premium	\$169,122	\$79,039	47%	\$156,292	\$12,830
Unemployment Compensation	\$874	\$507	58%	\$1,115	-\$241
Workers' Compensation	\$6,498	\$4,479	69%	\$6,498	\$0
Car Allowance	\$4,800	\$2,900	60%	\$5,900	-\$1,100
Hospital Insurance Tax	\$3,757	\$1,704	45%	\$3,825	-\$68
<b>TOTAL PERSONNEL</b>	<b>\$582,223</b>	<b>\$271,063</b>	<b>47%</b>	<b>\$564,226</b>	<b>\$17,997</b>
Supplies & Materials					
Repairs & Maintenance	\$80,000	\$32,518	41%	\$80,000	\$0
Meter Expense	\$5,000	\$3,375	68%	\$11,500	-\$6,500
Tank Repairs	\$20,000	\$0	0%	\$20,000	\$0
Major Repairs	\$25,000	\$0	0%	\$25,000	\$0
<b>TOTAL SUPPLIES &amp; MATERIALS</b>	<b>\$130,000</b>	<b>\$35,893</b>	<b>28%</b>	<b>\$136,500</b>	<b>-\$6,500</b>

	2018 ADOPTED BUDGET	YEAR TO DATE 3/31/2018	% OF 2018 ADOPTED BUDGET	2018 PROPOSED AMENDED BUDGET	VARIANCE
Other Operating Expenditures:					
Professional Fees					
Legal	\$40,000	\$5,354	13%	\$30,000	\$10,000
Auditing	\$9,500	\$9,369	99%	\$9,370	\$130
Engineering	\$90,000	\$60,101	67%	\$70,000	\$20,000
Management & Consulting	\$10,000	\$278	3%	\$10,000	\$0
Inspections	\$5,500	\$2,725	50%	\$3,725	\$1,775
Leak Detection	\$75,000	\$55,440	74%	\$55,440	\$19,560
<b>TOTAL PROFESSIONAL FEES</b>	<b>\$230,000</b>	<b>\$133,268</b>	<b>58%</b>	<b>\$178,535</b>	<b>\$51,465</b>
Consum Supplies/Materials					
Postage	\$11,500	\$2,490	22%	\$6,500	\$5,000
Printing/Office Supplies/Tech Support	\$19,000	\$14,866	78%	\$26,500	-\$7,500
Janitorial/Site Maintenance	\$5,000	\$2,984	60%	\$6,000	-\$1,000
Fuel/Lubricants/Repairs	\$33,000	\$14,216	43%	\$33,000	\$0
Chemicals/Water Samples	\$58,000	\$20,852	36%	\$58,000	\$0
Safety Equipment	\$1,500	\$0	0%	\$1,500	\$0
Small Tools	\$1,000	\$826	83%	\$4,500	-\$3,500
<b>TOTAL CON. SUPPLIES/MATERIALS</b>	<b>\$129,000</b>	<b>\$56,233</b>	<b>44%</b>	<b>\$136,000</b>	<b>-\$7,000</b>
Recurring Operating Costs					
Telephone/Communications	\$21,100	\$9,184	44%	\$23,500	-\$2,400
Utilities	\$115,000	\$42,507	37%	\$115,000	\$0
D & O Liability Insurance	\$3,500	\$1,235	35%	\$3,500	\$0
Property Insurance	\$33,247	\$19,229	58%	\$20,000	\$13,247
General Liability	\$2,750	\$2,617	95%	\$2,750	\$0
Auto Insurance	\$2,050	\$2,050	100%	\$2,050	\$0
Travel/Training/Meetings	\$10,000	\$4,016	40%	\$10,000	\$0
Rental-Equipment/Uniforms	\$5,000	\$1,744	35%	\$5,000	\$0
Dues/Subscriptions/Publication	\$15,000	\$7,158	48%	\$15,000	\$0
Pass Through Cost	\$500	\$281	56%	\$800	-\$300
Educational Materials	\$660	\$0	0%	\$0	\$660
<b>TOTAL RECURRING OPER. COSTS</b>	<b>\$208,807</b>	<b>\$90,020</b>	<b>43%</b>	<b>\$197,600</b>	<b>\$11,207</b>
Miscellaneous					
Miscellaneous Expenditures	\$7,500	\$2,685	36%	\$11,647	-\$4,147
<b>TOTAL MISCELLANEOUS</b>	<b>\$7,500</b>	<b>\$2,685</b>	<b>36%</b>	<b>\$11,647</b>	<b>-\$4,147</b>
<b>Total Administrative &amp; Operations Exp.</b>	<b>\$2,545,492</b>	<b>\$1,147,314</b>	<b>45%</b>	<b>\$2,482,470</b>	<b>\$63,022</b>
Capital Outlay					
Capital Acquisition	\$79,000	\$87,259	110%	\$89,000	-\$10,000
Engineering	\$0	\$0	0%	\$0	\$0
<b>TOTAL CAPITAL OUTLAY</b>	<b>\$79,000</b>	<b>\$87,259</b>	<b>110%</b>	<b>\$89,000</b>	<b>-\$10,000</b>
<b>TOTAL EXPENDITURES (w/o D.S. exp.)</b>	<b>\$2,624,492</b>	<b>\$1,234,573</b>		<b>\$2,571,470</b>	<b>\$53,022</b>
<b>Excess (Deficiencies) of Revenue Over Expenditures</b>	<b>-\$1,124,741</b>	<b>-\$515,159</b>		<b>-\$1,024,719</b>	

	2018 ADOPTED BUDGET	YEAR TO DATE 3/31/2018	% OF 2018 ADOPTED BUDGET	2018 PROPOSED AMENDED BUDGET	VARIANCE
<b>OTHER FINANCE SOURCE (USES)</b>					
Transfer to Other Funds					
Disposition of Assets (Surplus Sale)	\$1,500	\$4,432	295%	\$4,432	\$2,932
Transfer from Tax Accounts	\$1,054,566	\$1,024,199	97%	\$1,055,703	\$1,137
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$1,056,066</b>	<b>\$1,028,631</b>	<b>97%</b>	<b>\$1,060,135</b>	<b>\$4,069</b>
<b>TOTAL EXPENDITURES</b>	<b>\$1,568,426</b>	<b>\$205,942</b>		<b>\$1,511,335</b>	<b>\$57,091</b>
<b>EXCESS (DEFICIENCIES) OF REVENUES OVER OTHER SOURCES (USES)</b>	<b>-\$68,675</b>	<b>\$513,471</b>		<b>\$35,416</b>	<b>\$104,091</b>
<b>NET INCOME</b>	<b>-\$68,675</b>	<b>\$513,471</b>		<b>\$35,416</b>	<b>\$104,091</b>

#### Capital Acquisition

	Budgeted	Spent or Cost	
a. Truck to haul mini-excavator	\$40,000	\$38,658	\$1,342
b. Computer upgrades	\$4,000	\$5,501	-\$1,501
c. Rehab Central Pump Station	\$25,000	\$23,400	\$1,600
d. Replace Driscoll Tank Bypass Line (Mercer)	<u>\$10,000</u>	<u>\$8,825</u>	<u>\$1,175</u>
	\$79,000	\$76,384	\$2,616
e. Indepth Pipe Locator	\$0	\$12,375	-\$12,375
	\$79,000	\$88,759	-\$9,759
Engineering		\$0	

**SOUTH TEXAS WATER AUTHORITY  
GENERAL FUND - TAX ACCOUNT  
PROPOSED AMENDED FY2018 BUDGET**

**2018 RATES**  
**O & M TAX RATE: \$0.064224**  
**I & S TAX RATE: \$0.020946**  
**HANDLING CHARGE: \$0.426386**  
**WATER RATE: \$2.436121**

	2018 ADOPTED BUDGET	YEAR TO DATE 3/31/2018	2018 PROPOSED AMENDED BUDGET	VARIANCE
<b>REVENUES</b>				
Ad Valorem - Current (M & O)	\$1,070,008	\$1,036,915	\$1,070,008	\$0
Delinquent Taxes	\$27,500	\$19,058	\$27,500	\$0
Penalty & Interest - Tax Accounts (M & O)	\$16,000	\$12,040	\$16,000	\$0
<b>TOTAL M&amp;O TAX REVENUES</b>	<b>\$1,113,508</b>	<b>\$1,068,013</b>	<b>\$1,113,508</b>	<b>\$0</b>
<b>EXPENDITURES</b>				
Tax Collector Fees	\$37,165	\$33,770	\$37,215	-\$50
Appraisal Districts	\$21,777	\$10,045	\$20,590	\$1,187
Refunds	\$0	\$0	\$0	\$0
<b>TOTAL EXPENDITURES</b>	<b>\$58,942</b>	<b>\$43,815</b>	<b>\$57,805</b>	<b>\$1,137</b>
<b>REVENUES OVER EXPENDITURES</b>	<b>\$1,054,566</b>	<b>\$1,024,198</b>	<b>\$1,055,703</b>	<b>\$1,137</b>
<b>OTHER USES</b>				
Transfer to Revenue Fund (Tax)	\$1,054,566	\$1,024,198	\$1,055,703	-\$1,137
<b>TOTAL EXPEND. &amp; OTHER USES</b>	<b>\$1,113,508</b>	<b>\$1,068,013</b>	<b>\$1,113,508</b>	<b>0</b>
Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	\$0	\$0	\$0	0

**SOUTH TEXAS WATER AUTHORITY  
GENERAL FUND - SPECIAL SERVICES  
PROPOSED AMENDED FY2018 BUDGET**

<b>2018 RATES</b>	
O & M TAX RATE:	\$0.064224
I & S TAX RATE:	\$0.020946
HANDLING CHARGE:	\$0.426386
WATER RATE:	\$2.436121

	2018 ADOPTED BUDGET	YEAR TO DATE 3/31/2018	2018 PROPOSED AMENDED BUDGET	VARIANCE
<b>REVENUES</b>				
Ricardo Water Supply Corporation 983 customers	\$293,020	\$124,250	\$281,247	-\$11,773
Nueces Water Supply Corporation 923 customers	\$275,134	\$131,646	\$264,080	-\$11,054
<b>TOTAL SPECIAL SERVICES REVENUE</b>	<b>\$568,154</b>	<b>\$255,896</b>	<b>\$545,327</b>	<b>-\$22,827</b>
<b>EXPENDITURES</b>				
Personnel	\$304,185	\$154,874	\$293,896	\$10,289
Overhead	\$263,969	\$124,800	\$251,431	\$12,538
<b>TOTAL SPECIAL SERVICES EXPENDITURES</b>	<b>\$568,154</b>	<b>\$279,674</b>	<b>\$545,327</b>	<b>\$22,827</b>
<b>REVENUES OVER EXPENDITURES</b>	<b>\$0</b>	<b>-\$23,778</b>	<b>\$0</b>	<b>\$0</b>

**Personnel allocations:**

Billing Clerk	85.00%	Overhead	
Receptionist	75.00%	Retirement	\$31,560.92
Accountant Assistant	75.00%	Medicare	\$3,580.60
Finance Manager	27.00%	TEC	\$1,153.44
Business/Risk Manager	25.00%	WC	\$6,570.22
Field Manager	75.00%	Health, etc	\$174,529.02
Field Supervisor	35.00%	Fuel	\$31,186.60
2.5 Man Field Crew	100.00%	Phone	<u>\$2,850.00</u> T-1 Lines
Executive Director	15.00%		\$251,430.80

Payroll	\$260,896.18
Overtime, Part-time, and Stand-by Pay	<u>\$33,000.00</u>
	\$293,896.18



**SOUTH TEXAS WATER AUTHORITY  
DEBT SERVICE FUND  
PROPOSED AMENDED FY2018 BUDGET**

**2018 RATE  
Debt Service Tax Rate  
\$0.020946 per \$100**

	2018 ADOPTED BUDGET	YEAR TO DATE 3/31/2018	2018 PROPOSED AMENDED BUDGET	VARIANCE
<b>REVENUES</b>				
Ad Valorem - Current	\$366,174	\$338,185	\$366,174	0
Ad Valorem - Delinquent	\$7,000	\$6,101	\$7,000	\$0
Penalty & Interest - Tax Accounts	\$5,500	\$3,484	\$5,500	\$0
Out-of-District Surcharge	\$2,159	\$1,079	\$2,159	\$0
Interest on Temporary Investments	\$900	\$1,150	\$2,280	\$1,380
Miscellaneous	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>TOTAL TAXES &amp; INTEREST</b>	<b>\$381,733</b>	<b>\$350,000</b>	<b>\$383,113</b>	<b>\$1,380</b>
<b>OTHER FINANCING SOURCES</b>				
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>TOTAL OTHER FINANCE SOURCES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Total Revenue and Other Financing Sources	\$381,733	\$350,000	\$383,113	\$1,380
<b>EXPENDITURES</b>				
Fiscal Agent Fees	\$200	\$100	\$200	0
Bond Interest Expense	\$126,750	\$63,375	\$126,750	0
Bond Principal Payments	\$220,000	\$0	\$220,000	0
Tax Collector Fees	\$12,121	\$11,066	\$12,189	-68
Appraisal District Fees	\$7,103	\$3,439	\$6,714	389
Miscellaneous Fees	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>0</u>
<b>TOTAL EXPENDITURES</b>	<b>\$366,174</b>	<b>\$77,980</b>	<b>\$365,854</b>	<b>320</b>
<b>OTHER USES</b>				
<b>TOTAL EXPEND. &amp; OTHER USES</b>	<b>\$366,174</b>	<b>\$77,980</b>	<b>\$365,854</b>	<b>\$320</b>
Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	\$15,559	\$272,020	\$17,260	\$1,061

ATTACHMENT 4  
TCEQ Enforcement Action

## Memorandum

To: South Texas Water Authority Board of Directors  
From: Carola G. Serrato, Executive Director  
Date: April 16, 2018  
Re: Texas Commission on Environmental Quality (TCEQ) Enforcement Action

### Background:

Enclosed is the most recent communication pertaining to the Enforcement Order. Last month staff reported an extension letter was submitted for the certification on the Driscoll LAS project for April 13<sup>th</sup> in anticipation that the close-out of the project would occur during the March 27<sup>th</sup> meeting and allow time for Ms. Shay Roalson, HDR Engineering, Inc., to draft the certification letter. However, as the Board is aware, the LAS project was not completed and the certification letter was not provided. Rather, Mr. Michael Tucker, TCEQ Enforcement Division, notified me in response to discussions during the April 5<sup>th</sup> TCEQ conference call to submit an alternate date. Enclosed is my email requesting May 18, 2018 as an extension date.

In addition, staff reported during the last meeting that the TCEQ has offered assistance through their FMT (Financial, Managerial, and Technical) Program in the form of classes for field operators. This afternoon, Kenny Dikes with FMT called to confirm that I would be contacted by the Texas Rural Water Association (TRWA), TCEQ's contractor for these classes. TRWA will work with STWA's schedule and send two (2) persons for two to three days in order to ensure that ½ of field personnel can be available to attend class and still have a crew to address priority operational tasks. There will be two (2) modules presented. The first module is referred to as DEM 5 and is for systems using chloramines as a disinfectant and will include a review of STWA's SOPs. The second module is referred to as DEM 9 and will consist of reviewing and fine tuning STWA's Nitrification Action Plan (NAP). There is not a cost to STWA for the classes and six (6) hours of CEs will be provided for each module.

### Analysis:

The next conference call is scheduled for the week of June 4<sup>th</sup> in anticipation that the May 21<sup>st</sup> Quarterly Report has been submitted and at least one DEM module presented to field personnel. After TCEQ staff has reviewed the May 21<sup>st</sup> Quarterly Report, staff will be able to notify the Board whether February and March residuals are in compliance marking 6 out of 12 required months.

### Staff Recommendation:

Keep the Board updated on the TCEQ Order.

### Board Action:

Provide feedback to staff and consultants.

### Summarization:

Last month, staff stated that complying with the TCEQ's minimum Total Chlorine residual requirement of 0.5 mg/l was largely dependent on an adequate flow of water in the 42" line, the operation of the Driscoll Disinfectant Booster Station and the City of Corpus Christi's water quality. Staff will continue to work on negotiating a City of Bishop contract that includes a usage commitment. Staff will continue to work on ensuring that the Driscoll Booster Station properly boosts the Chloramine residual. And, staff will continue to stay in communication with Corpus Christi representatives on the treated water quality, including the reservoir source, of the supply entering the 42" waterline.

**mcserrato@stwa.org**

---

**From:** Michael Tucker <Michael.Tucker@tceq.texas.gov>  
**Sent:** Tuesday, April 10, 2018 2:38 PM  
**To:** mcserrato@stwa.org  
**Cc:** Joel Klumpp  
**Subject:** RE: Change in expected compliance date

Ms. Serrato,

I will incorporate the new date into your request and move forward with it. We should have a response to you within the next week or so.

Thank you,

*Michael Tucker*

TCEQ Enforcement Division  
(512) 239-6924

**From:** mcserrato@stwa.org [mailto:mcserrato@stwa.org]  
**Sent:** Tuesday, April 10, 2018 2:41 PM  
**To:** Michael Tucker <Michael.Tucker@tceq.texas.gov>  
**Cc:** Joel Klumpp <joel.klumpp@tceq.texas.gov>; Roalson, Shay <Shay.Roalson@hdrinc.com>; Aaron Archer <aarcher@walkerpartners.com>; Bill Flickinger <bflickinger@wfaustin.com>; 'Dony Cantu' <dcantu@stwa.org>; 'Frances Rosales' <fvrosales@stwa.org>; 'Jacob Hinojosa' <jhinojosa@stwa.org>; 'Jo Ella Wagner' <jwagner@stwa.org>  
**Subject:** RE: Change in expected compliance date

Mr. Tucker,

Sorry for the delay in responding. I was really hoping to respond that the letter would arrive by April 13<sup>th</sup> as requested. Most of the issues with the project seemed to be addressed by late last week. However, some new items have surfaced. The contractor has indicated that some of the programming corrections, which may or may not be screen visuals and not formula problems, will not be corrected until later this month.

Therefore, I would respectfully request a date change to May 18, 2018.

Please let me know if I need to provide any additional information.

Sincerely,  
Carola

Carola G. Serrato  
Executive Director  
**South Texas Water Authority**  
PO Box 1701  
Kingsville, Texas 78364  
361-592-9323 x112

**From:** Michael Tucker <[Michael.Tucker@tceq.texas.gov](mailto:Michael.Tucker@tceq.texas.gov)>

**Sent:** Friday, April 6, 2018 7:36 AM

**To:** [mcgserrato@stwa.org](mailto:mcgserrato@stwa.org)

**Cc:** Joel Klumpp <[joel.klumpp@tceq.texas.gov](mailto:joel.klumpp@tceq.texas.gov)>

**Subject:** Change in expected compliance date

Ms. Serrato,

I apologize for not being able to attend the teleconference yesterday. I understand from Joel Klumpp that there have been some unexpected delays that may prevent you from certify compliance with ordering provision 9.a by the proposed due date. If you would like to amend your request you may do so by responding to this email. Please provide the new proposed date that you will be able to certify compliance along with a brief explanation of the cause of the delay.

If you have any questions or would like to discuss the issue please feel free to give me a call.

Thank you,

*Michael Tucker*

TCEQ Enforcement Division

(512) 239-6924

**mcserrato@stwa.org**

---

**From:** FMT <FMT@tceq.texas.gov>  
**Sent:** Thursday, April 5, 2018 4:42 PM  
**To:** mcserrato@stwa.org  
**Cc:** Kenneth Dykes; Joel Klumpp; Rita Setser; Alex Latham; FMT  
**Subject:** TCEQ's free Financial, Managerial, and Technical Assistance - TX1370035 South Texas Water Authority  
**Attachments:** TCEQ FMT Assistance Task List.pdf; TCEQ FMT Assistance Contract Information Sheet.pdf

Ms. Serrato,

As you're aware from your conversation today with Kenneth "Kenny" Dykes, TCEQ Response and Capacity Development Team Leader, the TCEQ offers public water systems such as TX1370035 South Texas Water Authority free on-site Financial, Managerial, and Technical (FMT) assistance. The purpose of this email is to provide you with additional information about available FMT assistance.

Attached, please find a *TCEQ FMT Assistance Contract Information Sheet* which briefly describes the types of assistance available. Also attached is our *Assistance Task List*. More information is available on the TCEQ's Free FMT Assistance for Public Water and Wastewater Systems webpage at <https://www.tceq.texas.gov/drinkingwater/fmt>. Please note the *Contract Information Sheet* references technical training; you can find a list of training workshops on the webpage under the "Technical Training Workshops" heading.

I hope this information is helpful. If you are interested in any additional training or assistance, please let us know at [FMT@tceq.texas.gov](mailto:FMT@tceq.texas.gov). Feel free to contact us if you have any questions or concerns.

Best Regards,

Jessika Gunn-Reece  
Natural Resources Specialist  
Response and Capacity Development Team  
TCEQ Water Supply Division  
Phone: 512-239-5278  
Email: [jessika.gunn-reece@tceq.texas.gov](mailto:jessika.gunn-reece@tceq.texas.gov)



## TCEQ FMT Assistance Contract Assignment Task List

Please note:

This list is offered as a guideline and is not all inclusive. Other tasks may be assigned as warranted and approved.

### FINANCIAL

1) Funding Information and Sources	3) DWSRF or Other Funding Application Assistance
2) Business Plans	

### MANAGERIAL

4) 75-90% & 85% Rules	17) Operating Reports
5) Consultant Evaluation	18) Receivership/Temporary Management
6) Regulatory Guidance	19) WSC Formation
7) Restructuring	20) Record Keeping
8) Meter Installation Plan	21) Audit Findings
9) Employee Policy Manual	22) Drought Contingency Plan
10) Meeting Requirements	23) Consumer Confidence Reports
11) Meeting with HOA, POA, or WSC Members	24) Staff and Board Training
12) Cross Connection Control Program	25) Bylaws Development and Implementation
13) Customer Complaint Issues	26) Water Conservation Plan
14) Customer Service Agreements	27) Capital Improvement Plan
15) Customer Service and Relations	28) Emergency Planning
16) Homeowners Association Formation	

### TECHNICAL

29) Certified Operator	48) Water Contracts
30) Flushing	49) Well Production Tracking Method
31) General Rule Compliance	50) Well Pumping Record
32) Instrument Calibration	51) Lead and Copper Evaluation
33) Log Pump Time	52) Cross Contamination Control
34) Proper Meter Reading	53) Alternate Source Evaluation
35) Sampling Techniques	54) Compliance Violations (Address & Prevent)
36) Survey Deficiency Program	55) Drought Assistance
37) Tank Maintenance Program	56) MCL Violations (Address & Prevent)
38) Taste and Odor	57) Preventive Maintenance Program
39) Well Head Protection	58) Water Treatment Optimization
40) Security Checklist	59) Wastewater Treatment Optimization
41) Analytical Techniques	60) Water Audit
42) Asbestos	61) Water Loss Tracking
43) Corrosion Control Verification	62) Source Water Assessment
44) Disinfection	63) Needs Survey
45) Easement Compliance	64) Operation and Maintenance Manual
46) Interconnection Evaluation	65) Monitoring Plan
47) Pressure Maintenance	



## Financial, Managerial, and Technical (FMT) Assistance for Public Water & Wastewater Systems

The Texas Commission on Environmental Quality (TCEQ) offers free on-site assistance to prevent and solve financial, managerial, and technical (FMT) operational issues at public water and wastewater systems. It is important for our state's public water and wastewater systems to remain financially, managerial, and technically viable as they provide clean and safe drinking water and wastewater services. This assistance effort aims to prevent public water and wastewater systems from falling out of compliance with regulations designed to protect human health and the environment.

Through a contract with water and wastewater professionals, the TCEQ offers free on-site FMT assistance to help public water and wastewater systems comply with state and federal regulations. FMT Assistance may help with any of the following:

- **On-site Assistance** - provides free, one-on-one, on-site support and education to regulated entities regarding a substantial variety of FMT topics in order to improve the viability of public drinking water and wastewater systems. A list of all On-site FMT Assistance topics is available on the reverse side of this page.
- **FMT Training Workshops** - provides free, hands-on training to the staff of public water systems through a series of workshops covering a variety of technical topics. Currently, the TCEQ offers 14 unique training workshops, including ones designed for developing a Nitrification Action Plan, performing a Revised Total Coliform Rule Level 1 Assessment, operating a plant utilizing chloramines as a primary disinfectant, and developing an effective cross-connection program.
- **Consolidation Assessment** - assesses the feasibility of two or more systems working together, possibly to the point of merger. If consolidation is determined to be feasible and recommended, the TCEQ will request the Public Utilities Commission to assist the parties throughout the process to completion.
- **FMT Capacity Assessment** - helps to determine if a public water or wastewater system has adequate FMT resources necessary to remain viable. The completed assessment is required for entities applying for certain types of funding, and outlines a system's strengths and identifies areas in need of improvement.

Water or wastewater system officials may request free FMT assistance for their systems by calling the TCEQ's Water Supply Division at (512) 239-4691, by sending an email to [FMT@tceq.texas.gov](mailto:FMT@tceq.texas.gov), or by visiting <http://www.tceq.texas.gov/drinkingwater/fmt>.



**mcserrato@stwa.org**

---

**From:** Joel Klumpp <joel.klumpp@tceq.texas.gov>  
**Sent:** Monday, April 2, 2018 9:37 AM  
**To:** mcserrato@stwa.org; Aaron Archer; Bill Flickinger; 'Dony Cantu'; 'Frances Rosales'; 'Jacob Hinojosa'; 'Jo Ella Wagner'  
**Cc:** Michael Tucker; Amanda Patel; Craig Stowell; Stephanie Escobar; Yadhira Resendez; Kenneth Dykes; David Simons  
**Subject:** Agenda for STWA/TCEQ Teleconference on April 5, 2018  
**Attachments:** STWA Agenda for 4-5-18 Phone Conf Meeting.docx

Good morning Carola and STWA representatives,

Please see attached for the proposed agenda for our teleconference meeting on Thursday, April 5, 2018. If you have any items you would like added to the agenda, please send me an email prior to the meeting.

Sincerely,

Joel

---

Joel Klumpp | **Manager** | **Plan and Technical Review Section** | **Water Supply Division** | **TCEQ**

12100 Park 35 Circle, Bldg. F | Austin, Texas 78753 | ☎ (512) 239-4453 Fax: (512) 239-6050 | ✉ [Joel.Klumpp@tceq.texas.gov](mailto:Joel.Klumpp@tceq.texas.gov)



## **STWA Monthly Phone Conference Agenda**

Thursday, April 5, 2018 - Room 31034 1:00 -2:00 p.m.

### **Participants Dialing Instructions**

- TCEQ Staff Access Number: 512-239-3446
- Toll Free (for external customers ONLY): 844-368-7161
- Participant's Collaboration code: 828230 #

1. Update on upcoming Order deadlines - Michael Tucker  
*Note: Next quarterly report due May 20, 2018.*
2. Follow-up from last teleconference:
  - City of Corpus Christi Water Quality Information (provided via email on 3/7/18) - Yadhira Resendez
  - Reminder that STWA must follow corrective actions in current NAP
3. Update on FMT Assistance - Kenny Dykes
  - Assistance Event 1 (visit within 15 days of assignment):
    - Operating Reports, Instrument Calibration, and Sampling Techniques (focus on monochloramine/total chlorine readings)
  - Assistance Event 2 (visit within 30 days of assignment):
    - DAM 5: Process Control for Systems Using Chloramines
  - Assistance Event 3 (visit within 30 days of assignment):
    - DAM 8: How to Create a NAP
  - Assistance Event 4 (visit within 30 days of assignment):
    - DAM 9: Special Studies (focus on dosing locations and backsiphonage concerns)
  
  - All events will be offered twice to ensure all STWA operators can participate
  - Goal is to complete all events by June 1, 2018
4. The detailed Engineering Report has been approved. (Item 8f) - Craig Stowell
  - Final SOPs should be received by March 31, 2018
  - TCEQ will pass SOPs on to the FMT contractor to review before training
  - FMT contractor to help revise SOPs (if needed) during the FMT assistance events
5. Certification of Driscoll booster station project completion (9a) - STWA
6. Extension requests pending (Item 12) - Michael Tucker
7. Wrap-up and schedule next meeting - Joel Klumpp

ATTACHMENT 5

Driscoll LAS Project

## Memorandum

To: South Texas Water Authority Board of Directors  
From: Carola G. Serrato, Executive Director  
Date: April 20, 2018  
Re: Driscoll Disinfection Booster Station – Conversion to Chloramination System

### Background:

Enclosed are the latest emails related to the construction of the Driscoll LAS station. As reported last month, the newly installed system has not operated as expected. This week, another change to the computer program was made. This change is expected to reduce the amount of Free Available Ammonia and will hopefully increase the Total Chlorine and Monochloramines. The formula change was recommended by Shay Roalson, HDR Engineering, Inc. (HDR). Her recommendation was reviewed by Aaron Archer, Walker Partners, and he concurred with her recommendation. The change is not as a result of any problem with Mercer Controls, Inc.'s (Mercer) performance. John Gross, subcontractor for Mercer Controls, Inc. (Mercer) made the change to the computer programming. It appears to have made an improved difference.

The last submitted Pay Request was in the amount of \$46,217.50. The Board opted to withhold \$13,250 per Ms. Roalson's recommendation stated in a letter dated February 21, 2018. This leaves a balance of \$13,250 and \$21,347.09 in retainage for a total of \$34,597.09. Enclosed is Mercer's latest payment request as well as email correspondence with his position regarding being assessed any liquidated damages.

### Analysis:

Regarding the current operation of the system, as described in Ms. Roalson's email, the plan moving forward is to manually change the level of the incoming Free Available Ammonia (FAA) in the system on a daily basis. The ratio of chlorine to ammonia which is currently set at 4.5:1 will remain. The desired chloramine residual of 4.5 mg/l will also remain. Upstream and downstream residuals for Total Chlorine, Free Chlorine, Monochloramines and FAA will continue to be monitored. Ms. Roalson is recommending these settings continue for 1 to 2 weeks with an increase to the desired chloramine residual.

Also attached is an email and letter from Ms. Roalson to Craig Stowell, TCEQ. The letter states that the project is complete. The letter does not, however, address the issues of final payment and liquidated damages. Ms. Roalson and I discussed the matter in detail during the afternoon of Thursday, April 19, 2018. She believes the previously withheld \$13,250, which translates into fifty-three (53) days at the contractual \$250/day is a justifiable amount. She recommends using March 14<sup>th</sup> as a substantial and final completion date. She has calculated December 24, 2017 as the date the project should have been complete. That calculates to an eighty-day delay. Contractors will often expect the Owner to justify the daily charges. Although this is not a requirement, the remaining items provide those types of details as well as a response to Mercer's assertions.

1. **TCEQ Enforcement Order** – The TCEQ Order is directly tied to this project. This important factor was made clear on Day 1 and reiterated throughout the project. An argument that the delay of this project has a negative impact on STWA operations is easily made.
2. **Initial Time Delay** – By Mercer's own admission, progress on completion and start-up was detained as a result of Mercer attending to other utilities' needs after Hurricane Harvey.
3. **Continued Time Delay** – The Board will recall that issues with leaking lines and tubing on the LAS system required fittings to be replaced several times. In fact, it appears that these fittings continue to cause problems. Mercer asserts that the fittings were used per the pump vendor's recommendation. Staff believes these are the types of issues contractors are regularly faced with and it is their responsibility to address those issues in the contractually allotted time.

4. **One – Ton Cylinder and Regulators** – Mercer has stated that the company cannot be held accountable for some of the initial delay as a result of the one – ton cylinder having corrosion. Mercer insists that the regulators were fouled by an orange viscous substance and attributed it to a bad cylinder. In quick order, STWA responded by contacting DPC, the chlorine vendor. Within a few days, DPC replaced the cylinder and tested it. DPC provided their test results which reported there were no problems with the cylinder. STWA paid \$985.60 for more than 900 lbs of chlorine that, according to DPC, had to be vented since the law does not allow them to resell the gas.
5. **Programming Issues** – Mercer seems to contend that the “smoothing” function was the only factor in the programming that affected the amount of chemicals being injected. Staff disagrees strongly with this position. The Board will recall that two (2) formulas had errors using a constant of 60 minutes instead of 1440 minutes. The changes to both these programming instructions were made on the same day, March 14<sup>th</sup>.
6. **Overtime** – As a result of the continued problems, additional monitoring has occurred; this is in addition to the regular working hours spent Monday through Friday. On Saturday, February 10<sup>th</sup>, Field Techs began performing additional residual testing immediately upstream and downstream at the Driscoll Disinfection Booster Station. On Saturday, March 3<sup>rd</sup>, Field Techs expanded the residual monitoring to a point farther downstream of Driscoll (CR 16). And, on Saturday, April 7<sup>th</sup>, Field Techs added the Bishop East and Kingsville Meter Runs prior to chloramine boosting. According to payroll records, this additional testing has cost \$1,326.06 in overtime, overhead and mileage.
7. **Engineering** – Although staff reported previously that Ms. Roalson had stated earlier in the project’s timeline that she did not intend on charging additional fees, I have discussed the matter with her again as a result of the project dragging on. Enclosed is a letter from Ms. Roalson in which she indicates that the original cost during the construction phase is \$18,000. She believes HDR has spent twice the amount of allocated time. However, she adds that HDR will not be invoicing STWA for funds. Instead she asks that STWA consider payment of some amount from any funds withheld from Mercer’s final payment, after STWA recoups its own funds.
8. **Additional Consultation** – Finally, the Board will recall Ms. Roalson and I discussed hiring an outside consult such as Environmental Improvements, Inc. (EI<sup>2</sup>). Staff has contact information for the area service representative. However, at this time, it appears the system is operating as it should and these services will not be needed.

Staff Recommendation:

Mr. Sherrel Mercer intends to be at the meeting. Staff is certain he will have additional comments. At this time, I am waiting for HDR’s final paperwork. As you can see, there was an issue associated with the Change Order on converting from a PC to a PLC and the alarms sent to Field Techs when there is a malfunction in the system. Mercer’s latest email appears to state the company is willing to forgo any added payment. Regardless, staff believes that some amount of liquidated damages is justified.

Board Action:

Provide Mr. Mercer with an opportunity to state his case. Consider the final paperwork provided by HDR. Consider withholding some amount for liquidated damages.

Summarization:

This project is a critical one as it pertains to the TCEQ’s Enforcement Order. Its proper functioning has implications not only on complying with the 0.5 mg/l Total Chlorine requirement but on avoiding nitrification as well as water quality compliance for STWA’s downstream customers.



April 19, 2018

Mr. Craig A. Stowell, P.E.  
Plan Review Team, MC 159  
Water Supply Division  
Texas Commission on Environmental Quality  
PO Box 13087  
Austin, TX 78711-3087

RE: South Texas Water Authority  
Driscoll Pump Station: Liquid Ammonium Sulfate Improvements  
TCEQ PWS Identification No. 1370035

Dear Mr. Stowell:

The South Texas Water Authority has successfully completed its construction-related activities associated with the above-referenced project. This letter serves as formal notification of the project's completion and attests to the fact that the work has been substantially constructed according to the plans and specifications on file with the commission as required in 30 TAC§290.39(h)(3).

Should you have any comments or questions regarding this project, please don't hesitate to contact me at your convenience.

Sincerely,  
HDR Engineering, Inc.

A handwritten signature in cursive script that reads "Shay Roalson".

Shay Roalson, P.E.  
Vice President

CC: Carola Serrato, Executive Director – STWA  
Joel Klumpp, TCEQ  
Michael Tucker, TCEQ Enforcement Division

**mcserrato@stwa.org**

---

**From:** Singer, Lisa <Lisa.Singer@hdrinc.com>  
**Sent:** Thursday, April 19, 2018 3:11 PM  
**To:** 'craig.stowell@tceq.texas.gov'  
**Cc:** Roalson, Shay; mcserrato@stwa.org; joel.klumpp@tceq.texas.gov;  
michael.tucker@tceq.texas.gov  
**Subject:** TCEQ Project Completion Letter - Driscoll Pump Station: LAS Improvements  
**Attachments:** TCEQ Project Completion Ltr.pdf  
  
**Importance:** High

Craig: Please see attached project completion letter for the above-referenced project. Please let me know if you require a hard copy.

Thank you,  
**Lisa Singer**, CDT  
*Senior Water/Wastewater Design Project Coordinator*

**HDR**  
4401 West Gate Blvd., Suite 400  
Austin, TX 78745  
D 512-912-5192  
lisa.singer@hdrinc.com

[hdrinc.com/follow-us](http://hdrinc.com/follow-us)



April 19, 2018

Mr. Craig A. Stowell, P.E.  
Plan Review Team, MC 159  
Water Supply Division  
Texas Commission on Environmental Quality  
PO Box 13087  
Austin, TX 78711-3087

RE: South Texas Water Authority  
Driscoll Pump Station: Liquid Ammonium Sulfate Improvements  
TCEQ PWS Identification No. 1370035

Dear Mr. Stowell:

The South Texas Water Authority has successfully completed its construction-related activities associated with the above-referenced project. This letter serves as formal notification of the project's completion and attests to the fact that the work has been substantially constructed according to the plans and specifications on file with the commission as required in 30 TAC§290.39(h)(3).

Should you have any comments or questions regarding this project, please don't hesitate to contact me at your convenience.

Sincerely,  
HDR Engineering, Inc.

A handwritten signature in cursive script that reads "Shay Roalson".

Shay Roalson, P.E.  
Vice President

CC: Carola Serrato, Executive Director – STWA  
Joel Klumpp, TCEQ  
Michael Tucker, TCEQ Enforcement Division



**From:** mercercontrols@aol.com  
**Sent:** Thursday, April 19, 2018 5:50 PM  
**To:** Shay.Roalson@hdrinc.com; s.gabrysch@mercercontrols.com  
**Cc:** mcgserrato@stwa.org; dcantu@stwa.org; fvrosales@stwa.org; jhinojosa@stwa.org; jwagner@stwa.org; Lisa.Singer@hdrinc.com; s.gabrysch@mercercontrols.com  
**Subject:** Re: Driscoll modifications proposal

To all:

Mercer Controls is interested in closing this project as soon as possible.

We have reviewed the billings to us from the programmers that worked on the alarm system. Their charges billed to us were surprisingly reasonable. The time that I personally spent on the alarm system setup is perhaps expendable.

If the project can stay as it was configured with the change order giving us the responsibilities that were originally listed to be from the other SCADA system supplier, which included the price for the original automatic dialer that was not installed, we will waive any further charges on the contract.

It is worth noting that the general change in our industry from hardware to software-based activities means that we are very often seeing high costs for skilled programming labor with little or no hardware to go with it. I suppose that it is a sign of the times.

Let's close the project immediately.

For your reference, we suggest a substantial completion date of December 19, upon which date all was working properly.

The delays that occurred after that were (1) leaks of the LAS chemical due to incorrect fitting recommendation from the pump vendor, (2) delays due to a ton-cylinder that contained material which damaged the chlorine gas regulators, and (3) revision needed in the smoothing function on the flow rate in the chemical feed software. The revision in the smoothing function was required because of the erratic readings and flow rate errors from the insertion magnetic flow meter. Some of the instability is due to water moving backward within the 42-inch line. As we identified in our recent email, there are some further refinements that will contribute to stable operation of the system. Those refinements include the need to relocate the LAS injection point on the fill line going to the ground storage tank at the site, as well as a couple of minor adjustments to be made on the touch screen at the Driscoll site.

Since the delays were not due to items under our control, we do not accept the premise that any delay charges are to be imposed on Mercer Controls Inc.

MERCER CONTROLS INC./S. A. Mercer Pres.

\* \* \*

In a message dated 4/19/2018 4:34:35 PM Central Standard Time, Shay.Roalson@hdrinc.com writes:

Sherrel and Steve –

If you are proposing a change order to the SCADA work, please submit a change proposal request (CPR) form.

We will need to address the CPR and, if accepted by STWA, process a change order. The final pay application will need to be revised and resubmitted after the change order is approved.

We are currently reviewing your request for final payment, but we will not be able to recommend it until the proposed change order is resolved.

Thanks,

Shay

**Shay Ralls Roalson, PE**

D 512.912.5106 M 512.426.9847

Texas TBPE Firm No. F-754

**From:** [mcgserrato@stwa.org](mailto:mcgserrato@stwa.org) [mailto:[mcgserrato@stwa.org](mailto:mcgserrato@stwa.org)]

**Sent:** Thursday, April 19, 2018 3:07 PM

**To:** Steve Gabrysch - Mercer Controls

**Cc:** Sherrel Mercer; Roalson, Shay; 'Dony Cantu'; 'Frances Rosales'; 'Jacob Hinojosa'; 'Jo Ella Wagner'

**Subject:** FW: Driscoll modifications proposal

Good Afternoon Steve,

I am following up on the attached letter and our conversation from yesterday. I believe I misspoke on the identification listed on the letter. This work is actually in relation to a Change Order associated with the Driscoll LAS project. It occurred when STWA decided to use Mercer instead of having Mercer use Mission Automation as the subcontractor for the programming. Mercer provided various options for the programming including elimination of the SCADA PC and use of a PLC with the new PC being used as a display. In the process, the Win 911 system on the original PC was to be eliminated and only Opto 22 was to be used.

This is how the alarms became an issue since Win 911 was the method that alarms were being transmitted to Field Techs.

As we discussed yesterday, I have major reservations on what is included in the attached letter. STWA did not end up with any hardware – no original Raco autodialer, no expansion card and no Raco Catalyst.

I have copied Shay Roalson on this email since this appears to be an item for a possible Change Order.

Carola

Carola G. Serrato

Executive Director

**South Texas Water Authority**

PO Box 1701

Kingsville, Texas 78364

361-592-9323 x112

**From:** s.gabrysch <[s.gabrysch@mercercontrols.com](mailto:s.gabrysch@mercercontrols.com)>

**Sent:** Wednesday, April 18, 2018 11:44 AM

**To:** Carola Serrato <[mcserrato@stwa.org](mailto:mcserrato@stwa.org)>

**Cc:** [mercercontrols@aol.com](mailto:mercercontrols@aol.com)

**Subject:** Driscoll modifications proposal

Carola,

Attached is correspondence on the Driscoll project from Sherrel.

Regards,

Steve Gabrysch

Mercer Controls Inc.



## MERCER CONTROLS, INC.

P. O. BOX 777 / 804 APOLLO DRIVE

EDNA, TEXAS 77957

PH (361) 782-7168 FAX: (361) 782-7706

S.A. Mercer, P.E.

(361) 782-5678

[www.mercercontrols.com](http://www.mercercontrols.com)

---

17 April 2018

South Texas Water Authority  
P O Box 1701  
Kingsville, Texas 78364

Attention: Carola Serrato

Re: Driscoll

Ms. Serrato:

Mercer Controls included in the modifications to the Driscoll contract the installation of a four-channel automatic telephone dialer. Discovery was made that the four-channel automatic telephone dialer was not suited for the number and class of alarms that were of importance in the maintenance of the STWA system.

In February we proposed furnishing and installing the needed hardware, labor, and programming to convert the 4-channel automatic dialer to a 32-channel unit at your Kingsville office. The price for that upgrade was identified as \$4,628.00.

Later a change was encouraged to go to a special dialer known as the Catalyst, which would allow for up to 56 distinct alarms. The increased cost for the Catalyst over the cost of the 32-channel automatic dialer was approximately \$1000. There was to be a reasonable amount of additional programming labor to get the Catalyst to perform as it was advertised. That added programming amount we incurred was in excess of \$2,000.00. The Catalyst unfortunately as a product was not ever refined to the level that users such as STWA could benefit from its advertised qualifications.

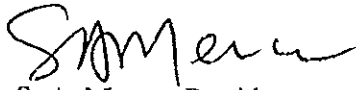
The final installation now incorporates text messaging by Internet to your staff for a large number of different alarms. Your staff has been partially trained in the management of the alarm system.

You are aware of how much excess time we spent in trying to get the Catalyst to work as advertised. Much of the programming cost was absorbed by one of our programmers as part of his upgrades to your OPTO-22 PLC system.

We request your consideration of a one-time charge of \$7,628.00, equivalent to the expected costs of the requested Catalyst upgrade with associated programming.

Thank you for your patience in this matter.

MERCER CONTROLS, INC.

A handwritten signature in black ink, appearing to read "S. A. Mercer". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

S. A. Mercer, President

SAM/cgm

**mcserrato@stwa.org**

---

**From:** mercercontrols@aol.com  
**Sent:** Friday, April 20, 2018 1:44 PM  
**To:** Shay.Roalson@hdrinc.com; Shaun.Beroset@hdrinc.com; mcserrato@stwa.org; jhinojosa@stwa.org  
**Cc:** s.gabrysch@mercercontrols.com; a.garza@mercercontrols.com; j.wilson@mercercontrols.com; crosswire144@yahoo.com  
**Subject:** Re: Driscoll Chemical Feed Uncertainties

Shay:

Thank you very much.

The better adapters for the LAS hoses are on the way, and the subcontractor has been apprised of the need to do the work as soon as possible.

I did verify that the current leaks from some of the o-rings are probably just a result of a contaminant on the o-ring or a misalignment. Both classes of o-rings commonly found in PVC fittings (EPDM and Viton/FKM) provide long-life performance in the presence of LAS.

Watson-Marlow offers no regrets about the problems with the hose connections!

A few minutes ago I wrote the calibration procedure for the LAS pumps. As soon as Adrian types it, and I review it, we will send it to you and/or Lisa.

MERCER CONTROLS INC./S. A. Mercer

\*\*\*

In a message dated 4/20/2018 12:04:30 PM Central Standard Time, Shay.Roalson@hdrinc.com writes:

Sherrel –

We will review these ideas with STWA and advise whether any operational changes warrant further evaluation.

At this time, we believe your scope of work is complete, other than addressing the known warranty issue with the LAS pipe joints. If/when we become aware of other warranty or performance issues, we will notify you.

Thanks,

Shay

**Shay Ralls Roalson, PE**

D 512.912.5106 M 512.426.9847

Texas TBPE Firm No. F-754

**From:** [mercerccontrols@aol.com](mailto:mercerccontrols@aol.com) [mailto:[mercerccontrols@aol.com](mailto:mercerccontrols@aol.com)]

**Sent:** Tuesday, April 17, 2018 3:40 PM

**To:** Roalson, Shay; Beroset, Shaun D.; [mcgserrato@stwa.org](mailto:mcgserrato@stwa.org); [jhinojosa@stwa.org](mailto:jhinojosa@stwa.org)

**Cc:** [s.gabrysch@mercerccontrols.com](mailto:s.gabrysch@mercerccontrols.com); [a.garza@mercerccontrols.com](mailto:a.garza@mercerccontrols.com); [j.wilson@mercerccontrols.com](mailto:j.wilson@mercerccontrols.com); [crosswire144@yahoo.com](mailto:crosswire144@yahoo.com)

**Subject:** Driscoll Chemical Feed Uncertainties

Shay:

Take a look at the sketches attached. They show the flow of chemical and water under at least three scenarios. There are definitely times that flows will reverse in the 42-inch line, specifically when the 42-inch flows are less than the flow of the chlorine recirculation pump. The reversal of flow means that flow is sometimes not being measured on the insertion mag meter in the 42-inch line.

There are also times when an added source of LAS is placed in the line that feeds the suction of the LAS recirculation pump. When that LAS is being fed for the benefit of the ground storage tank on site, it also feeds the STWA 42inch system and biases the ammonia level high.

I believe that the remaining uncertainties in operation of the chemical system need to be addressed by the following actions:

1. Relocate the LAS injection tap on the 8-inch GST fill line to beyond the point of the two-inch tap that feeds the LAS recirculation pump. The required ten-foot separation between LAS injection and chlorine injection may mandate that the chlorine injection point also be relocated.
2. Instead of activating chemical feed when the noted flow is over 1 gpm, reset that threshold on the touch screen so that no chemical feed occurs unless there is at least 40 gpm of flow through the 42-inch pipe. That will prevent recirculation of chlorinated water and the errors that are produced thereby. It will also mask the fact that as much as 20 or 30 gpm is routed through the chlorine pump and not being read on the flow meter.
3. Adjust the chloramine target even higher than it is now, in order to provide some disinfection for those times that the flows are low. The target has most recently been set at 4.5ppm. I had judged quite some time ago that the water from the Stevens plant was still quite aggressive against chlorine and/or chloramines.

Remember that the readings of the flow meter below a few hundred gallons per minute are extremely prone to errors from several causes. The instantaneous readings at low flows are all over the map.

MERCER CONTROLS INC./Sherrel A. Mercer Pres.



**mcserrato@stwa.org**

---

**From:** Roalson, Shay <Shay.Roalson@hdrinc.com>  
**Sent:** Thursday, April 19, 2018 4:59 PM  
**To:** Carola Serrato (mcserrato@stwa.org)  
**Subject:** Delay days

Carola –

I wanted to follow up on our conversation earlier – I believe I counted delay days from final completion instead of substantial completion.

The substantial completion date with approved change orders was December 24, 2017, so an actual completion date of March 14, 2018 is an 80 day delay.

STWA withheld 53 days of liquidated damages from the last pay application.

Thanks,  
Shay

**Shay Ralls Roalson, PE**  
*Vice President*

**HDR**  
4401 West Gate Blvd., Suite 400  
Austin, TX 78745  
D 512.912.5106 M 512.426.9847  
[shay.roalson@hdrinc.com](mailto:shay.roalson@hdrinc.com)

Texas TBPE Firm No. F-754

**mcserrato@stwa.org**

---

**From:** Roalson, Shay <Shay.Roalson@hdrinc.com>  
**Sent:** Thursday, April 19, 2018 4:47 PM  
**To:** Carola Serrato (mcserrato@stwa.org)  
**Subject:** Driscoll LAS - HDR Engineering Services  
**Attachments:** 2018-04-19 Driscoll LAS Engineering Services.pdf

Carola –

Per our conversation this afternoon, please see the attached letter. I am available to discuss at your convenience.

Thanks,  
Shay

**Shay Ralls Roalson, PE**  
*Vice President*

**HDR**  
4401 West Gate Blvd., Suite 400  
Austin, TX 78745  
D 512.912.5106 M 512.426.9847  
[shay.roalson@hdrinc.com](mailto:shay.roalson@hdrinc.com)

Texas TBPE Firm No. F-754



April 19, 2018

Ms. Carola G. Serrato, Executive Director  
South Texas Water Authority  
2302 East Sage Road  
Kingsville, TX 78364

RE: Engineering Services for Driscoll Pump Station LAS System

Dear Ms. Serrato:

HDR Engineering, Inc. provided professional engineering services in connection with the Driscoll Pump Station LAS System. The project included the addition of a liquid ammonium sulfate (LAS) delivery system at the Driscoll Pump Station, modifications to the chlorination and SCADA systems, and additional sampling locations.

The notice to proceed was issued to Mercer Controls on June 6, 2017. Including approved contract time extensions, the substantial completion date for this project was December 24, 2017 and the final completion date was January 23, 2018. Actual completion date for both substantial and final completion is March 14, 2018, although coordination has continued since that date.

The construction delays have required significant additional coordination with the Contractor, including issuing several letters of delay, troubleshooting operational problems with STWA, detailed review of system water quality to evaluate system performance, and numerous phone calls and emails. Additionally, we developed system operational guidelines for STWA's use in preparing the Standard Operating Procedure requested by TCEQ.

Our original fee proposal included \$18,000 for construction phase services, with an estimated construction duration of five months. Although our costs have been nearly double what we originally anticipated (consistent with the more-than-double time of construction), in the spirit of our long relationship with STWA, we did not intend to request additional funding. However, should STWA elect to assess liquidated damages, we would request a portion of that amount to partially cover our losses.

Sincerely,  
HDR Engineering, Inc.

Shay Ralls Roalson, PE  
*Vice President | Project Manager*

**mcgserrato@stwa.org**

---

**From:** Roalson, Shay <Shay.Roalson@hdrinc.com>  
**Sent:** Thursday, April 19, 2018 3:52 PM  
**To:** Jacob Hinojosa (jhinojosa@stwa.org); Carola Serrato (mcgserrato@stwa.org); Dony Cantu (dcantu@stwa.org)  
**Cc:** Frances Rosales (fvrosales@stwa.org); Jo Ella Wagner (jwagner@stwa.org); Singer, Lisa  
**Subject:** FW: Mercer Controls - As-Built Driscoll 4-17-2018

Jacob –

Below is a link to the record drawing mark-ups from Mercer. They are pretty minor. If you and Dony have anything to add, please do. Once we hear from you, we'll update the drawings and issue record drawings.

If the link doesn't work for you, let me know and I'll send the file using our file transfer system.

Thanks,  
Shay

**Shay Ralls Roalson, PE**  
D 512.912.5106 M 512.426.9847

Texas TBPE Firm No. F-754

**From:** Adrian Garza [mailto:a.garza@mercercontrols.com]  
**Sent:** Tuesday, April 17, 2018 2:09 PM  
**To:** Singer, Lisa  
**Cc:** Beraset, Shaun D.; Roalson, Shay; s gabrysch; MERCERCONTROLS  
**Subject:** Mercer Controls - As-Built Driscoll 4-17-2018

Hello,

The link below is for the As-Built for the Driscoll Project.

<https://www.dropbox.com/s/2daho10v3ga5gph/Mercer%20Controls%20-%20As-Built%20Driscoll%204-17-2018.pdf?dl=0>

Thank you,

Adrian Garza

*Adrian Garza*

Electrical Engineer EIT  
[a.garza@mercercontrols.com](mailto:a.garza@mercercontrols.com)



Since 1992

MERCER CONTROLS, INC.

Physical Address: 804 Apollo Drive  
Billing Address: PO Box 777  
Edna, TX 77957

(361) 782-7168 -Office  
(361) 782-7706 -Fax

**mcserrato@stwa.org**

---

**From:** mercercontrols@aol.com  
**Sent:** Friday, April 20, 2018 11:19 AM  
**To:** mcserrato@stwa.org  
**Subject:** Fwd: Certificate of Project Completion Form (Driscoll LAS)  
**Attachments:** Driscoll Letter of completion 0420\_2018.pdf

Carola, here is an early copy of the certificate of completion. We modified the certificate to remove the term "Substantial" from the date of March 14. The date of substantial completion should be December 19.

Sherrel Mercer

---

**From:** s.gabrysch@mercercontrols.com  
**To:** Lisa.Singer@hdrinc.com  
**Cc:** a.garza@mercercontrols.com, mercercontrols@aol.com  
**Sent:** 4/20/2018 10:58:48 AM Central Standard Time  
**Subject:** Re: Certificate of Project Completion Form (Driscoll LAS)

Lisa,

Certificate of completion attached and signed.

Steve

---

**From:** "Lisa Singer" <Lisa.Singer@hdrinc.com>  
**To:** "s.gabrysch" <s.gabrysch@mercercontrols.com>  
**Cc:** "mercercontrols@aol.com" <mercercontrols@aol.com>, "a garza" <a.garza@mercercontrols.com>  
**Sent:** Thursday, April 19, 2018 4:41:35 PM  
**Subject:** Certificate of Project Completion Form (Driscoll LAS)

Steve: Here's another closeout form for contractor execution. Please sign/date and scan and return to me.

Thank you,

**Lisa Singer, CDT**

*Senior Water/Wastewater Design Project Coordinator*

**HDR**

4401 West Gate Blvd., Suite 400  
Austin, TX 78745  
D 512-912-5192  
[lisa.singer@hdrinc.com](mailto:lisa.singer@hdrinc.com)

**CERTIFICATE OF PROJECT COMPLETION**

---

Project: LAS Chemical Feed System Additions

Date: March 14, 2018

---

Owner: South Texas Water Authority

Contractor: Mercer Controls, Inc.

Engineer: HDR Engineering, Inc.

---

This Certificate of Project Completion applies to all Work under Contract Documents or to the following specified parts thereof:

All specified work

To: South Texas Water Authority  
OWNER

And to: Mercer Controls, Inc.  
CONTRACTOR

---

The Work to which this Certificate applies has been inspected by authorized representatives of OWNER, CONTRACTOR and ENGINEER, and that Work is hereby declared to be complete in accordance with Contract Documents on

March 14, 2018  
~~Substantial~~ Final Completion

From the date of Completion the responsibilities between OWNER and CONTRACTOR for security, operation, safety, maintenance, heat, utilities, insurance and warranties and guarantees shall be as follows:

RESPONSIBILITIES:

OWNER: Operation and maintenance of the facility.

CONTRACTOR: One year Contractor's Guarantee (from the date of substantial completion), Payment and Performance Bonds, and Manufacturer's Warranties.

The following documents are attached to and made a part of this Certificate:

Contractor's Certification and Guarantee, Consent of Surety Company to Final Payment, Final Pay Estimate, Affidavit of Bills Paid and Waiver of Claims

This certificate does not constitute an acceptance of work not in accordance with the Contract Documents nor is it a release of CONTRACTOR'S obligations to complete the Work in accordance with the Contract Documents.

Shay Ralls Rodon April 19, 2018  
Executed by Engineer Date

[Signature] 4/20/2018  
Accepted by Contractor Date

\_\_\_\_\_  
Accepted by Owner Date



**mcgserrato@stwa.org**

---

**From:** mcgserrato@stwa.org  
**Sent:** Friday, April 20, 2018 12:07 PM  
**To:** 'Roalson, Shay'  
**Cc:** 'Singer, Lisa'; 'Bill Flickinger'  
**Subject:** RE: Certificate of Project Completion Form (Driscoll LAS)

Correct.

Carola G. Serrato  
Executive Director  
**South Texas Water Authority**  
PO Box 1701  
Kingsville, Texas 78364  
361-592-9323 x112

**From:** Roalson, Shay <Shay.Roalson@hdrinc.com>  
**Sent:** Friday, April 20, 2018 12:00 PM  
**To:** mcgserrato@stwa.org  
**Cc:** Singer, Lisa <Lisa.Singer@hdrinc.com>; Bill Flickinger <bflickinger@wfaustin.com>  
**Subject:** RE: Certificate of Project Completion Form (Driscoll LAS)

Thank you.

I assume you'll hold off signing it until after the Board meeting and we can discuss whether it should be updated and reissued.

**Shay Ralls Roalson, PE**  
D 512.912.5106 M 512.426.9847

Texas TBPE Firm No. F-754

**From:** [mcgserrato@stwa.org](mailto:mcgserrato@stwa.org) [<mailto:mcgserrato@stwa.org>]  
**Sent:** Friday, April 20, 2018 11:59 AM  
**To:** Roalson, Shay  
**Cc:** Singer, Lisa; Bill Flickinger  
**Subject:** FW: Certificate of Project Completion Form (Driscoll LAS)

This just arrived.

Carola G. Serrato  
Executive Director  
**South Texas Water Authority**  
PO Box 1701  
Kingsville, Texas 78364  
361-592-9323 x112

**From:** [mercercontrols@aol.com](mailto:mercercontrols@aol.com) <[mercercontrols@aol.com](mailto:mercercontrols@aol.com)>  
**Sent:** Friday, April 20, 2018 11:19 AM  
**To:** [mcgserrato@stwa.org](mailto:mcgserrato@stwa.org)  
**Subject:** Fwd: Certificate of Project Completion Form (Driscoll LAS)

Carola, here is an early copy of the certificate of completion. We modified the certificate to remove the term "Substantial" from the date of March 14. The date of substantial completion should be December 19.

Sherrel Mercer

---

**From:** [s.gabrysch@mercercontrols.com](mailto:s.gabrysch@mercercontrols.com)  
**To:** [Lisa.Singer@hdrinc.com](mailto:Lisa.Singer@hdrinc.com)  
**Cc:** [a.garza@mercercontrols.com](mailto:a.garza@mercercontrols.com), [mercercontrols@aol.com](mailto:mercercontrols@aol.com)  
**Sent:** 4/20/2018 10:58:48 AM Central Standard Time  
**Subject:** Re: Certificate of Project Completion Form (Driscoll LAS)

Lisa,

Certificate of completion attached and signed.

Steve

---

**From:** "Lisa Singer" <[Lisa.Singer@hdrinc.com](mailto:Lisa.Singer@hdrinc.com)>  
**To:** "s.gabrysch" <[s.gabrysch@mercercontrols.com](mailto:s.gabrysch@mercercontrols.com)>  
**Cc:** "mercercontrols@aol.com" <[mercercontrols@aol.com](mailto:mercercontrols@aol.com)>, "a garza" <[a.garza@mercercontrols.com](mailto:a.garza@mercercontrols.com)>  
**Sent:** Thursday, April 19, 2018 4:41:35 PM  
**Subject:** Certificate of Project Completion Form (Driscoll LAS)

Steve: Here's another closeout form for contractor execution. Please sign/date and scan and return to me.

Thank you,

**Lisa Singer**, CDT

*Senior Water/Wastewater Design Project Coordinator*

**HDR**

4401 West Gate Blvd., Suite 400  
Austin, TX 78745  
D 512-912-5192  
[lisa.singer@hdrinc.com](mailto:lisa.singer@hdrinc.com)

[hdrinc.com/follow-us](http://hdrinc.com/follow-us)

**mcgserrato@stwa.org**

---

**From:** mcgserrato@stwa.org  
**Sent:** Friday, April 20, 2018 12:06 PM  
**To:** Bill Flickinger  
**Subject:** FW: Driscoll modifications proposal  
**Attachments:** STWA Driscoll modifications\_0418\_2018.pdf

Bill,

This is the email from Mercer stating their interest in closing out the project. The attached pdf file is the letter my email (below) is referencing.

Carola

Carola G. Serrato  
Executive Director  
**South Texas Water Authority**  
PO Box 1701  
Kingsville, Texas 78364  
361-592-9323 x112

**From:** mercercontrols@aol.com <mercercontrols@aol.com>  
**Sent:** Thursday, April 19, 2018 5:50 PM  
**To:** Shay.Roalson@hdrinc.com; s.gabrysch@mercercontrols.com  
**Cc:** mcgserrato@stwa.org; dcantu@stwa.org; fvrosales@stwa.org; jhinojosa@stwa.org; jwagner@stwa.org; Lisa.Singer@hdrinc.com; s.gabrysch@mercercontrols.com  
**Subject:** Re: Driscoll modifications proposal

To all:

Mercer Controls is interested in closing this project as soon as possible.

We have reviewed the billings to us from the programmers that worked on the alarm system. Their charges billed to us were surprisingly reasonable. The time that I personally spent on the alarm system setup is perhaps expendable.

If the project can stay as it was configured with the change order giving us the responsibilities that were originally listed to be from the other SCADA system supplier, which included the price for the original automatic dialer that was not installed, we will waive any further charges on the contract.

It is worth noting that the general change in our industry from hardware to software-based activities means that we are very often seeing high costs for skilled programming labor with little or no hardware to go with it. I suppose that it is a sign of the times.

Let's close the project immediately.

For your reference, we suggest a substantial completion date of December 19, upon which date all was working properly.

The delays that occurred after that were (1) leaks of the LAS chemical due to incorrect fitting recommendation from the pump vendor, (2) delays due to a ton-cylinder that contained material which damaged the chlorine gas regulators, and (3) revision needed in the smoothing function on the flow rate in the chemical feed software. The revision in the smoothing

**mcgserrato@stwa.org**

---

**From:** mcgserrato@stwa.org  
**Sent:** Friday, April 20, 2018 12:00 PM  
**To:** Bill Flickinger  
**Subject:** FW: Delay days

Bill,

Per our discussion, here is one of two emails from Shay Roalson, HDR.

Carola G. Serrato  
Executive Director  
**South Texas Water Authority**  
PO Box 1701  
Kingsville, Texas 78364  
361-592-9323 x112

**From:** Roalson, Shay <Shay.Roalson@hdrinc.com>  
**Sent:** Thursday, April 19, 2018 4:59 PM  
**To:** Carola Serrato (mcgserrato@stwa.org) <mcgserrato@stwa.org>  
**Subject:** Delay days

Carola –

I wanted to follow up on our conversation earlier – I believe I counted delay days from final completion instead of substantial completion.

The substantial completion date with approved change orders was December 24, 2017, so an actual completion date of March 14, 2018 is an 80 day delay.

STWA withheld 53 days of liquidated damages from the last pay application.

Thanks,  
Shay

**Shay Ralls Roalson, PE**  
*Vice President*

**HDR**  
4401 West Gate Blvd., Suite 400  
Austin, TX 78745  
D 512.912.5106 M 512.426.9847  
[shay.roalson@hdrinc.com](mailto:shay.roalson@hdrinc.com)

Texas TBPE Firm No. F-754

**mcgserrato@stwa.org**

---

**From:** mcgserrato@stwa.org  
**Sent:** Friday, April 20, 2018 12:02 PM  
**To:** Bill Flickinger  
**Subject:** FW: Driscoll LAS - HDR Engineering Services  
**Attachments:** 2018-04-19 Driscoll LAS Engineering Services.pdf

Bill,

Here is the second email from Shay Roalson, HDR.

There may be another email that will assist in explaining the details.

Carola

Carola G. Serrato  
Executive Director  
**South Texas Water Authority**  
PO Box 1701  
Kingsville, Texas 78364  
361-592-9323 x112

**From:** Roalson, Shay <Shay.Roalson@hdrinc.com>  
**Sent:** Thursday, April 19, 2018 4:47 PM  
**To:** Carola Serrato (mcgserrato@stwa.org) <mcgserrato@stwa.org>  
**Subject:** Driscoll LAS - HDR Engineering Services

Carola –

Per our conversation this afternoon, please see the attached letter. I am available to discuss at your convenience.

Thanks,  
Shay

**Shay Ralls Roalson, PE**  
*Vice President*

**HDR**  
4401 West Gate Blvd., Suite 400  
Austin, TX 78745  
D 512.912.5106 M 512.426.9847  
[shay.roalson@hdrinc.com](mailto:shay.roalson@hdrinc.com)

Texas TBPE Firm No. F-754

the intended recipient. If you are not the intended recipient, you are hereby notified that any disclosure, copying, distribution or the taking of any action in reliance on the contents of this information is strictly prohibited. Any unauthorized interception of this transmission is illegal under the law. If you have received this transmission in error, please promptly notify the sender by reply email, and then destroy all copies of the transmission. Thank you.

**From:** [mogserrato@stwa.org](mailto:mogserrato@stwa.org) [<mailto:mogserrato@stwa.org>]

**Sent:** Friday, April 20, 2018 12:06 PM

**To:** Bill Flickinger <[bflickinger@wfaustin.com](mailto:bflickinger@wfaustin.com)>

**Subject:** FW: Driscoll modifications proposal

Bill,

This is the email from Mercer stating their interest in closing out the project. The attached pdf file is the letter my email (below) is referencing.

Carola

Carola G. Serrato

Executive Director

**South Texas Water Authority**

PO Box 1701

Kingsville, Texas 78364

361-592-9323 x112

**From:** [mercercontrols@aol.com](mailto:mercercontrols@aol.com) <[mercercontrols@aol.com](mailto:mercercontrols@aol.com)>

**Sent:** Thursday, April 19, 2018 5:50 PM

**To:** [Shay.Roalson@hdrinc.com](mailto:Shay.Roalson@hdrinc.com); [s.gabrysch@mercercontrols.com](mailto:s.gabrysch@mercercontrols.com)

**Cc:** [mogserrato@stwa.org](mailto:mogserrato@stwa.org); [dcantu@stwa.org](mailto:dcantu@stwa.org); [fvrosales@stwa.org](mailto:fvrosales@stwa.org); [jhinojosa@stwa.org](mailto:jhinojosa@stwa.org); [jwagner@stwa.org](mailto:jwagner@stwa.org);

[Lisa.Singer@hdrinc.com](mailto:Lisa.Singer@hdrinc.com); [s.gabrysch@mercercontrols.com](mailto:s.gabrysch@mercercontrols.com)

**Subject:** Re: Driscoll modifications proposal

To all:

Mercer Controls is interested in closing this project as soon as possible.

We have reviewed the billings to us from the programmers that worked on the alarm system. Their charges billed to us were surprisingly reasonable. The time that I personally spent on the alarm system setup is perhaps expendable.

If the project can stay as it was configured with the change order giving us the responsibilities that were originally listed to be from the other SCADA system supplier, which included the price for the original automatic dialer that was not installed, we will waive any further charges on the contract.

It is worth noting that the general change in our industry from hardware to software-based activities means that we are very often seeing high costs for skilled programming labor with little or no hardware to go with it. I suppose that it is a sign of the times.

Let's close the project immediately.

For your reference, we suggest a substantial completion date of December 19, upon which date all was working properly.

The delays that occurred after that were (1) leaks of the LAS chemical due to incorrect fitting recommendation from the pump vendor, (2) delays due to a ton-cylinder that contained material which damaged the chlorine gas regulators, and (3) revision needed in the smoothing function on the flow rate in the chemical feed software. The revision in the smoothing function was required because of the erratic readings and flow rate errors from the insertion magnetic flow meter. Some

**mcgserrato@stwa.org**

---

**From:** mcgserrato@stwa.org  
**Sent:** Friday, April 20, 2018 2:42 PM  
**To:** 'Bill Flickinger'  
**Subject:** RE: Driscoll modifications proposal  
**Attachments:** LAS Agreement Mercer.pdf; Mercer DR LAS CO 1.pdf; Mercer DR LAS CO 2.pdf; Mercer DR LAS CO 3.pdf

Bill,

Attached are the requested files.

Carola

Carola G. Serrato  
Executive Director  
**South Texas Water Authority**  
PO Box 1701  
Kingsville, Texas 78364  
361-592-9323 x112

**From:** Bill Flickinger <bflickinger@wfaustin.com>  
**Sent:** Friday, April 20, 2018 12:09 PM  
**To:** mcgserrato@stwa.org  
**Subject:** RE: Driscoll modifications proposal

Dear Carola:

Can you send a copy of the Mercer contract with all amendments and change orders? Thank you.

Very truly yours,

*Bill Flickinger*

Willatt & Flickinger, PLLC  
Attorneys at Law  
12912 Hill Country Blvd., Suite F-232  
Austin, Texas 78738

Phone: (512) 476-6604  
Facsimile: (512) 469-9148

**Email:** [bflickinger@wfaustin.com](mailto:bflickinger@wfaustin.com)

**CONFIDENTIALITY NOTICE:** This email transmission (and/or the attachments which accompany it) may contain confidential information belonging to the sender which is protected by the attorney-client privilege. The information is intended only for the use of

ATTACHMENT 6

City of Bishop Water Supply Contract



## Memorandum

To: South Texas Water Authority Board of Directors  
From: Carola G. Serrato, Executive Director  
Date: April 16, 2018  
Re: City of Bishop - Revised Wholesale Water Supply Contract

### Background:

As agreed upon at the last Board meeting, Mayor Tem Miller was contacted via US Mail in response to the City's offered contract. Enclosed is a copy of the letter which:

- **Clarifies** that the contract used by the City was not based on STWA's recently offered contract;
- **States** that the City's offered contract is not a 20-year contract and that STWA will accept either (1) the standard 20-year contract as executed by the City of Agua Dulce, the Nueces Water Supply Corporation (NWSC) and the Ricardo Water Supply Corporation (RWSC) or (2) the term agreed upon with the City of Kingsville;
- **Reminds** the City that the negotiations with the City of Kingsville required a purchase commitment;
- **Corrects** the misconception that STWA has no ownership of facilities at the Bishop East Pump Station and suggests that STWA and the City discuss purchase of the pump station real estate;
- **Provides** a historical perspective on the TCEQ under direct pressure rule and therefore the reason for transferring property to the NWSC; and, finally
- **Declares** that the added clause which allows the City to arbitrarily purchase more economical water is not acceptable.

### Analysis:

As recommended by bond counsel and legal counsel, an important principle to keep in mind is to avoid creating multiple classes of customers thereby jeopardizing the fair and uniform requirement of STWA's tax exempt bonds. Staff believes that several good faith efforts were made to negotiate with the City of Bishop in the same manner as with the City of Kingsville. The City of Kingsville provided the opportunity to develop the contract for customers that utilize STWA's supply as a supplement to their groundwater. That contract provides STWA with a purchase commitment and the City of Kingsville with a term deemed acceptable by their Council as well as the STWA Board.

### Staff Recommendation:

My recommendation from last month has not changed. As stated in the attached letter, renewed negotiations with the City should occur by meeting in person.

### Board Action:

Provide feedback to staff and/or legal counsel.

### Summarization:

To clarify the term offered by the City of Bishop is different than the Kingsville Contract term which calls for an initial 5-year term and three (3) five-year renewals, totaling twenty (20) years. More importantly, the Kingsville Contract provides for sufficient notice from either party to negotiate any new contractual provisions prior to termination or renewal.

April 2, 2018

Honorable Tem Miller  
City of Bishop  
P.O. Box 356  
Bishop, Texas 78343

Re: Revised Wholesale Water Supply Contract

Dear Mayor Miller:

On behalf of the South Texas Water Authority (STWA) Board of Directors (Board), I am contacting the governing body of the City of Bishop (City) to provide a response to the contract offered by the City (enclosed). The Board met on March 27, 2018 during a duly posted and open meeting and considered the offered contract. The Board agreed by consensus to provide its position on several items.

### Term and Commitment

As a matter of record, the City's offered contract is actually a revision of the contract offered to the City in a letter dated July 16, 2015 (enclosed). That contract was developed using the same provisions as the contracts STWA entered into with the City of Agua Dulce, the Nueces Water Supply Corporation, and the Ricardo Water Supply Corporation. Similar contracts were offered to the Nueces County Water Control and Improvement District #5 (Banquete) and the Cities of Driscoll and Kingsville. This July 2015 contract has a *standard twenty-year term*.

It is also important to note, that the City of Bishop was offered a revised contract in a letter dated December 7, 2017 (enclosed) with new provisions added after STWA's negotiations with the City of Kingsville. After consultation with bond counsel, the Board agreed with Kingsville's position that service to a customer using STWA's surface water supply to *supplement* its groundwater created a different class of customer.

The December 2017 contract provides for the same term as the City of Kingsville's contract. In addition, the December 2017 contract provides for a purchase commitment along the same lines as the contract with Kingsville. Based on bond counsel recommendations, the Board believes that the December 2017 contract is consistent with maintaining two (2) customer classes, those utilizing STWA for 100% of their service and those supplementing their groundwater supply.

Therefore, the City's offered term language found on pages 8 and 9 is not acceptable to the Board. There are two (2) acceptable terms – the standard twenty-year contract from the July 2015 contract or the term language from the December 2017 contract which requires a purchase commitment, in the form of a percentage. Historically the City has purchased 50% of its needs from STWA, which STWA believes is necessary to maintain proper disinfectant residuals on the 42" waterline.

### Position to Furnish Water

The Board found that the phrase found on Page 3 "or if water is not reasonably or economically available is [sic] said quantity, then Customer may acquire water in said quantities and under such terms as are reasonably available to Customer" is not acceptable. STWA does not have any objections to the changes in that paragraph preceding that phrase.

Kathleen Lowman, President  
Dr. Alberto Ruiz, Vice-President  
Rudy Galvan, Secretary-Treasurer  
Lupita Perez

(361) 592-9323 Or (361) 692-0337 (C.C. line)  
Fax: (361) 592-5965

Patsy A. Rodgers  
Chuck Schultz  
Filiberto Treviño III  
Steven C. Vaughn  
Carola G. Serrato, Executive Director

**License Agreement**

The City's determination that STWA no longer owns any facilities at the Bishop East Pump Station is incorrect. Therefore, the substituted language found on Page 4 is not acceptable. A historical description is in order on this matter.

In an effort to address the TCEQ's under direct pressure rule, STWA transferred ownership of the facilities utilized by the Nueces Water Supply Corporation (NWSC). However, the building and pumps originally installed circa 1983 to service the City, and prior to NWSC's use, were not transferred. STWA also retained ownership of the SCADA system installed more recently. The City will recall STWA has requested that the City determine whether the larger pumps can be eliminated or, as the City's legal counsel has previously made inquiries, whether it would be in the City's best interest to have a backup in the event its Westside Pump Station is inoperable.

Rather than negotiating a license agreement, the Board expressed an interest in *purchasing the property* from the City. STWA asks that the City provide several names of acceptable certified real estate appraisers in order to select a mutually agreed upon person.

**Jurisdiction**

The Board briefly discussed the revised language found on Page 9 which reads as follows, "If either party disputes any price, System Operating Charge, or rate set or charged pursuant to Section 8 of this contract, the exclusive venue for any suit, proceeding, or other action relating to said price, Charge, rate or the dispute shall lie in a State District Court for a District that includes Nueces County, unless that State Court, by a final judgment, determines that it does not have jurisdiction of the dispute." Based on advice of counsel, we believe the PUC has jurisdiction over this type of dispute. The original wording allowed for court proceedings if the PUC for whatever reason did not hear the case. Going to the PUC first will likely be the most efficient way to proceed since it is likely the District Court would abate a case in court until the PUC determines if it has jurisdiction. It is that back and forth problem we seek to avoid. We suggest modified wording for this section be worked out at our first meeting.

In conclusion, STWA continues to request a meeting be arranged to discuss these matters in person. However, if you have any questions please contact me.

Sincerely,



Carola G. Serrato  
Executive Director

**Enclosures**

cc: City of Bishop Council Members  
Ms. Cynthia Contreras, Bishop City Secretary  
STWA Board of Directors  
Mr. Gerald Benadum, Legal Counsel – City of Bishop  
Mr. Bill Flickinger, Willatt and Flickinger, PLLC

ATTACHMENT 7

Supplemental Easement – CR 38 in Agua Dulce

## Memorandum

To: South Texas Water Authority Board of Directors  
From: Carola G. Serrato, Executive Director  
Date: April 20, 2018  
Re: AEP Offered Easement – Agua Dulce Pump Station – Amendment to Current Easement

### Background:

Enclosed please find a letter from Right of Way Services, ROWS, acting on behalf of AEP Texas (AEP) with regards to an electric pole project and an existing easement on South Texas Water Authority's (STWA) Agua Dulce Pump Station property located on CR 38. According to the letter and attached information, AEP (previously Central, Power and Light) obtained an easement on this property in 1946. However, the original easement did not include a metes and bounds description, which is evident from the attachment. AEP is offering \$573 for the amendment which describes the desired area by metes and bounds.

### Analysis:

The 1946 easement is written in a manner that does not provide sufficient information to determine the exact location of the easement. It states that the easement is located along the route of the poles at that time. It is possible that the current poles are in the same location as in 1946; however, it is also possible that the poles may have been in another location. The existing easement could be referred to as blanket easement.

I spoke with Willie Vera, ROWS, about the location of the four (4) corners of the metes and bounds, area in relationship to the center of CR 38 and to STWA's fenced pump station. Mr. Vera indicated his understanding is that the southern boundary does not infringe on the fenced area of the pump station. Jacob Hinojosa, O&M Supervisor, tried to confirm the location of the two (2) corner rods and unfortunately did not locate those. I spoke with Brent Starr, ROWS, who explained that the rods would not be set until *after* the easement is signed. Although I did not share my view with Mr. Starr, this seems contrary to the information provided and is of no assistance in determining how the easement impacts STWA's property.

Mr. Starr understood the concern of possible future infringement and volunteered to speak to the AEP attorney on the project. He will request added language that stipulates there will not be any encroachment into the pump station. It is not known what provision, if any, their attorney is willing to include. Also, enclosed is an email to Mr. Starr asking about the 30-day time frame for approval and his response. Also enclosed is my email to Bill Flickinger, Willatt and Flickinger, providing him with the information.

### Staff Recommendation:

Staff believes that an amendment to the easement is an improvement. Staff recommends working with ROWS and attorneys to delineate the easement area that ensures STWA's pump station will not be adversely affected. If by chance the appropriate language is added prior to the Board meeting, approve the revised amendment to the existing easement.

### Board Action:

Contingent upon legal counsel's recommendation, approve an amendment to the existing easement.

### Summarization:

Amending the easement will delineate the area that AEP is entitled to utilize.

**mcserrato@stwa.org**

---

**From:** mcserrato@stwa.org  
**Sent:** Wednesday, April 18, 2018 10:50 AM  
**To:** Bill Flickinger  
**Subject:** AEP Amended Easement  
**Attachments:** AEP STWA Amended Easement AD PS April 2018.pdf

Bill,

Attached is the information on the AEP amended easement that we discussed this morning.

Carola

Carola G. Serrato  
Executive Director  
**South Texas Water Authority**  
PO Box 1701  
Kingsville, Texas 78364  
361-592-9323 x112

**mcgserrato@stwa.org**

---

**From:** mcgserrato@stwa.org  
**Sent:** Wednesday, April 18, 2018 11:47 AM  
**To:** 'Brent Starr'  
**Cc:** 'Willie Vera'; 'Bill Flickinger'  
**Subject:** RE: AEP Easement Amendment

It will definitely help. I have sent the information to our legal counsel. So, if he doesn't have any concerns and the south boundary is acceptable, it may be the solution.

Carola

Carola G. Serrato  
Executive Director  
**South Texas Water Authority**  
PO Box 1701  
Kingsville, Texas 78364  
361-592-9323 x112

**From:** Brent Starr <bstarr@rowsinc.com>  
**Sent:** Wednesday, April 18, 2018 11:40 AM  
**To:** mcgserrato@stwa.org  
**Cc:** 'Willie Vera' <vera.j@sbcglobal.net>; 'Bill Flickinger' <bflickinger@wfaustin.com>  
**Subject:** RE: AEP Easement Amendment

I will get them out there to mark it for you next week. After that we can talk and see if that addresses everything you are concerned with.  
Will that work?

*Brent Starr*



*P.O. Box 69  
Alice, Texas 78332  
361-664-8973 office  
361-701-8149 mobile  
361-664-6718 fax  
[bstarr@rowsinc.com](mailto:bstarr@rowsinc.com)*

**From:** mcgserrato@stwa.org [<mailto:mcgserrato@stwa.org>]  
**Sent:** Wednesday, April 18, 2018 11:33 AM  
**To:** 'Brent Starr'  
**Cc:** 'Willie Vera'; Bill Flickinger  
**Subject:** RE: AEP Easement Amendment

Brent,

How difficult is it to have the southeast and southwest corner of the metes and bounds description marked by SAM or another survey company? If STWA can determine that the boundaries are acceptable, would that be an easier fix?

Carola

Carola G. Serrato  
Executive Director

**South Texas Water Authority**

PO Box 1701  
Kingsville, Texas 78364  
361-592-9323 x112

**From:** Brent Starr <[bstarr@rowsinc.com](mailto:bstarr@rowsinc.com)>  
**Sent:** Wednesday, April 18, 2018 11:10 AM  
**To:** [mcserrato@stwa.org](mailto:mcserrato@stwa.org)  
**Cc:** 'Willie Vera' <[vera.j@sbcglobal.net](mailto:vera.j@sbcglobal.net)>  
**Subject:** RE: AEP Easement Amendment

Carola,

The 30 day window will not close as long as we are talking towards an agreement. I will let you know as soon as I get comments back from my legal for your review.

Thanks,

*Brent Starr*



*P.O. Box 69  
Alice, Texas 78332  
361-664-8973 office  
361-701-8149 mobile  
361-664-6718 fax  
[bstarr@rowsinc.com](mailto:bstarr@rowsinc.com)*

**From:** [mcserrato@stwa.org](mailto:mcserrato@stwa.org) [<mailto:mcserrato@stwa.org>]  
**Sent:** Wednesday, April 18, 2018 10:19 AM  
**To:** Brent Starr  
**Cc:** Willie Vera  
**Subject:** AEP Easement Amendment

Good Morning Brent,

I should have mentioned during our telephone conversation yesterday that the STWA Board is meeting on Tuesday, April 24<sup>th</sup>. The easement is on the agenda for consideration. However, based on your offer to discuss my concerns of infringement with legal counsel and possibly adding language to address those concerns, I am wondering if the 30-day time frame in Right of Way Services letter will expire and the file will be closed.



Please let me know if that is the case or if time will be provided for the attorney – and possibly STWA’s attorney – to make modifications to the document. The STWA Board is not scheduled to meet again until May 22, 2018.

Thanks and Have a Good Day,  
Carola

Carola G. Serrato  
Executive Director  
**South Texas Water Authority**  
PO Box 1701  
Kingsville, Texas 78364  
361-592-9323 x112



RECEIVED

APR 09 2018



An AEP Company

SOUTH TEXAS WATER AUTHORITY

BOUNDLESS ENERGY

April 6, 2018

South Texas Water Authority  
111 East Sage Road  
Kingsville, Texas 78363

CMRRR No. 7017 1000 0000 7580 3663

Re: Supplemental Easement and Right-of-Way; Banquete to Stadium Transmission Line Project  
Nueces and Jim Wells Counties, Texas – RWS Tract No. 19B

Dear Landowner:

We are writing to let you know, that AEP Texas Inc. ("AEP") is in the process of rebuilding and upgrading its existing electrical transmission line in your area. The transmission line crosses property in which you own an interest and where AEP's easement rights exist. Right of Way Service, Inc. has been engaged by AEP, as its contractor, to negotiate and acquire supplemental easements on property affected by this transmission line.

As part of its rebuild project, AEP is requesting that you execute a Supplemental Easement and Right-of-Way ("Supplemental Easement") that conforms to AEP's minimum standards for the safe operation of the transmission line and delineates the location, width and boundaries of the easement area on your property. Although AEP already owns the easement rights on your property, AEP is offering to pay you \$573.00 for your cooperation in executing the Supplemental Easement. This offer will remain open for a period of thirty (30) days, after which date it may be withdrawn.

Enclosed for your consideration is the Supplemental Easement, Survey Plat, Easement Payment Schedule and I.R.S. form W-9. You can accept AEP's offer by signing the Supplemental Easement (before a notary), Easement Payment Schedule and W-9 and returning the entire package to us in the enclosed self-addressed stamped envelope. Upon receipt of these signed documents, a check will be issued to you in the amount of \$573.00 and a copy of the fully-executed, recorded Supplemental Easement will be sent to you.

Work will soon begin to replace the existing wooden structures with steel poles. While we make every effort to minimize disturbance during construction, there may be some impact to your property. Rest assured, that when the rebuild project is complete, AEP's contractors will return the property to as close to its original condition as possible.

Please contact me at your earliest convenience, if you have any questions about this process. Thank you in advance for your cooperation.

Sincerely,

Willie Vera  
Contract Right-of-Way Agent  
Right of Way Service, Inc.  
Representing AEP Texas Inc.  
361-549-4575  
[vera.i@sbcglobal.net](mailto:vera.i@sbcglobal.net)

Enclosures:  
Supplemental ROW Easement  
Exhibit A Plat  
Payment Schedule

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

**Line Name:** Banquete to Stadium

**Line No.:** 169:05037 **Easement No.:** 38E

### SUPPLEMENTAL EASEMENT AND RIGHT-OF-WAY

THIS SUPPLEMENTAL EASEMENT AND RIGHT OF WAY is made by and between South Texas Water Authority, whose address is 111 East Sage Road, Kingsville, Texas 78363 ("Grantor"), whether one or more persons, and AEP TEXAS INC., a Delaware corporation, being a unit of American Electric Power, whose principal business address is 1 Riverside Plaza, Columbus, Ohio 43215 ("AEP").

**WHEREAS**, Grantor owns an interest in a tract of real property consisting of approximately 0.3707 acres of land that is more particularly described in that one certain document recorded in Volume 1859, Page 823 of the Deed Records of Nueces County, Texas (the "Property"), and such Property is subject to easements and rights-of-way in favor of AEP, as successor in interest to Central Power and Light Company, including but not limited to the following:

Easement and Right of Way dated February 27, 1946, Original Grantor Ruth Moore Baker and J. A. C. Baker, and recorded in Volume 326, Page 513 of the Deed Records of Nueces County, Texas (the "Original Easement").

**WHEREAS**, AEP is the current owner and holder of the rights, title and interest, or a portion thereof, granted in or arising under the Original Easement.

**WHEREAS**, Grantor is the successor in interest to all or part of the lands affected by the Original Easement.

**NOW THEREFORE**, in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor hereby Grants, Conveys and Warrants this Supplemental Easement and Right-of-Way ("Supplemental Easement") to AEP, its successors and assigns, for the purpose of electric transmission, distribution, communication facilities and appurtenant equipment and fixtures in order to ratify, supplement, modify and fix the location of the Original Easement insofar as it encumbers the Property, as follows:

The location, width, and boundaries of the Easement on the Property, comprising of approximately 0.191 acres of land, are hereby revised, modified, and clarified to be as described and depicted on Exhibit "A" (the "Easement Area"), attached hereto and made a part hereof for all purposes.

The Original Easement is also supplemented by the addition of the following language:

AEP, its successors and assigns, are granted the right to construct, reconstruct, operate, maintain, alter, inspect, patrol, protect, repair, replace, renew, upgrade, relocate within the Easement Area, remove and replace poles, towers, and structures, made of wood, metal, concrete or other materials, including crossarms, guys, anchors, anchoring systems, grounding systems, communications facilities, and all other appurtenant equipment and fixtures, and to string conductors, wires and cables. The electric transmission facilities may consist of a variable number of towers, poles, wires, guys, anchors and associated fixtures, including the right to enlarge, and may transmit electricity of any voltage or amperage, together with the right to add to said facilities from time to time, and the right to do anything necessary, useful or convenient for the enjoyment of the Easement Area herein granted, together with the privilege of removing at any time any or all of said facilities erected on the Easement Area.

AEP and its successors and assigns, shall have the right, in AEP's reasonable discretion, to cut down, trim, and otherwise control, using herbicides or tree growth regulators, or other means, and at AEP's option, to remove from the Easement Area any and all trees, overhanging branches, vegetation, brush, or other obstructions. AEP shall also have the right to cut down, trim, remove, and otherwise control trees situated on lands of the Grantor which adjoin the Easement Area, when in the reasonable opinion of AEP those trees may endanger the safety of, or interfere with the construction, operation or maintenance of AEP's facilities or ingress or egress to, from or along the Easement Area.

AEP and its successors and assigns are granted the right of unobstructed ingress and egress, at any and all times, on, over, across, along and upon the Easement Area, and across the adjoining lands of Grantor as may be necessary to access the Easement Area for the above referenced purposes.

In no event shall Grantor, its heirs, successors, and assigns plant or cultivate any trees or place, construct, install, erect or permit any temporary or permanent building, structure, improvement or obstruction including but not limited to, storage tanks, billboards, signs, sheds, dumpsters, light poles, water impoundments, above ground irrigation systems, swimming pools or wells, or permit any alteration of the ground elevation, over or within the Easement Area. AEP may, at Grantor's cost, remove any structure or obstruction if placed within the Easement Area and may re-grade any alterations of the ground elevation within the Easement Area.

AEP shall repair or pay Grantor for actual damages to growing crops, fences, gates, field tile, drainage ways, drives, or lawns caused by AEP in the exercise of the rights herein granted.

The failure of AEP to exercise any of the rights granted herein, including but not limited to the removal of any obstructions from the Easement Area, shall not be deemed to constitute a waiver of the rights granted herein and the removal of any facilities from the Easement Area shall not be deemed to constitute a permanent abandonment or release of the rights granted herein.

Except as modified by this Supplemental Easement and Right-of-Way, all terms and provisions of the Original Easement, and all rights arising in connection with the Original Easement shall

remain in full force and effect. Those provisions and rights are expressly ratified and reaffirmed by, and incorporated within, this Supplemental Easement and Right-of-Way. The Original Easement along with this Supplemental Easement and Right-of-Way shall for all purposes function as a single instrument. To the extent any terms or provisions of this Supplemental Easement and Right-of-Way conflict or are inconsistent with any term or provision of the Original Easement, the terms and provisions of this Supplemental Easement and Right-of-Way shall control. Nothing herein shall in any manner vary, change, modify, or restrict the rights and privileges that Grantee may have acquired through any instrument other than the Original Easement or by any other means.

The terms and conditions as supplemented by this instrument, are the complete agreement, expressed or implied between the parties hereto and shall inure to the benefit of and be binding on their respective successors, assigns, heirs, executors, administrators, lessees, tenants, licensees, and legal representatives.

Grantor acknowledges that AEP has explained the project to rebuild, alter, and upgrade the transmission line to Grantor, and Grantor's consent for such project is hereby granted.

This instrument may be executed simultaneously in two or more counterparts, each of which will be deemed an original, but all of which taken together will constitute one and the same instrument. The signature pages from each counterpart may be removed and attached to one document for purposes of recording this Supplemental Easement and Right of Way in the real property records of Nueces County, Texas.

**Any remaining space on this page intentionally left blank.**

**See next page(s) for signature(s).**

EXECUTED effective this \_\_\_\_\_ day of \_\_\_\_\_, 2018.

GRANTOR  
South Texas Water Authority

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

State of Texas            §  
                                  § SS:  
\_\_\_\_\_ County §

This instrument was acknowledged before me on \_\_\_\_\_, 2018  
by \_\_\_\_\_ acting as \_\_\_\_\_ of  
South Texas Water Authority, on behalf of said \_\_\_\_\_.

\_\_\_\_\_  
Notary Public  
Commission  
expires: \_\_\_\_\_

When recorded return to: American Electric Power – Transmission Right of Way, 539 N. Carancahua,  
Corpus Christi, TX 78401-2401

AEP TEXAS INC.  
BANQUETE TO STADIUM  
VARIABLE WIDTH TRANSMISSION LINE EASEMENT  
SOUTH TEXAS WATER AUTHORITY

AEP PARCEL NO. 38E  
SAM Job No. 38568  
SHEET 1 OF 2

**EXHIBIT " A "**  
**8,306 SQUARE FEET OR 0.191 OF AN ACRE**  
**VARIABLE WIDTH EASEMENT**

BEING A TRACT OF LAND LOCATED IN THE R. GARCIA SURVEY, ABSTRACT NO. 120, NUECES COUNTY, TEXAS AND BEING PART OF LOT 26 OF AGUA DULCE FARM TRACT AT AGUA DULCE, A SUBDIVISION OF RECORD IN VOLUME A, PAGE 76, MAP RECORDS, NUECES COUNTY, TEXAS, AS CONVEYED IN DEED TO SOUTH TEXAS WATER AUTHORITY, RECORDED IN VOLUME 1859, PAGE 823, DEED RECORDS, NUECES COUNTY, TEXAS (D.R.N.C.T.), AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT 5/8-INCH IRON ROD FOUND IN COUNTY ROAD 38 (CR 38) FOR THE COMMON CORNER OF SAID WATER AUTHORITY TRACT AND A TRACT CONVEYED IN DEED TO AEP TEXAS CENTRAL POWER CO., RECORDED IN VOLUME 172, PAGE 154, D.R.N.C.T., SAID POINT OF BEGINNING HAVING GRID COORDINATES N:17172736.36, E:1174497.84;

THENCE SOUTH 10 DEGREES 27 MINUTES 57 SECONDS EAST, WITH THE COMMON LINE OF SAID WATER AUTHORITY TRACT AND SAID AEP TEXAS CENTRAL POWER CO. TRACT, A DISTANCE OF 72.08 FEET TO A 5/8-INCH IRON ROD WITH A CAP STAMPED "SAM" SET;

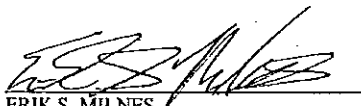
THENCE SOUTH 79 DEGREES 50 MINUTES 30 SECONDS WEST, OVER AND ACROSS SAID SOUTH TEXAS WATER AUTHORITY TRACT, A DISTANCE OF 115.37 FEET TO A 5/8-INCH IRON ROD WITH A CAP STAMPED "SAM" SET IN THE COMMON LINE OF SAID WATER AUTHORITY TRACT AND THE REMAINDER OF A TRACT OF LAND CONVEYED IN DEED TO REFUGIA ZEPEDA, ET AL, RECORDED IN DOCUMENT NUMBER 1996024147, OFFICIAL PUBLIC RECORDS, NUECES COUNTY, TEXAS (O.R.N.C.T.);

THENCE NORTH 10 DEGREES 14 MINUTES 37 SECONDS WEST, WITH THE WEST LINE OF SAID WATER AUTHORITY TRACT, A DISTANCE OF 72.09 FEET TO A 5/8-INCH IRON ROD FOUND IN SAID CR 38, FOR THE NORTHWEST CORNER OF SAID WATER AUTHORITY TRACT;

THENCE NORTH 79 DEGREES 50 MINUTES 41 SECONDS EAST, WITH THE APPROXIMATE CENTERLINE OF SAID COUNTY ROAD 38, AND THE NORTH LINE OF SAID SOUTH TEXAS WATER AUTHORITY TRACT, A DISTANCE OF 115.09 FEET TO THE POINT OF BEGINNING AND CONTAINING 8,306 SQUARE FEET OR 0.191 OF AN ACRE, MORE OR LESS.

BEARING BASIS: ALL BEARINGS AND COORDINATES SHOWN HEREON ARE BASED ON THE TEXAS STATE PLANE COORDINATE SYSTEM, NAD 83(2011), SOUTH ZONE. ALL DISTANCES SHOWN HEREON ARE SURFACE DISTANCES. GRID DISTANCES CAN BE CALCULATED BY DIVIDING BY A COMBINED SCALE FACTOR OF 1.000016072.

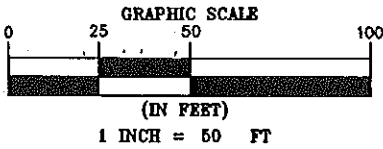
REFERENCE IS MADE TO THE SKETCH OF EVEN DATE ACCOMPANYING THIS DESCRIPTION.

 4/2/18  
ERIK S. MILNES  
TEXAS REGISTERED PROFESSIONAL  
LAND SURVEYOR NUMBER 6622  
SURVEYING AND MAPPING, LLC.  
TEXAS FIRM REGISTRATION NO. 10064300



DATE: MARCH 12, 2018

# EXHIBIT "A"



R. GARCIA SURVEY  
ABSTRACT NO. 120

TEXAS MEXICAN RAILROAD  
(100' RIGHT OF WAY)

COUNTY ROAD 38  
(CR 38)

P.O.B.  
GRID COORDINATES  
N:17172736.36  
E:1174497.84

PROPOSED VARIABLE  
WIDTH EASEMENT  
0.191 ACRES  
(6,306 S.F.)

AEP PARCEL NO. 38F  
RWS TRACT NO. 19A  
AEP TEXAS CENTRAL POWER CO.  
VOLUME 172, PAGE 154  
D.R.N.C.T.

AEP PARCEL NO. 38D  
RWS TRACT NO. 19  
REFUGIA ZEPEDA (12.5%)  
HILDA ACEVEDO (12.5%)  
EDUARDO L. GARZA, JR. (12.5%)  
JUAN L. GARZA (12.5%)  
OCTAVO GARZA (12.5%)  
DIANA G. BEDFORD (12.5%)  
RUBEN GARZA (12.5%)  
BENITO L. GARZA (12.5%)  
DOCUMENT NUMBER 1996024147  
O.P.R.N.C.T.  
DESCRIBED IN  
VOLUME 1418, PG. 605  
D.R.N.C.T.  
VOL. 1418, PG. 608  
D.R.N.C.T.

AEP PARCEL NO. 38E  
RWS TRACT NO. 19B  
SOUTH TEXAS WATER AUTHORITY  
VOLUME 1859, PAGE 823  
D.R.N.C.T.

LOT 26 OF THE AGUA DULCE FARM  
TRACTS AT AGUA DULCE  
VOLUME A, PAGE 76  
M.R.N.C.T.

LINE TABLE		
NUMBER	BEARING	DISTANCE
L1	S10°27'57"E	72.08'
L2	S79°50'30"W	115.37'
L3	N10°14'37"W	72.09'
L4	N79°50'41"E	115.09'

## LEGEND

- D.R.N.C.T. DEED RECORDS  
NUECES COUNTY, TEXAS
- O.P.R.N.C.T. OFFICIAL PUBLIC RECORDS  
NUECES COUNTY, TEXAS
- M.R.N.C.T. MAP RECORDS  
NUECES COUNTY, TEXAS
- P.O.B. POINT OF BEGINNING
- P.O.R. POINT OF REFERENCE
- 5/8" IRON ROD WITH CAP  
STAMPED "SAM" SET
- 5/8" IRON ROD FOUND
- PROPOSED EASEMENT CENTERLINE
- PROPOSED EASEMENT
- BOUNDARY LINE
- Z LAND HOOK



*Erik S. Milnes* 4/2/18  
ERIK S. MILNES  
TEXAS REGISTERED PROFESSIONAL  
LAND SURVEYOR NO. 6622  
TEXAS FIRM REGISTRATION NO. 10064300

BEARING BASIS: ALL BEARINGS AND COORDINATES SHOWN  
HEREON ARE BASED ON THE TEXAS STATE PLANE  
COORDINATE SYSTEM, NAD 83(2011), SOUTH ZONE. ALL  
DISTANCES SHOWN HEREON ARE SURFACE DISTANCES. GRID  
DISTANCES CAN BE CALCULATED BY DIVIDING BY A  
COMBINED SCALE FACTOR OF 1.000016072.

THIS EXHIBIT DOES NOT REFLECT ANY UNDERGROUND  
UTILITIES, EASEMENT OF RECORD OR OTHER ENCUMBRANCES  
THAT MAY AFFECT THE SUBJECT TRACT.

REFERENCE IS MADE TO THE DESCRIPTION OF EVEN DATE  
ACCOMPANYING THIS SKETCH.

REFERENCE IS MADE TO AN EXISTING EASEMENT RECORDED  
IN VOLUME 326, PAGE 513, D.R.N.C.T.

SHEET 2 OF 2

PROJECT: BANQUETE TO STADIUM
JOB NUMBER: 38568
DATE: 3/12/2018
SCALE: 1" = 50'
TRACT ID: RWS 19B
DRAWN BY: EEV

AEP TEXAS INC.  
8,306 SQUARE FEET OR 0.191 OF AN ACRE  
VARIABLE WIDTH TRANSMISSION LINE EASEMENT  
R. GARCIA SURVEY  
ABSTRACT NO. 120  
NUECES COUNTY, TEXAS



4501 SOUTHWEST PARKWAY,  
BUILDING TWO, SUITE 100, AUSTIN, TX 78735  
Ph: (512) 447-6575 Fax: (512) 446-3029  
EMAIL: SAM@SAM192  
TX FIRM NO. 10064300



# EASEMENT AND RIGHT OF WAY

THE STATE OF TEXAS

County of NUECES

KNOW ALL MEN BY THESE PRESENTS:

That I (we) Ruth Moore Baker and J. A. C. Baker

husband and wife, of the County of Nueces, and State of Texas, for, and in consideration of the sum of two hundred seventy five 00/100 (\$275.00)

Dollars, to me (us) in hand paid by CENTRAL POWER AND LIGHT COMPANY, a private corporation organized and existing under and by virtue of the laws of the State of Massachusetts, and having ~~permits to do business in~~ the State of Texas, the receipt of which is hereby acknowledged and confessed, have this day GRANTED, SOLD and CONVEYED, and by these presents do GRANT, SELL, and CONVEY unto the said CENTRAL POWER AND LIGHT COMPANY, its successors and assigns, an easement or right of way for an electric transmission line, consisting of variable numbers of wires, and all necessary and desirable attachments and appurtenances, including poles made of wood, metal or other materials, telephone and telegraph wires, progs, guys and anchorages, at or near the location and along the general course now located and staked out by said CENTRAL POWER AND LIGHT COMPANY, over, across

and upon the following described lands now owned by me (us), located in the County of NUECES and State of Texas, to-wit:

All that certain tract or parcel of land situated in Nueces County, Texas and being all of Tracts Nos. 26 to 29, inclusive, of the Agua Dulce Farm Tracts, according to the map thereof recorded in Volume "A" page 76 of the Nueces County Map Records.

Together with the right of ingress and egress over my (our) adjacent lands to or from said right of way for the purpose of constructing, reconstructing, inspecting, patrolling, hanging new wire on, maintaining and removing said line, poles, wires and appurtenances; the right to relocate along the same general direction of said line; the right to remove from said lands all trees and parts thereof, or other obstructions which endanger or may interfere with the safety or efficiency of said line, or its appurtenances; and the right to exercise all other rights hereby granted.

TO HAVE AND TO HOLD the above described rights, easement and rights of way unto the said CENTRAL POWER AND LIGHT COMPANY, its successors and assigns, until said line shall be abandoned and removed.

Not more than twenty-six (26) poles and three

(3) guys shall be erected along the course of said line upon the above described land unless the said CENTRAL POWER AND LIGHT COMPANY, its successors and assigns, shall pay to me (us), my (our), heirs or legal

representatives, at the rate of fourteen dollars and 50/100 (\$14.50) Dollars for each pole or guy erected in excess of said number; and upon such payment the said CENTRAL POWER AND LIGHT COMPANY, its successors and assigns, shall have the right, and the right is hereby granted, to erect poles along said course in excess of said number.

And I (we) do hereby bind myself (ourselves), my (our), heirs and legal representatives, to WARRANT and FOREVER DEFEND all and singular the above described rights, easement and rights of way unto the said CENTRAL POWER AND LIGHT COMPANY, its successors and assigns, against every person whomsoever lawfully claiming, or to claim the same, or any part thereof.

IN TESTIMONY WHEREOF, witness my (our) hand(s) on this the 27th day of February

A. D. 1946

Ruth Moore Baker  
J. A. C. Baker

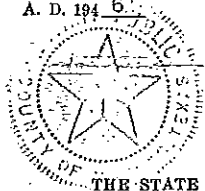
THE STATE OF TEXAS

County of NUECES

BEFORE ME, the undersigned authority on this day personally appeared J. A. C. Baker known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this the 27th day of February

A. D. 1946



Margaret Bruce  
Notary Public in and for Nueces County, Texas

THE STATE OF TEXAS

County of NUECES

BEFORE ME, the undersigned authority on this day personally appeared Ruth Moore Baker

wife of J. A. C. Baker, known to me to be the person whose name is subscribed to the foregoing instrument, and having been examined by me privily and apart from her husband, and having the same fully explained to her, she, the said Ruth Moore Baker acknowledged such instrument to be her act and deed, and declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this the 27th day of February

A. D. 1946



Margaret Bruce  
Notary Public in and for Nueces County, Texas

219150

Easement and Right of Way

1-1000 W. 1st St. E. M. M.  
At 8:00 O'clock P. M.

MAR 19 1946

MRS. HENRY E. GOUGER  
Clerk, County Court, Nueces County, Texas  
By Margaret Bruce Deputy

CENTRAL POWER AND LIGHT COMPANY

THE STATE ORDERED  
COUNTY CLERK  
NUECES COUNTY TEXAS

I, \_\_\_\_\_ County Clerk for said County, hereby certify that the within conveyance was filed in my office for record on the \_\_\_\_\_ day of \_\_\_\_\_ 194 \_\_\_\_\_ at \_\_\_\_\_ o'clock \_\_\_\_\_ M., and duly recorded by me on the \_\_\_\_\_ day of \_\_\_\_\_ 194 \_\_\_\_\_, in Book \_\_\_\_\_ Records of Deeds of said County, at page \_\_\_\_\_ Given under my hand and seal of office the day and date last above written.  
County Clerk \_\_\_\_\_ County, Texas.  
By \_\_\_\_\_ Deputy.

CPT & Co

140

THE STATE OF TEXAS | I, MRS. HENRY E. GOUGER  
COUNTY OF NUECES | Clerk of the County Court, do hereby certify that the foregoing instrument dated the 27 day of February 1946 with the certificate of authentication was filed for record in my office the 17 day of March 1946 at 8:00 o'clock A. M. and duly recorded the 25 day of April 1946 at 4:55 o'clock P. M. in Deed Record of said County, in Vol. 326 on pages 513-514

Witness my hand and seal of the County Court of said County at office in Corpus Christi, Texas, the day and year last above written.

MRS. HENRY E. GOUGER  
COUNTY CLERK, NUECES COUNTY

Claire Murrell  
Deputy

Line Name: Banquete – Stadium  
Line No.: TLN169:05037 Tract No.: 38E

**EASEMENT PAYMENT SCHEDULE**

**THE UNDERSIGNED:**

**GRANTOR:** South Texas Water Authority  
**ADDRESS:** 111 East Sage Road, Kingsville, Texas 78363-3336

**HEREBY OFFER** to accept amount as determined in accordance with the schedule below in full payment of the Easement and Right of Way for an electric transmission, distribution and communication lines, being, in, on, over, under, through and across the land of the Undersigned under an easement dated \_\_\_\_\_, 2018 from the Undersigned to the Company, to wit:

**PAYMENT SCHEDULE**

Easement Acquisition Cost Description:	Easement Paid	Damages Paid
Easement Consideration Paid - 0.191 acres @ \$3,000.00/ac =	\$ 573.00	\$
Nueces County, State of Texas	\$	\$
	\$	\$
Sub-Totals	\$ 573.00	\$
Total Consideration includes Initial Consideration Paid	\$ 583.00	\$

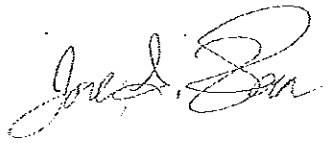
The amounts so determined are full payment for the Easement and Right of Way. Any construction damages will be paid separately unless noted above.

Accepted on \_\_\_\_\_, 2018      Signed on \_\_\_\_\_, 2018

Right of Way Service, Inc.  
Contract Agent for  
**AEP Texas Inc.**

**GRANTOR:**

South Texas Water Authority

By:   
\_\_\_\_\_  
Field Agent: Willie Vera

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Attach Required W-9

## Request for Taxpayer Identification Number and Certification

**Give Form to the  
 requester. Do not  
 send to the IRS.**

Print or type See Specific Instructions on page 2.	1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.	
	2 Business name/disregarded entity name, if different from above	
	3 Check appropriate box for federal tax classification; check only one of the following seven boxes: <input type="checkbox"/> Individual/sole proprietor or single-member LLC <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶ _____ Note. For a single-member LLC that is disregarded, do not check LLC; check the appropriate box in the line above for the tax classification of the single-member owner. <input type="checkbox"/> Other (see Instructions) ▶ _____	4 Exemptions (codes apply only to certain entities, not Individuals; see instructions on page 3): Exempt payee code (if any) _____ Exemption from FATCA reporting code (if any) _____ <small>(Applies to accounts maintained outside the U.S.)</small>
	5 Address (number, street, and apt. or suite no.)	Requester's name and address (optional)
	6 City, state, and ZIP code	
	7 List account number(s) here (optional)	

### Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Social security number												
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border: 1px solid black; width: 25px; height: 20px;"></td> <td style="border: 1px solid black; width: 25px; height: 20px;"></td> <td style="border: 1px solid black; width: 25px; height: 20px;"></td> <td style="border: 1px solid black; width: 25px; height: 20px;"></td> <td style="border: 1px solid black; width: 25px; height: 20px;"></td> <td style="border: 1px solid black; width: 25px; height: 20px;"></td> <td style="border: 1px solid black; width: 25px; height: 20px;"></td> <td style="border: 1px solid black; width: 25px; height: 20px;"></td> <td style="border: 1px solid black; width: 25px; height: 20px;"></td> <td style="border: 1px solid black; width: 25px; height: 20px;"></td> <td style="border: 1px solid black; width: 25px; height: 20px;"></td> <td style="border: 1px solid black; width: 25px; height: 20px;"></td> </tr> </table>												
or												
Employer identification number												
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border: 1px solid black; width: 25px; height: 20px;"></td> <td style="border: 1px solid black; width: 25px; height: 20px;"></td> <td style="border: 1px solid black; width: 25px; height: 20px;"></td> <td style="border: 1px solid black; width: 25px; height: 20px;"></td> <td style="border: 1px solid black; width: 25px; height: 20px;"></td> <td style="border: 1px solid black; width: 25px; height: 20px;"></td> <td style="border: 1px solid black; width: 25px; height: 20px;"></td> <td style="border: 1px solid black; width: 25px; height: 20px;"></td> <td style="border: 1px solid black; width: 25px; height: 20px;"></td> <td style="border: 1px solid black; width: 25px; height: 20px;"></td> <td style="border: 1px solid black; width: 25px; height: 20px;"></td> <td style="border: 1px solid black; width: 25px; height: 20px;"></td> </tr> </table>												

Note. If the account is in more than one name, see the instructions for line 1 and the chart on page 4 for guidelines on whose number to enter.

### Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

**Certification instructions.** You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 3.

<b>Sign Here</b>	Signature of U.S. person ▶ _____	Date ▶ _____
------------------	----------------------------------	--------------

### General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

**Future developments.** Information about developments affecting Form W-9 (such as legislation enacted after we release it) is at [www.irs.gov/fw9](http://www.irs.gov/fw9).

#### Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following:

- Form 1099-INT (interest earned or paid)
- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)

- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

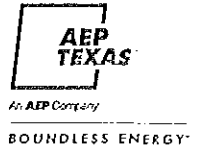
Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See *What is backup withholding?* on page 2.

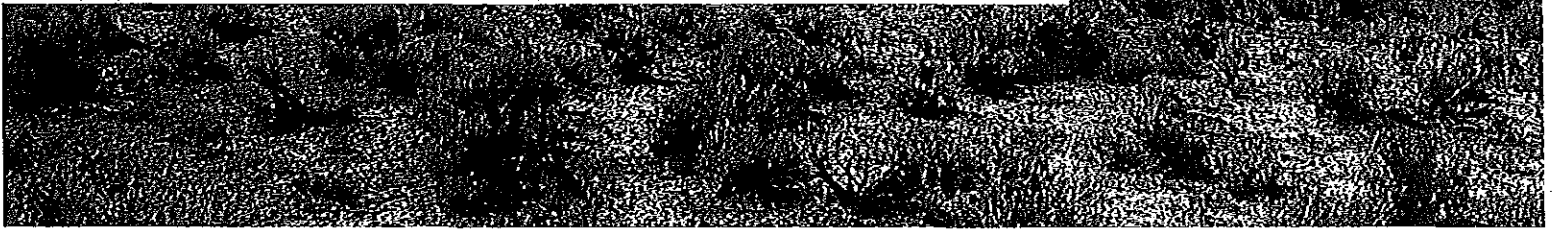
By signing the filled-out form, you:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income, and
4. Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting, is correct. See *What is FATCA reporting?* on page 2 for further information.

# CALALLEN-ALICE-FALFURRIAS TRANSMISSION LINE REBUILD PROJECT



AEP Texas plans to improve the local electric transmission system to ensure continued reliable power in Brooks, Jim Wells and Nueces counties. The project consists of rebuilding approximately 53 miles of 69-kilovolt (kV) transmission line in the South Texas area. The estimated investment on this transmission upgrade project is nearly \$40 million.



## WHAT

The Calallen - Alice - Falfurrias Transmission Line Rebuild Project includes upgrading approximately 53 miles of 69 kV transmission line. Construction will be done in four phases.

Crews will replace existing wood poles with stronger concrete or steel monopoles and new wires. Right-of-way agents will be contacting some landowners along the line route to supplement the company's existing easements where needed.

## WHY

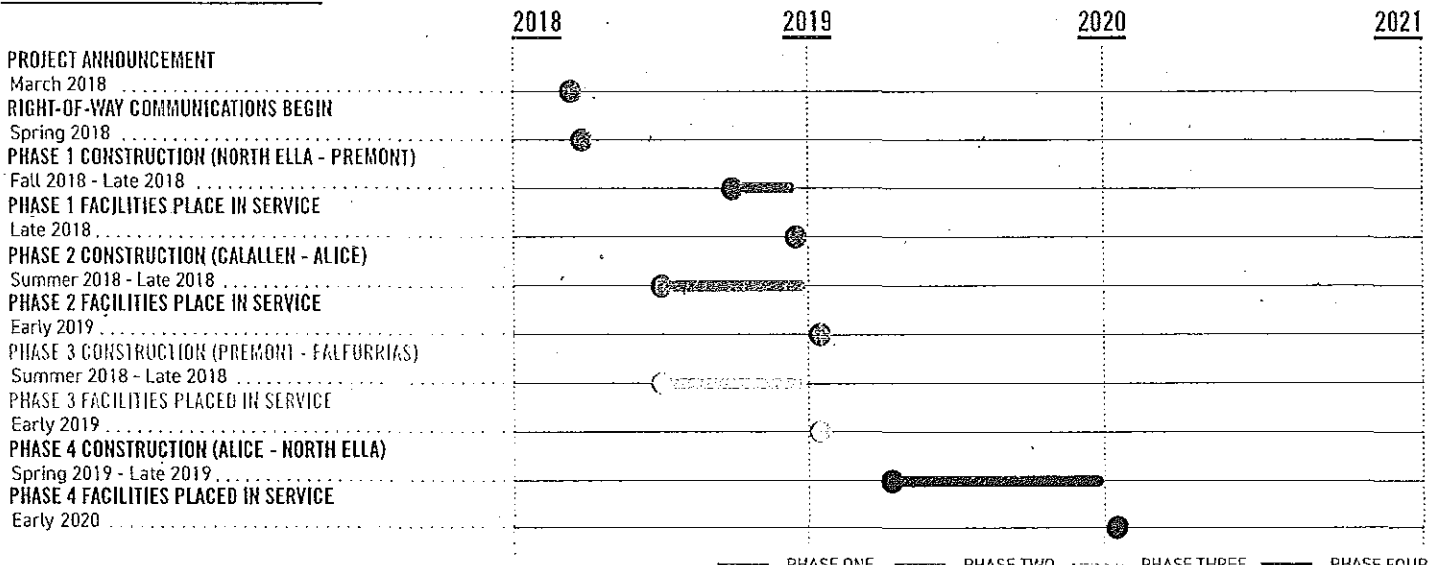
This aging infrastructure needs to be replaced to withstand the weather conditions of the region.

Strengthening and improving the transmission grid serving this area will reduce the number of power outages and lessen the time it takes to restore power should an outage occur.

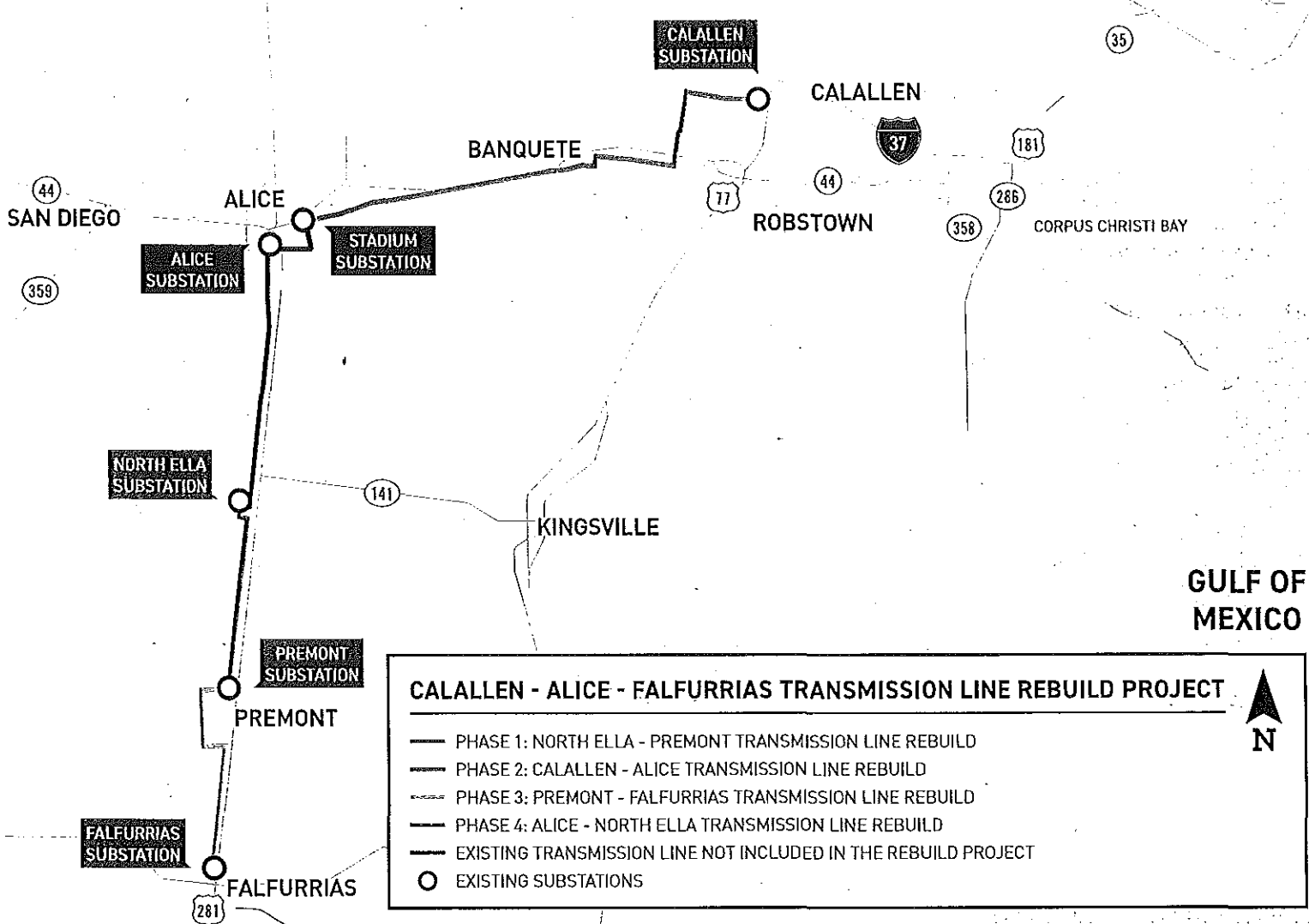
## WHERE

This rebuild project begins at the South Texas Electric Cooperative (STEC) Calallen Substation south west of Calallen and travels south and southwest through Alice where it connects with the Stadium Substation on South Stadium Road then the line travels West to the Alice Substation. From there the line continues south and parallels Highway 281 towards Falfurrias where it ends at the Falfurrias Substation north of the city.

## PROJECT SCHEDULE



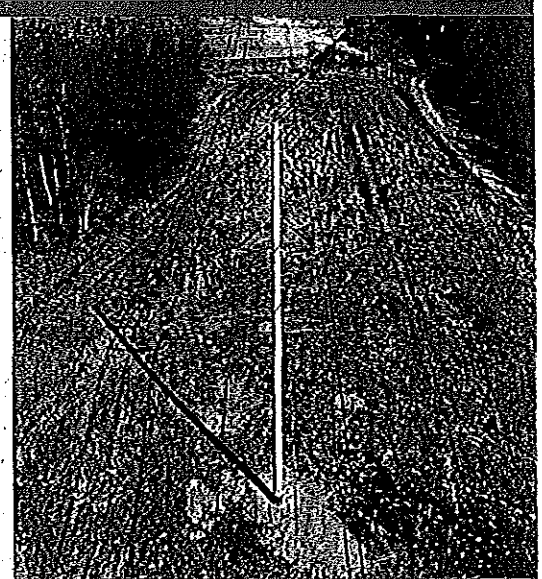
\*Timeline subject to change.



## TYPICAL STRUCTURES

- Average Height: 90 feet
- Typical Distance Between Structures: 300 - 500 feet
- Typical Right-of-Way Width: 100 feet

\*Exact structure, height and right-of-way requirements may vary



**AEP TEXAS VALUES YOUR INPUT ABOUT THIS PROJECT. PLEASE SEND COMMENTS AND QUESTIONS TO:**

### ANDREW WHEELER

AEP Project Outreach Specialist  
 918-599-2862  
 atwheeler@aep.com



An AEP Company

BOUNDLESS ENERGY

ATTACHMENT 8

Amended Water Conservation and Drought Contingency Plan

Memorandum

To: South Texas Water Authority Board of Directors  
From: Carola G. Serrato, Executive Director  
Date: April 19, 2018  
Re: South Texas Water Authority's Conservation and Drought Contingency Plan

Background:

At the beginning of August 2017, the STWA Board reviewed changes to the City of Corpus Christi's Drought Contingency Plan. At that time, the Board approved Resolution 17-14 adopting STWA's revised Water Conservation and Drought Contingency Plan which mirrored the revised City of Corpus Christi's Plan. As the Board is aware, the City has once again made changes to its Plan as outlined in the attached April 2, 2018 letter from Mr. Dan Grimsbo, Corpus Christ Water Utilities Executive Director. As stated in the letter, the City has reduced the number of stages to four (4), the termination requirements of a stage have been simplified, and the intent is to better communicate the reservoir system levels to customers.

Analysis:

Enclosed is a revised Part II of the STWA Water Conservation and Drought Contingency Plan incorporating the trigger levels as follows:

- Stage 1 – Combined Reservoir Storage Level – Less than 40%
- Stage 2 – Combined Reservoir Storage Level – Less than 30%
- Stage 3 – Combined Reservoir Storage Level – Less than 20%
- Stage 4 – Combined Reservoir Storage Level – Emergency water shortage condition

Staff believes that the enclosed modified Part II of the STWA Water Conservation and Drought Contingency Plan conforms to the City of Corpus Christi's changes.

Staff Recommendation:

Adopt the enclosed revised Part II of the STWA Water Conservation and Drought Contingency Plan. Instruct staff to provide the Plan to STWA's Wholesale Customers.

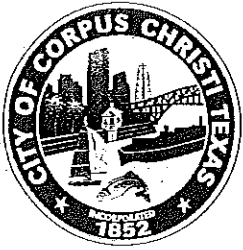
Board Action:

Determine whether to adopt the enclosed revised Part II of the STWA Water Conservation and Drought Contingency Plan and provide it to STWA's Wholesale Customers.

Summarization:

In last year's memo, staff reported that the State requires an entity to review its plan every five (5) years. Last year, the review was about one year earlier than required. Staff believes this review and modification should suffice until the Summer of 2023.





RECEIVED

APR 03 2018

April 2, 2018

SOUTH TEXAS WATER AUTHORITY

UTILITIES

Maintenance of Lines & Treatment  
2726 Holly Road  
Corpus Christi  
Texas 78415  
Phone 361-826-1800  
Fax 361-826-1889  
www.cctexas.com

Gas  
4225 S. Port Ave.  
Corpus Christi  
Texas 78415  
Phone 361-885-6900  
Fax 361-853-3200  
www.cctexas.com

Carola G. Serrato  
Executive Director  
South Texas Water Authority  
PO Box 1701  
Kingsville, Texas 78364

Dear Ms. Serrato,

Please find enclosed the City of Corpus Christi's 2018 Drought Contingency Plan.

On January 30, 2018, the Corpus Christi City Council (City) approved amending the City Code of Ordinances, Revising the City's Drought Contingency Plan.

The City revised its plan to address ongoing conditions and to improve the communication and understanding of our reservoir system within the plan for our customers. The 2018 Drought Contingency Plan now has only 4 stages. We have renamed a few of the stages and describe the stages as "Reservoir Response Stages" to better communicate the reservoir system levels to our customers. We have also simplified the termination requirements of each stage in order to respond easier to changing conditions. Shown below are the criteria for initiation for each of the 4 stages:

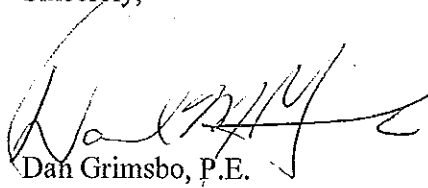
Combined Reservoir Storage Level

Initiation Criteria Reservoir Response Stage 1	Less than 40%
Initiation Criteria Reservoir Response Stage 2	Less than 30%
Initiation Criteria Reservoir Response Stage 3	Less than 20%
Initiation Criteria Reservoir Response Stage 4	Emergency water shortage condition

The enclosed plan identifies the necessary responses for each stage as well as the criteria for termination of each stage. Please take necessary action to adopt the changes made to the Drought Contingency Plan and implement restrictions similar to those of the City for each Reservoir Response Stage.

Please feel free to contact Esteban (Steve) Ramos, Water Resource Manager Water Utilities Department at 361-826-3294 or email at EstebanR2@cctexas.com with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Dan Grimsbo", with a stylized flourish at the end.

Dan Grimsbo, P.E.  
Executive Director  
Water Utilities

Enclosure

## South Texas Water Authority Water Conservation and Drought Contingency Plan

### PART I—WATER CONSERVATION PLAN

#### Introduction:

The South Texas Water Authority provides treated water supplies to seven (7) wholesale customers. Its mission is to:

- provide a safe supply of water to communities, residents, and entities in central Kleberg County and western Nueces County,
- insure a dependable, abundant supply is available to our customers and
- utilize a regional approach that minimizes adverse cost of service based on entity size.

South Texas Water Authority does not provide wastewater service.

#### Service Area:

South Texas Water Authority supplies water to seven (7) entities. The following information is the latest population data and water usage for the last five (5) Fiscal Years. South Texas Water Authority provides wholesale service – not retail service – to these customers.

Entity	Population <sup>1</sup>	5 Year Average (annual) FY '12 – '16	Peak Demand Month for FY '12 – '16	Monthly Peak Demand FY '12 – '16
City of Agua Dulce	812	27,224,431	August 2012	3,320,430
City of Bishop	3,134	62,707,000	August 2014	12,353,000
City of Driscoll	739	31,820,009	July 2016	5,158,700
City of Kingsville	26,213	139,095,600	June 2012	45,306,000
Nueces Water Supply Corporation <sup>2,3</sup>	2,766	139,997,830	July 2016	18,161,360
Nueces County Water Control & Improvement District #5	726	26,880,462	August 2015	2,952,110
Ricardo Water Supply Corporation <sup>4,5</sup>	2,994	105,465,200	August 2012	13,831,000

<sup>1</sup>2010 U.S. Census Bureau

<sup>2</sup> Nueces WSC's population is estimated at 3 times their service connections as of July 2017.

<sup>3</sup> Nueces WSC's average includes volumes for Coastal Acres LLC, KB Foundation (also known as IES and previously Teen Challenge) & GEO Detention Center (previously LCS)

<sup>4</sup>Ricardo WSC is served by a 12" line owned by the Corporation

<sup>5</sup> Ricardo WSC's population is estimated at 3 times their service connections as of July 2017.

All customers are located within the Authority's district with the exception of the Nueces County Water Control and Improvement District #5 (Banquete), which is served as an Out-of-District customer.

The Authority's facilities were designed and constructed to serve four original customers, Kingsville, Bishop, Driscoll and Agua Dulce with 100% of their water needs. At the time of

construction in 1983, it was anticipated that these entities would initially require between 5 MGD and 7 MGD. The system was designed to meet a 50-year planning period; therefore, the delivery capacity of the system is 17 MGD.

South Texas Water Authority purchases treated water from the City of Corpus Christi. Supplies are transported approximately thirty (30) miles south from the O.N. Stevens Treatment Plant to the City of Kingsville via a 42" steel reinforced concrete cylinder water line (P-303). The City of Driscoll, the City of Bishop and a portion of the Nueces Water Supply Corporation customers are serviced along the route of the 42" transmission line. A smaller asbestos concrete spur line (14-inch and 12-inch) supplies customers in Agua Dulce, Banquete, and the remainder of the Nueces Water Supply Corporation's customers. Construction of the Regional Water System included pump station and storage facilities designed to provide a full day's supply during peak periods.

Direct water service to the Ricardo Water Supply Corporation is provided via a 12-inch transmission line. The Ricardo Water Supply Corporation owns the waterline which was funded by a combination of loan and grant funds through the US Department of Agriculture Rural Development Program.

In Fiscal Year 2016 (October 1, 2015 through September 30, 2016), the Authority purchased 532,850,000 gallons from the City of Corpus Christi. In the past 30+ years, however, the largest potential customer, Kingsville, has opted to continue using groundwater wells for the majority of its needs. Therefore, on average the Authority provides less than 2 MGD to its seven (7) customers. During extremely dry conditions, water demand has exceeded 3 MGD.

### **Regional Water Supply Source:**

The Regional Provider's (the City of Corpus Christi) sources of water is from multiple river basins. The combined Lake Corpus Christi/Choke Canyon Reservoir System is fed from the Atascosa, Frio and Nueces Rivers. Lake Corpus Christi stores 257,260 acre-feet of water (83.8 billion gallons). And, Choke Canyon Reservoir stores 695,271 acre-feet (227 billion gallons). The 101-mile-long Mary Rhodes Pipeline transports water through a 64-inch pipeline from Lake Texana which is supplied by the Navidad and Lavaca Rivers. In 1993, the City of Corpus Christi entered into a contract with the Lavaca-Navidad River Authority to purchase 41,840 acre-feet (13.66 billion gallons) of water per year. According to the City's 2013 Water Conservation Plan, 40% to 70% of the water used by the City is transported from Lake Texana. In addition to the above mentioned supplies, in 1999 the City of Corpus Christi acquired senior water rights to 35,000 acre-feet of water per year in the Lower Colorado River. Construction of the Mary Rhodes Phase II Pipeline to access what is usually referred to as the Garwood water is now complete.

In the past, the City has explored the feasibility of desalination. In 2003, the City was one of three sites awarded a \$500,000 state grant to conduct a study as part of Governor Rick Perry's initiative to assess the potential desalination of seawater to help meet the state's regional water needs. The City also participated in a U.S. Army Corps of Engineers feasibility study to assess the potential for

desalination as a water supply source for the region. This study was jointly sponsored by the San Antonio Water System, San Antonio River Authority, and Guadalupe Blanco River Authority.

In 2005, the City also formed an Aquifer Storage and Recovery Conservation District (CCASRCD). This district was as the result of legislation passed in the 79<sup>th</sup> Texas Legislature. The CCASRCD, according to the City's Water Conservation Plan, is "dedicated to protecting groundwater supplies within the District, developing and maintaining an aquifer storage and recovery program, providing the most efficient use of groundwater resources to supplement existing supplies, while controlling and preventing waste of groundwater." It is not certain, at this time, whether the City's activities would be regional in nature.

This region continues its efforts in diversifying its resources. In July of 2017, the Texas Water Development Board announced that the City of Corpus Christi and the San Patricio Municipal Water District would receive a low interest loan in the amount of \$2.75 Million from the State's SWIFT (State Water Implementation Fund for Texas) for a seawater desalination study described as follows:

*A Consortium of industrial and municipal stakeholders has completed a feasibility study for the implementation of a seawater desalination plant in the Corpus Christi Bay Area. The intent of the Consortium is to conduct project definition and planning studies for implementing a full-scale seawater desalination project. This funding application is to address those preparation and definition activities which will include recommendation of a project implementation agency, a plant siting evaluation, infrastructure integration planning, source water characterization, economic impact and cost modeling, public outreach, analysis of concentrate management methods, evaluation of cost allocation strategies, evaluation and selection of a project procurement methodology.*

### **Treatment Capacity:**

According to the City of Corpus Christi's 2013 Water Conservation Plan (WCP), the O.N. Stevens Water Treatment Plant has a rated capacity of 167 million gallons per day, well above the peak summer demand of 110 million gallons per day. Additionally the City's 2013 WCP reports that the City treats approximately 25 billion gallons annually.

### **Regional Involvement:**

South Texas Water Authority's district is located within the Region N Planning area and the Authority will be providing a copy of this updated Plan to the Region N Planning Group. South Texas Water Authority stays abreast of City of Corpus Christi and regional water issues through the Executive Director's participation as follows:

1. as the co-chair of the Coastal Bend Regional Water Planning Group;
2. as a member of the Nueces Estuary Advisory Committee; and

3. as a member of the Senate Bill 3 (in-stream needs) Committee also known as the Basin and Bay Stakeholder Committee (BBASC).

### **Measurement/Accounting and Monitoring/Record Management of Water:**

All water is metered through a 16-inch meter as it leaves the O.N. Stevens Plant and enters the Authority's Regional System. Water is metered again as it enters the ground storage tanks servicing the Authority's seven (7) wholesale customers. Meters are read on the first day of the month for invoice purposes by field personnel. In addition, meter readings and flow volumes are recorded daily via a Supervisory Control and Data Acquisition (SCADA) system. A water loss report is calculated Monday through Friday by comparing recordings from the O.N. Stevens Plant against the cumulative of the Authority's wholesale customers. On average, the monthly water loss is less than two percent (2%). The Authority's goal is to keep the water loss rate below that level.

### **Leak Detection and Repair:**

As mentioned in the previous section, all water is metered as it leaves the O.N. Stevens Plant and enters the Authority's Regional System. Water is metered again as it enters the ground storage tanks servicing the Authority's seven (7) wholesale customers. Meters are read on the first day of the month by field personnel, and meter readings and flow volumes are recorded daily via a Supervisory Control and Data Acquisition system (SCADA). A water loss report is calculated Monday through Friday by comparing recordings from the O.N. Stevens Plant against the cumulative of the Authority's wholesale customers. In addition to the daily water loss report and daily metering, the Authority periodically drives out the route of the line. A major portion of the Authority's Regional System's waterlines are located in rural farmlands; therefore, leaks that are not detected by employees are reported by landowners or tenant farmers. For those areas that are not located in cultivated fields, the Authority clears its right-of-way using leased equipment.

Leaks have been located as part of the Authority's cathodic protection program, which involves excavating the 42" transmission line to install sacrificial zinc anodes every 100 lineal feet. Master meters are tested annually by a consultant company specializing in testing larger meters. For deviations from 100% in a range of plus or minus 2%, the meter is re-calibrated. Meters are tested prior to the annual test date in the event the meter is slowing down in registering. Ground storage and elevated tanks are inspected annually. Cathodic protection systems are installed in the Kingsville and Bishop ground storage tanks. Tanks are refurbished every five years, or as needed, by interior and exterior cleaning, spot painting, or if needed complete repainting of the tank.

### **Reservoir Systems Operations Plan:**

The Authority does not own or operate any reservoirs. The water wholesaled by the Authority is purchased from the City of Corpus Christi, the responsible entity overseeing those tasks.

**Five-year and Ten-year targets:**

Below are the FY 2015 per capita rates for the Authority’s seven (7) wholesale customers. These figures are based on STWA’s sales to these customers as well as information provided by the wholesale customers for self-supplied groundwater. The usage includes residential, commercial, institutional and industrial use. As shown below, the cities of Kingsville and Bishop use groundwater wells in addition to the water provided by the Authority. The remaining wholesale customers utilize the Authority for 100% of their water needs. Population figures are from the TWDB’s Water User Group Entity Detailed GPCD Report with the exception of the Nueces WSC population which is based on the number of connections in 2015 multiplied times three (3) and the Nueces County Water Control and Improvement District #5 (Banquete CDP, Texas) which is based on American Fact Finder, United States Census Bureau.

<b>Table 2</b>					
Entity	FY 2015 Purchased Volume	FY 2015 Self-supplied/ Adjustments	FY 2015 Total	FY 2015 Population	FY 2015 Per Capita Rate
Agua Dulce	24,933,970	0	24,933,970	830	82
Bishop	56,898,000	42,633,000	99,531,000	3,184	86
Driscoll	34,307,794	0	34,307,794	757	124
Kingsville	120,493,000	1,044,194,000	1,164,687,000	25,950	123
Nueces WSC (w/o Geo/IES)	175,033,576	31,554,000	143,479,576	2,670	147
• Geo Detention <sup>1</sup>	29,699,300				
• IES/KB Foundation <sup>2</sup>	1,854,700				
NCWC&ID#5	25,285,240	0	25,285,240	726	95
Ricardo WSC	98,495,000	0	98,495,000	2,886	94

<sup>1</sup>Geo is a detention center housing inmates for deportation.

<sup>2</sup>IES/KB Foundation is a detention center housing minors for possible deportation.

The Authority has no enforcement mechanism to impose conservation targets and goals upon its wholesale customers. The Authority will encourage its wholesale customers to educate its retail customers on the importance of water conservation in order to maintain a per capita gallon goal in the 140 to 145 gallon range. This figure closely correlates to the figure reported in the Texas Water Development Board’s Water Use of Texas Water Utilities, Report to the 84<sup>th</sup> Texas Legislature, January 2015, for Medium Utilities, Table 8. Average Water Use in Gallons Per Capita Daily, 2013 on page 20. According to Table 8 Medium Utilities Average Total Water Use – Gallons Per Capita Daily is 141 gallons.

**Conservation Strategies:**

(A) Conservation-Oriented Water Rates and Programs —South Texas Water Authority’s negotiated contracts with its wholesale customers provide for a water rate which includes a Handling Charge to recoup fixed costs, and a variable cost component to cover the cost of water purchased from Corpus Christi and other variable expenses. South Texas Water Authority does not have any retail customers; therefore, it does not have any conservation programs such as providing low flow devices or appliances.

(B) South Texas Water Authority does not sell water to any agricultural customers; therefore, the Authority does not have any programs to assist agricultural customers in the development of conservation pollution prevention and abatement plans.

(C) South Texas Water Authority does not provide wastewater service; therefore, it does not have any programs for reuse and/or recycling of wastewater and/or graywater.

The Authority recognizes that there are numerous factors involved in achieving these goals including educating customers, adoption of conservation oriented rates, and proper maintenance of infrastructure. As such, the Authority is actively involved in the Coastal Bend Regional Water Planning Group and the Nueces Estuary Advisory Council including the Bay Stakeholder Committee (BBASC) created as a result of Senate Bill 3. The Authority will continue to assist its wholesale customers through the following voluntary programs:

- Major Rivers
- Providing financial data for grant/loan applications
- Providing brochure and templates for conservation information

In addition, the Authority makes use of water-wise vegetation and crushed limestone landscaping and grounds keeping. The Authority will request that wholesale customers voluntarily report their progress on water conservation activities on an annual basis.

#### **Water Supply Contracts:**

South Texas Water Authority recognizes that a requirement in every water supply contract entered into or renewed after official adoption of the water conservation plan, and including any contract extension, stipulates that each successive wholesale customer develop and implement a water conservation plan or water conservation measures. In addition, the Authority recognizes that should the customer intend to resell the water, then the contract between the initial supplier and customer must provide that the contract for the resale of the water must have water conservation requirements so that each successive customer in the resale of the water will be required to implement water conservation measures. Contracts or contract extensions will include those stipulations.

#### **Implementation and Enforcement:**

Enclosed is a copy of the resolution adopting The Water Conservation and Drought Contingency Plan attached as Appendix A.

#### **Coordination With The Regional Water Planning Group:**

Enclosed is a copy of the cover letter sent to the Nueces River Authority, administrator of the Coastal Bend Regional Water Planning Group, attached as Appendix B.

#### **Review And Update:**



South Texas Water Authority shall review and update its Water Conservation and Drought Contingency Plan, as appropriate, based on an assessment of previous five-year and ten-year targets and any other new or updated information. The original review occurred in May of 2009 and was scheduled for its next review in May of 2014. Instead, due to the extremely dry conditions of 2011, the plan was reviewed a year early in 2013. Now, in light of the City of Corpus Christi's updating of its Drought Contingency Plan, the Plan is being updated ~~approximately one year in advance~~ instead of in May of 2018 and will be revisited during the Summer of 2023.

## **PART II—DROUGHT CONTINGENCY PLAN**

The following Part II of the Water Conservation and Drought Contingency Plan is based on South Texas Water Authority's Drought Contingency Plan adopted by Board resolution on August 26, 1999 updated to reflect changes made by the City of Corpus Christi to its drought contingency plan. Of particular importance are the changes to the trigger levels and accompanying restrictions. In addition, the allocation volumes have been recalculated to include the most recent data, located in Appendix C.

### **Section I: Declaration of Policy, Purpose and Intent**

In order to conserve the available water supply and/or to protect the integrity of water supply facilities, with particular regard for domestic water use, sanitation, and fire protection, and to protect and preserve public health, welfare, and safety and minimize the adverse impacts of water supply shortage or other water supply emergency conditions, the South Texas Water Authority adopts the following Drought Contingency Plan, hereinafter referred to as the "Plan."

It is the intent that the Plan will:

- a) maintain in effect a drought contingency plan providing the information and direction required by the Texas Administrative Code, Title 30, Environmental Quality, Chapter 288, as these regulations may be amended or modified;
- b) facilitate the development of the specifics of a regional drought contingency plan in conjunction with the Coastal Bend Regional Water Planning Group and the regional water supplier, the City of Corpus Christi;
- c) assist the Authority's customers in development and implementation of plans.

### **Section II: Public Involvement**

Opportunity for the public and wholesale water customers to provide input into the preparation of the Plan was provided by South Texas Water Authority by means of notice of a public meeting and certified letter to wholesale customers.

### **Section III: Wholesale Water Customer Education**

The South Texas Water Authority will periodically provide wholesale water customers with information about the Plan, including information about the conditions under which each stage of

the Plan is to be initiated or terminated and the drought response measures to be implemented in each stage. This information will be provided by means of email, regular mail and certified letters.

The South Texas Water Authority currently wholesales water to the cities of Agua Dulce, Bishop, Driscoll, Kingsville and the Nueces County Water Control and Improvement District #5 (Banquete), the Nueces Water Supply Corporation and the Ricardo Water Supply Corporation.

**Section IV: Coordination with Regional Water Planning Groups**

The water service area of the South Texas Water Authority is located within Region N and the South Texas Water Authority has provided a copy of the Plan to the Coastal Bend Regional Water Planning Group.

**Section V: Authorization**

The Executive Director, or his/her designee, is hereby authorized and directed to implement the applicable provisions of this Plan upon determination that such implementation is necessary to protect public health, safety, and welfare. The Executive Director, or his/her designee, shall have the authorization to initiate or terminate drought or other water supply emergency response measures as described in this Plan.

**Section VI: Application**

The provisions of this Plan shall apply to all customers utilizing water provided by the South Texas Water Authority. The terms person and customer as used in the Plan include individuals, corporations, partnerships, associations, and all other legal entities.

**Section VII: Triggering Criteria for Initiation and Termination of Drought Response Stages**

The Executive Director or his/her designee shall monitor water supply and/or demand conditions on a **weekly** basis and shall determine when conditions warrant initiation or termination of each stage of the Plan. Coordination with the City of Corpus Christi, the regional water supplier, will be required. Customer notification of the initiation or termination of drought response stages will be made by mail or telephone. The news media will also be informed.

The table below is based on limits as adopted by the Corpus Christi City Council.

<b>Drought Stage Response</b>	<b>CCR/LCC Combined Reservoir Storage Level</b>	<b>Target Demand Reduction Levels</b>
Stage 1 – Mild	<50% of CCR/LCC Combined Level Or if Lake Texana is less than 40%	5%
Stage 2 1 – Moderate Mild	<40% of CCR/LCC Combined Level	10%
Stage 3 2 – Severe	<30% of CCR/LCC Combined Level	15%
Stage 4 3 – Critical	<20% of CCR/LCC Combined Level	30%
Stage 5 4 – Emergency	Not Applicable	50%

**(a) Stage 1 – Mild Water Shortage Conditions**

**Requirements for initiation** – The South Texas Water Authority will declare and advise its wholesale customers that a mild water shortage condition exists when combined water stored in the reservoirs is estimated to be ~~forty~~ forty percent (50 ~~40~~%) of total combined storage capacity of the Lake Corpus Christi/Choke Canyon Reservoirs ~~or if the Lake Texana Reservoir capacity level is below 40%.~~

**Requirements for termination** – Stage 1 of the Plan may be rescinded when the combined storage capacity level of the LCC/CCR increases to above ~~60~~ 50% ~~or the Lake Texana storage capacity level increases to above 50% for a period of fifteen (15) consecutive days.~~ The South Texas Water Authority will notify its wholesale customers and the media of the termination of Stage 1 in the same manner as the notification of initiation of Stage 1 of the Plan.

**b) Stage 2 – Moderate Water Shortage Conditions**

**Requirements for initiation** – The South Texas Water Authority will declare and advise its wholesale customers that a moderate water shortage condition exists when the combined storage capacity of the Lake Corpus Christi/Choke Canyon Reservoirs is less than ~~40~~ 30%.

**Requirements for termination** – Stage 2 of the Plan may be rescinded when the combined storage capacity level of the LCC/CCR increases to above ~~50~~ 40% ~~for a period of fifteen (15) consecutive days.~~ Upon termination of Stage 2, Stage 1 becomes operative. The South Texas Water Authority will notify its wholesale customers and the media of the termination of Stage 2 in the same manner as the notification of initiation of Stage 1 of the Plan, if applicable.

**c) Stage 3 – Severe Water Shortage Conditions**

**Requirements for initiation** – ~~The South Texas Water Authority will declare and advise its wholesale customers that a severe water shortage condition exists when the combined storage capacity of the Lake Corpus Christi/Choke Canyon Reservoirs is less than 30% of total storage capacity.~~

**Requirements for termination** – ~~Stage 3 of the Plan may be rescinded when the combined storage capacity level of the LCC/CCR increases to above 40% for a period of fifteen (15) consecutive days. Upon termination of Stage 3, Stage 2 becomes operative. The South Texas Water Authority will notify its wholesale customers and the media of the termination of Stage 3 in the same manner as the notification of Stage 2 initiation, if applicable.~~

**(d) Stage 4 ~~3~~ – Critical Water Shortage Conditions**

**Requirements for initiation** – The South Texas Water Authority will declare and advise its wholesale customers that a critical water shortage condition exists when the combined storage capacity of the Lake Corpus Christi/Choke Canyon Reservoirs is less than 20% of total storage capacity.

**Requirements for termination** – Stage 4 3 of the Plan may be rescinded when the combined storage capacity level of the LCC/CCR increases to above 30% ~~for a period of fifteen (15) consecutive days~~. Upon termination of Stage 4, ~~Stage 3~~, Stage 2 becomes operative. The South Texas Water Authority will notify its wholesale customers and the media of the termination of Stage 4 3 in the same manner as the notification of Stage 3 2 initiation, if applicable.

**(e) Stage 5 4 – Emergency Water Shortage Conditions**

**Requirements for initiation** – South Texas Water Authority will declare and advise its wholesale customers that an emergency water shortage condition exists in the event of:

- a) A major water line break or breaks and/or pump station failures, whether owned and operated by South Texas Water Authority or the City of Corpus Christi, which cause unprecedented loss of capability to provide water service, or
- b) Water production limitations associated with the City of Corpus Christi’s water treatment facilities, or
- c) A natural or man-made contamination of the water supply source(s).

**Requirements for termination** – Stage 5 4 of the Plan may be rescinded when all of the conditions listed as triggering events have ceased to exist and are rescinded by the Corpus Christi City Manager or South Texas Water Authority Executive Director, whoever is applicable.

**Section VIII: Drought Response Stages**

The Executive Director, or his/her designee, shall monitor water supply and/or demand conditions and, in accordance with the triggering criteria set forth in Section VII, shall determine that mild, moderate, severe or critical water shortage conditions exist, as established by the City of Corpus Christi, or that an emergency condition exists and shall implement the following actions:

**Stage 1 – Mild Water Shortage Conditions**

- ~~1. Goal: achieve a five percent (5%) reduction as requested by the City of Corpus Christi.~~
- ~~2. Best Management Practices (BMP) for Supply Management: Request wholesale customers to notify their retail customers of the following *voluntary* BMPs:~~
  - ~~a) Limit the irrigation of landscaped areas to **once per week**. Wholesale customers will be asked to develop a schedule for their retail customers.~~

- b) ~~Prohibit unnecessary waste of water due to defective plumbing including out-of-repair toilets and faucets, underground leaks, leaking hydrants or valves and to minimize or discontinue use of water for non-essential purposes.~~

3. ~~Demand Management Measures:~~

- a) ~~The Executive Director, or his/her designee(s), will contact wholesale water customers to discuss water supply and/or demand conditions and will request that wholesale water customers initiate voluntary measures to reduce water use.~~
- b) ~~The Executive Director, or his/her designee(s), will provide a report to news media as needed with information regarding current water supply and/or demand conditions, projected water supply and demand conditions if drought conditions persist, and consumer information on water conservation measures and practices.~~
- e) ~~The Executive Director, or his/her designee(s), will initiate preparations for the implementation of pro rata curtailment of water diversions and/or deliveries by preparing a monthly water usage allocation baseline for each wholesale customer according to the procedures specified in Section IX of the Plan.~~
- d) ~~The Executive Director, or his/her designee(s), will provide reports as needed to the City of Corpus Christi with information regarding current wholesale customer usage.~~

**Stage 2 — Moderate Water Shortage Conditions**

1. Goal: achieve a ten percent (10%) reduction as requested by the City of Corpus Christi.
2. Supply Management Measures. Request ~~wholesale customers continue in full force with conditions set in Stage 1 — Mild Water Shortage Condition. In addition, request that wholesale customers consider implementation of the following additional regulations or prohibitions:~~
  - a) Irrigation of landscaped areas with hose-end sprinklers or automatic irrigation systems shall be limited to **once per week**. Irrigation of landscaped areas could be permitted on any day if it is by means of a hand-held hose (with positive shutoff nozzle), a faucet filled bucket or watering can of five (5) gallons or less, or drip irrigation system with a positive shutoff device. The City of Corpus Christi's watering schedule will be determined by the Corpus Christi City Manager or his/her designee. South Texas Water Authority will provide that information to its wholesale customers and recommend that similar, if unable to adopt identical, schedules be adopted. The Authority also recommends that exceptions for this restriction be permitted, upon review and approval by a Water Allocation and Review Committee appointed by the wholesale customer's governing body. Exceptions for consideration can include: new plantings – for up to 60 days, vegetable gardens, athletic playing fields and botanical gardens. Wholesale customers may also consider adopting an exemption (whereby this restriction does not apply) to their retail customers irrigating with well water or an aerobic septic system. The Authority recommends that its wholesale customers adopt a permitting process for this exemption including the issuance of a posted

permit to be prominently displayed on the premises and visible within two (2) feet of the premise's address.

- b) Use of water from hydrants shall be limited to fire fighting, related activities, or other activities necessary to maintain public health, safety, and welfare, except that use of water from designated fire hydrants for construction purposes may be allowed under special permit from the wholesale customer or wholesale customer's water department.
- c) Use of water for the irrigation of golf course greens, tees, and fairways is prohibited except on designated watering days. However, if the golf course utilizes a water source other than that provided from the City of Corpus Christi's regional supply, the facility will not be subject to this restriction, unless it is a separate requirement of the wholesale customer.
- d) Use of water to maintain the integrity of building foundations is limited to designated watering days and is only permitted by use of hand held hose or drip irrigation.

3. Demand Management Measures:

- a) The Executive Director, or his/her designee(s) will initiate contact with wholesale water customers as needed to discuss water supply and/or demand conditions and the possibility of pro rata curtailment of water diversions and/or deliveries.
- b) The Executive Director, or his/her designee(s), will request wholesale water customers to initiate mandatory measures to reduce non-essential water use.
- c) The Executive Director, or his/her designee(s), will initiate preparations for the implementation of pro rata curtailment of water diversions and/or deliveries by preparing a monthly water usage allocation baseline for each wholesale customer according to the procedures specified in Section IX of the Plan.
- d) The Executive Director, or his/her designee(s), will provide reports as needed to the City of Corpus Christi with information regarding current wholesale customer usage.

**Stage 3 2 – Severe Moderate Water Shortage Conditions**

- 1. Goal: achieve a fifteen percent (15%) reduction as requested by the City of Corpus Christi.
- 2. Supply Management Measures. South Texas Water Authority will advise its wholesale customers to continue in full force with restrictions set forth in Stage 2 1. In addition, request that wholesale customers consider implementation of the following additional regulations or prohibitions:
  - a) Eliminate the flushing of water mains unless required for decontamination and/or public safety.
  - b) Review their retail customers' water usage for compliance of the 15% reduction based on the previous month's water use and notify violators verbally or in writing as the situation dictates.

- c) Irrigation of landscaped areas shall be limited to **once every other week**. The City of Corpus Christi's watering schedule will be determined by the Corpus Christi City Manager or his/her designee. South Texas Water Authority will provide that information to its wholesale customers and recommend that similar, if unable to adopt identical, schedules be adopted. The Authority will also recommend that exceptions for this restriction be permitted, upon review and approval by a Water Allocation and Review Committee appointed by the wholesale customer's governing body. Exceptions for consideration can include: new plantings – for up to 60 days, vegetable gardens, athletic playing fields and botanical gardens. Wholesale customers may also consider adopting an exemption (whereby this restriction does not apply) to their retail customers irrigating with well water or an aerobic septic system. The Authority recommends that its wholesale customers adopt a permitting process for this exemption including the issuance of a posted permit to be prominently displayed on the premises and visible within two (2) feet of the premise's address.
  - d) Irrigation of landscaped areas is permitted on any day if it is by means of a hand-held hose with positive shutoff nozzle, a faucet filled bucket or watering can of five (5) gallons or less, or drip irrigation system with a positive shutoff device.
  - e) The watering of golf course fairways is prohibited. Watering of greens and tees is limited to once every other week unless the golf course utilizes a water source other than that provided from the City of Corpus Christi's regional supply or if done by means of hand-held hoses, hand-held buckets, or drip irrigation and at the discretion of the wholesale customer's governing body.
  - f) In addition, the City of Corpus Christi may implement a drought surcharge for its residential and multi-unit customers to deter discretionary use of water. According to the City's Plan, the surcharge may be up to and including 100% of the current water rate added to the customer's bill.
  - g) South Texas Water Authority understands that its wholesale customers have their own budgetary needs and have the potential to face shortfalls as a result of decreased sales. In addition, South Texas Water Authority will be charged surcharges by the City of Corpus Christi for exceeding the calculated allocations. These surcharges will be collected from each wholesale customer that exceeds its allocation in accordance with Section IX of this Plan.
3. The Executive Director, or his/her designee(s), will provide reports as needed to the City of Corpus Christi with information regarding current wholesale customer usage.

### **Stage 4 3 – Critical Water Shortage Conditions**

1. Goal: achieve a thirty percent (30 %) reduction as requested by the City of Corpus Christi.
2. Supply Management Measures. South Texas Water Authority will advise its wholesale customers to continue in full force with restrictions set forth in Stage 3 2. In addition, request

that wholesale customers consider implementation of the following additional regulations or prohibitions:

- a) Upon written notice, disconnect the water meters of willful violators if absolutely necessary to prevent the deliberate wasting of water.
  - b) Irrigation of landscaped areas shall be **prohibited at all times**.
  - c) Use of water to wash any motor vehicle, motorbike, boat, trailer, airplane, or other vehicle not on the premises of a commercial car wash station and not in the immediate interest of public health, safety, and welfare is prohibited.
  - d) Use of water to fill, refill, or add to any indoor or outdoor swimming pools, wading pools, or Jacuzzi-type pools and water parks, unless the source of water is a non-city, alternative source is prohibited.
  - e) Use of water to maintain the integrity of building foundations is still permitted on the designated Stage 3 ~~2~~ watering day and is only permitted by use of hand held hose or drip irrigation.
  - h) An additional measure at the discretion of the governing body is to disallow any applications for new, additional, expanded, or increase in size water service connections, meters, service lines, pipeline extensions, mains, or water service facilities of any kind.
  - i) In addition, the City of Corpus Christi may implement a drought surcharge for its residential and multi-unit customers to deter discretionary use of water. According to the City's Plan, the surcharge may be up to and including 100% of the current water rate added to the customer's bill.
  - j) South Texas Water Authority understands that its wholesale customers have their own budgetary needs and have the potential to face shortfalls as a result of decreased sales. In addition, South Texas Water Authority will be charged surcharges by the City of Corpus Christi for exceeding the calculated allocations. These surcharges will be collected from each wholesale customer that exceeds its allocation in accordance with Section IX of this Plan.
3. The Executive Director, or his/her designee(s), will provide reports as needed to the City of Corpus Christi with information regarding current wholesale customer usage.

### **Stage 5 ~~4~~ – Emergency Water Shortage Conditions**

Whenever emergency water shortage conditions exist as defined in Section VII of the Plan, the Executive Director shall:

1. Assess the severity of the problem and identify the actions needed and time required to solve the problem.
2. Inform the utility director or other responsible official of each wholesale water customer by telephone or in person and suggest actions, as appropriate, to alleviate problems.
3. If appropriate, notify city, county, and/or state emergency response officials for assistance.



4. Undertake necessary actions, including repairs and/or cleanup as needed. These actions shall include but not be limited to activating the emergency 4" waterline interconnection between the Nueces Water Supply Corporation's distribution system and the Nueces Water Control and Improvement District #5, use of tankard water trucks and hauling water from nearby systems such as the City of Alice and the City of Corpus Christi (if the emergency is not as a result of the City's own emergency), requesting the City of Agua Dulce to activate their groundwater well, requesting the City of Bishop to utilize its groundwater well for a larger percentage of its needs and requesting the City of Kingsville to utilize its groundwater wells for 100% of its water needs.
5. Prepare a post-event assessment report on the incident and critique of emergency response procedures and action.

**Section IX: Pro Rata Water Allocation**

In the event that the triggering criteria specified in Section VII of the Plan for Stage 4 3-- Critical Water Shortage Conditions have been met, the Executive Director is hereby authorized to initiate allocation of water supplies on a pro rata basis in accordance with Texas Water Code Section 11.039 and according to the following water allocation policies and procedures:

- (a) A wholesale customer's monthly allocation shall be a percentage of the customer's water usage baseline. The percentage will be set by resolution of the Board of Directors based on the Executive Director's assessment of the severity of the water shortage condition and the need to curtail water diversions and/or deliveries and may be adjusted periodically by resolution of the Board of Directors as conditions warrant. Once pro rata allocation is in effect, water diversions by or deliveries to each wholesale customer shall be limited to the allocation established for each month.
- (b) A monthly water usage allocation shall be established by the Executive Director, or his/her designee, for each wholesale customer. The wholesale customer's water usage baseline will be computed on the average water usage by month for the last five (5) year period as shown in the example given below. If the wholesale water customer's billing history is less than five (5) years, the monthly average for the period for which there is a record shall be used for any monthly period for which no billing history exists.

**Example Calculation of Monthly Allocation for a Hypothetical Wholesale Water Customer**

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	SUM	AVE	Allocation Percentage	Monthly Allocation
Oct	133	137	146	148	156	720	144	70%	101
Nov	115	122	133	133	147	650	130	70%	91
Dec	130	150	146	149	159	734	147	70%	103
Jan	130	167	168	157	187	809	162	70%	113
Feb	160	152	179	183	171	845	169	70%	118
Mar	226	184	172	215	249	1,046	209	70%	145
Apr	235	274	232	314	246	1,301	260	70%	182

May	222	203	206	337	309	1,277	255	70%	179
June	199	160	196	229	198	982	196	70%	137
July	165	172	197	165	185	884	177	70%	124
Aug	139	142	149	153	162	745	149	70%	104
Sep	142	143	150	156	165	756	151	70%	106
	1,996	2,006	2,074	2,339	2,334		2,149		1,503

UNITS IN 1,000 gallons

- (c) The Executive Director shall provide notice, by certified mail, to each wholesale customer informing them of their monthly water usage allocations and shall notify the City of Corpus Christi and the executive director of the Texas Commission on Environmental Quality upon initiation of pro rata water allocation.
- (d) Upon request of the customer or at the initiative of the Executive Director, the allocation may be reduced or increased if, (1) the designated period does not accurately reflect the wholesale customer's normal water usage; (2) the customer agrees to transfer part of its allocation to another wholesale customer; or (3) other objective evidence demonstrates that the designated allocation is inaccurate under present conditions. A customer may appeal an allocation established hereunder to the Board of Directors of the South Texas Water Authority.

**Section X: Enforcement**

During any period when pro rata allocation of available water supplies is in effect, South Texas Water Authority shall pay surcharges according to the City of Corpus Christi's Drought Contingency Plan, Sections 16.9 (Pro Rata Water Allocation) and 16.10 (Pro Rata Surcharges and Enforcement) which reads as follows:

*In the event that the triggering criteria specified in Section 16.7 of the [City of Corpus Christi's] Plan for Stage 4 3 have been met, the City of Corpus Christi City Manager, or designee, is hereby authorized to implement allocation of water supplies on a pro rata basis to raw water and treated wholesale customers in accordance with the Texas Water Code §11.039. The initiation of pro rata allocation preparations shall begin during Stage 3 2. A provision will be included in every wholesale water contract entered into or renewed after adoption of the plan, including contract extensions, that in case of a shortage of water resulting from drought, the water to be distributed shall be divided in accordance with Texas Water Code §11.039.*

- (1) *A raw water or wholesale treated water customer's monthly allocation shall be a percentage of the customer's water usage baseline. The percentage will be set by resolution of the City Council based on the City Manager's assessment of the severity of the water shortage condition and the need to curtail water diversions and deliveries, and may be adjusted periodically by resolution of the City Council as conditions warrant. Once pro rata allocation is in effect, water diversions by or deliveries to each raw water or wholesale treated water customer shall be limited to the allocation established for each month.*
- (2) *A monthly water usage allocation shall be established by the City Manager, or the City Manager's designee, for each raw water or wholesale treated water customer. The raw water or wholesale treated water customer's water usage baseline will be computed on the average water usage by month for the previous five-year period. If the raw water or wholesale treated*

*water customer's billing history is less than five (5) years, the monthly average for the period for which there is a record shall be used for any monthly period for which no billing history exists.*

- (3) The City Manager shall provide notice, by certified mail, to each raw water or wholesale treated water customer informing them of their monthly water usage allocations and shall notify the news media and the Executive Director of the Texas Commission on Environmental Quality upon initiation of pro rata water allocation.*
- (4) Upon request of the raw water or wholesale treated water customer or at the initiative of the City Manager, the allocation may be reduced or increased if:
  - a. The designated period does not accurately reflect the raw water or wholesale treated water customer's normal water usage;*
  - b. The customer agrees to transfer part of its allocation to another raw water or wholesale treated water customer; or*
  - c. Other objective evidence demonstrates that the designated allocation is inaccurate under present conditions. A customer may appeal allocation established under this section to the City Council of the City of Corpus Christi.**

*During any period when pro rata allocation of available water supplies is in effect, wholesale customers shall pay the following surcharges on excess water diversions:*

- 2.0 times the normal water rate per unit in excess of the monthly allocation up through 5 percent above the monthly allocation.*
- 2.5 times the normal water rate in excess of the monthly allocation from 5 percent through 10 percent above the monthly allocation.*
- 3.0 times the normal water rate in excess of the monthly allocation from 10 percent through 15 percent above the monthly allocation.*
- 3.5 times the normal water rate more than 15 percent above the monthly allocation.*

Any surcharges assessed against South Texas Water Authority by the City of Corpus Christi will be charged on a pro rata basis to the Authority's wholesale customers that have exceeded their monthly allocation calculated in accordance with Section IX.

#### **Section XI: Variances**

The Executive Director, or his/her designee, may, in writing, grant a temporary variance to the pro rata water allocation policies provided by this Plan if it is determined that failure to grant such variance would cause an emergency condition adversely affecting the public health, welfare, or safety and if one or more of the following conditions are met:

- (a) Compliance with this Plan cannot be technically accomplished during the duration of the water supply shortage or other condition for which the Plan is in effect.*
- (b) Alternative methods can be implemented which will achieve the same level of reduction in water use.*

Wholesale customers requesting an exemption from the provisions of this Plan shall file a petition for variance with the Executive Director within five (5) days after pro rata allocation has been invoked. All petitions for variances shall be reviewed by the Board of Directors, and shall include the following:

- (a) Name and address of the petitioner(s).
- (b) Detailed statement with supporting data and information as to how the pro rata allocation of water under the policies and procedures established in the Plan adversely affects the petitioner or what damage or harm will occur to the petitioner or others if petitioner complies with this Plan.
- (c) Description of the relief requested.
- (d) Period of time for which the variance is sought.
- (e) Alternative measures the petitioner is taking or proposes to take to meet the intent of this Plan and the compliance date.
- (f) Other pertinent information.

Variances granted by the Board of Directors shall be subject to restrictions placed on the South Texas Water Authority by the City of Corpus Christi and the following conditions, unless waived or modified by the Board of Directors or its designee:

- (a) Variances granted shall include a timetable for compliance.
- (b) Variances granted shall expire when the Plan is no longer in effect, unless the petitioner has failed to meet specified requirements.

No variance shall be retroactive or otherwise justify any violation of this Plan occurring prior to the issuance of the variance.

## **Section XII: Severability**

It is hereby declared to be the intention of the Board of Directors that the sections, paragraphs, sentences, clauses, and phrases of this Plan are severable and, if any phrase, clause, sentence, paragraph, or section of this Plan shall be declared unconstitutional by the valid judgment or decree of any court of competent jurisdiction, such unconstitutionality shall not affect any of the remaining phrases, clauses, sentences, paragraphs, and sections of this Plan, since the same would not have been enacted by the Board of Directors without the incorporation into this Plan of any such unconstitutional phrase, clause, sentence, paragraph, or section.

**Appendix A**

**Resolution \*\*\*\***

Resolution approving South Texas Water Authority's  
Revised Water Conservation and Drought Contingency Plan, 2017

**Appendix B**  
Letter to the Nueces River Authority, Administrator  
for the Coast Bend Regional Water Planning Group (Region N)

**Appendix C**

Updated Wholesale Customers 5-year Average Usage based on:  
Fiscal Years 2012 – 2016111

ATTACHMENT 9

Resolution 18-02



SOUTH TEXAS WATER AUTHORITY

Resolution 18-02

RESOLUTION OF THE BOARD OF DIRECTORS ADOPTING AN AMENDED PART II OF THE SOUTH TEXAS WATER AUTHORITY WATER CONSERVATION AND DROUGHT CONTINGENCY PLAN.

WHEREAS, the Board recognizes that the importance of water and its availability to the South Texas Water Authority and to its wholesale water customers; and

WHEREAS, the Board recognizes that water resources are not a limitless resource and are subject to depletion during periods of extended drought;

WHEREAS, the South Texas Water Authority recognizes that natural limitations due to drought conditions and other acts of God cannot guarantee an uninterrupted water supply for all purposes; and

WHEREAS, the Texas Commission on Environmental Quality requires wholesale suppliers in Texas to prepare a Water Conservation and Drought Contingency Plan including provisions outlined in the TCEQ letter dated August 24, 2009 attached hereto as Exhibit A; and

WHEREAS, the Texas Water Code Section 11.039 authorizes water suppliers to distribute available water supplies on a pro rata basis during times of water supply shortage; and

WHEREAS, as authorized under law, and in the best interests of the customers of the South Texas Water Authority, the Board deems it expedient and necessary to establish certain rules and policies for the orderly and efficient management of limited water supplies on an ongoing basis as well as during drought and other water supply emergencies.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SOUTH TEXAS WATER AUTHORITY:

SECTION 1. That the Amended Water Conservation and Drought Contingency Plan is attached hereto as Exhibit "B" and hereby adopted as the official policy of the South Texas Water Authority.

SECTION 2. That the Executive Director is hereby directed to implement, administer, and enforce the Water Conservation and Drought Contingency Plan.

SECTION 3. That this resolution shall take effect immediately upon its passage.

Duly adopted by the Board of Directors of the South Texas Water Authority on this 24<sup>th</sup> day of April, 2018.

ATTEST:

\_\_\_\_\_  
KATHLEEN LOWMAN, PRESIDENT

\_\_\_\_\_  
RUDY GALVAN, SECRETARY/TREASURER

ATTACHMENT 10

Amendment of Personnel Policies

Memorandum

To: South Texas Water Authority Board of Directors  
From: Carola G. Serrato, Executive Director  
Date: April 16, 2018  
Re: Personnel Policy Amendments – Employee Characterization, Compliance with Government Code 619 and additional of “At – Will” statement

Background:

Enclosed please find modified South Texas Water Authority (STWA) Personnel Policies. The policies have been modified to address three (3) items. An “At – Will” statement has been added to the beginning of the Policies. The term “permanent” employee has been replaced with “regular” employee. And, Government Code 619 (enclosed) has been added as a brief section to address the requirement for government offices to provide a location for nursing mothers to express breastmilk.

Analysis:

As mentioned recently in a weekly update, staff has taken various classes as part of continuing education credits for renewal of tax assessor/collector certification. Recommendations pertaining to personnel, policies, and new legislation were provided in the class literature.

Although Texas is an “At – Will” State and a statement of such is included in employees’ memoranda, a recommendation to include a statement in the personnel policies was part of a recent online course. Additionally, it was recommended to have employees sign a statement acknowledging that STWA is an At – Will employer.

Another recommendation made in the recent courses is to substitute the word “permanent” with the word “regular” in reference to full-time employees to avoid an interpretation as the term (length of time) of employment. As mentioned above, for years the italicized statement below has been and will continue to be included as a statement on staff memoranda. Nonetheless, the enclosed policy has deleted reference to “permanent” employees.

*Please note that South Texas Water Authority is an at-will employer and this memorandum should not be interpreted as a contract of employment.*

Finally, the addition of a section to address Government Code 619 is intended to comply with the law which provides for a designated area for employees that are nursing mothers to express breastmilk. The policy does not require providing time for this and as such the policy states it is not considered time on the job.

Staff Recommendation:

Approve the modifications to STWA’s Personnel Policies.

Board Action:

Determine whether to approve the modified Policies.

Summarization:

Staff believe that the enclosed changes will help to limit liabilities.

SOUTH TEXAS WATER AUTHORITY

CODIFICATION OF PERSONNEL POLICIES

Amended September, 1984  
Amended September, 1986  
Amended March, 1987  
Amended December 7, 1992  
Amended June 7, 1993  
Amended April 23, 1998  
Amended January 27, 2000  
Amended October 30, 2003  
Amended January 11, 2007  
Amended January 24, 2008  
Amended March 26, 2013  
Amended May 28, 2013  
Amended June 24, 2014  
Amended September 26, 2017  
Amended April 24, 2018

### AT WILL EMPLOYMENT

The policies and procedures set forth in these Personnel Policies are not a binding employment contract. These policies provide general guidelines only and no provisions in these policies are contractual in nature. Employees should understand that all employment with South Texas Water Authority is "At Will," meaning that employment may be terminated at any time, with or without notice, for any reason or no reason, by either South Texas Water Authority or the employee.

## TABLE OF CONTENTS

		Page
1.	CHAPTER I--GENERAL POLICY	
	A. Authority and Administration	1
	B. Purpose and Philosophy	1
	C. Statement of Personnel Policy	1
	D. Categories of Employees	2
	E. Dress Code	3
2.	CHAPTER II--TIME POLICY	
	A. Administrative Work Week	4
	B. Observing Hours of Work	4
	C. <u>Breaks for Expression of Breast Milk</u>	4
3.	CHAPTER III--LEAVE POLICY	
	A. Annual Leave/Vacation Leave	5
	B. Sick Leave	6
	C. Compensatory Leave	7
	D. Terminal Leave	9
	E. Jury Duty Leave	9
	F. Maternity Leave	9
	G. Administrative Leave	9
	H. Funeral Leave	9
	I. Holidays/Personal Leave	9
	J. Military Leave	10
	K. Sabbatical Leave	11
	L. Leave of Absence w/o pay	11
4.	CHAPTER IV--TIME AND LEAVE RECORDS	
	A. General	13
	B. Procedures	13
5.	CHAPTER V--EMPLOYEE'S COMPENSATION AND PROCEDURE FOR COMPENSATION	
	A. Pay Periods	14
	B. The Pay Plan	14
	C. Cost-of-Living Increases	14
	D. Merit Increases	15
	E. Reclassifications, Promotions, Demotions and Longevity Adjustments	15
	F. Employee Evaluations	17
6.	CHAPTER VI--FRINGE BENEFITS	18

7.	CHAPTER VII--PAYROLL DEDUCTIONS FOR TAXES AND BENEFITS	
	A. General	19
	B. Tax Deductions	19
	C. Benefit Deductions	19
8.	CHAPTER VIII--OUTSIDE EMPLOYMENT	20
9.	CHAPTER IX--JOB DESCRIPTIONS	20
10.	CHAPTER X--PERSONNEL ACTIONS	20
11.	CHAPTER XI--DISCIPLINARY ACTIONS AND SEPARATIONS	
	A. General	21
	B. Disciplinary Action	21
	C. Separation	22
	D. Resignation	22
12.	CHAPTER XII--EQUAL EMPLOYMENT OPPORTUNITY AND AFFIRMATIVE ACTION PLAN	
	A. Policy	23
	B. Definitions	23
	C. Responsibility	24
13.	CHAPTER XIII--GRIEVANCES AND APPEALS	
	A. Grievances--General	25
	B. Disposition of Grievances	25
	C. Appeals	26
14.	CHAPTER XIV--PERSONNEL FILES	28
15.	APPENDIX I - JOB DESCRIPTIONS	
16.	APPENDIX II - ORGANIZATIONAL CHART	

## CHAPTER I

### GENERAL

#### A. Authority and Administration

The Board of Directors of the South Texas Water Authority (STWA) has adopted the policies contained herein. The Executive Director is responsible for the administration of these policies.

These policies may, from time to time, be revised, supplemented or augmented. Any and all such changes shall be adopted by the Board of Directors.

#### B. Purpose and Philosophy

1. The Personnel Policies of the STWA is the primary medium for administering personnel procedures for the guidance of the STWA personnel. The broader aims are the establishment, coordination and equitable application of approved personnel policies, while the specific aim is to provide a basic manual of policies and necessary technical information for the administration of the personnel program.
2. The STWA Personnel Policies recognize the principle that congenial relationships are an important factor in its operation. The attitude, efficiency and productivity of employees depend in large part upon the degree to which a pleasant working environment, equitable treatment and pleasant working relationships exist. Intelligent application of this philosophy is essential to render the best possible services to the STWA.

#### C. Statement of Personnel Policy

1. The STWA is an equal opportunity employer. No person shall be excluded from, or denied consideration from employment, promotion or salary advancement solely on the basis of race, color, national origin, age, creed, marital status, or handicapped conditions.
2. Vacancies shall be filled on the basis of merit, whether by promotion or by initial appointment. Selection shall be made of the best qualified persons in terms of experience, skills, training, education and aptitude. Internal organizational lines shall not be barriers for promotion consideration. Where qualifications are essentially equal, preferential consideration shall be given to STWA employees. The Executive Director is responsible for, and has full authority to carry out, the assembly and maintenance of a staff in sufficient numbers and qualifications to meet the STWA's statutory and programmatic responsibility.
3. The Executive Director shall prepare annually, and revise as deemed appropriate, a comprehensive budget for staffing and operating the STWA. Once adopted by the Board of Directors, the administration of staffing and reimbursement policy within that budget framework shall be the sole responsibility of the Executive Director.
4. Employees shall be kept fully informed of policies and procedures which affect their duties or conditions of employment and they shall be encouraged to offer constructive suggestions for work improvement.



5. Employees have certain responsibilities to the STWA. They are expected to perform efficiently the work program assigned as their responsibility, to maintain a conduct which will not adversely affect the daily operations of STWA, and to do their part in maintaining good relationships with their fellow employees. Failure to meet these responsibilities shall be sufficient cause for recommendation of disciplinary action, including reassignment, suspension, or separation.
6. These policies hereby act as notification to all employees, regardless of job description and/or title, that as of March 9, 1987 all persons employed as of said date must remain insurable on all insurance policies which the employee is presently receiving coverage including but not limited to Auto, Workman's Compensation, Disability, Liability, and Comprehensive and any new policies which may become necessary, or carry individual insurance coverage comparable to that held by the Authority, which may include naming the STWA as a coinsured party. All persons employed after March 9, 1987 must remain insurable on all initial policies which provide coverage upon employment and any new policies which may become necessary, or carry individual insurance coverage comparable to that held by the Authority, which may include naming the STWA as a coinsured party. Failure to maintain insurability shall be sufficient cause for recommendation of disciplinary action, including reassignment, suspension, or separation.

D. Categories of Employees

Employees of the STWA shall be categorized as follows:

1. ~~Permanent~~Regular/Full Time - Personnel employed for a definite or indefinite period not intended to be less than one year, who have completed six months satisfactory service and work a minimum of 35 hours per week. The Executive Director will determine which staff positions and the duration of the reduced hours for staff personnel working less than a 40 hour week. Personnel working less than 40 hours per week will be eligible for fringe benefits on the following basis:
  - a. Base salary shall remain the same for salary adjustments. However, a prorated reduction in gross pay per pay period shall become effective upon reduction in hours.
  - b. Retirement contributions shall be calculated on the base salary times the percentage of hours worked versus the full 40 hours.
  - c. Working hours shall be scheduled with the Executive Director.
  - d. Annual and Sick Leave shall be accumulated on a prorated basis of hours worked versus the full 40 hours in accordance with the appropriate amounts as outlined in Chapter III, Section A Annual Leave.
  - e. Any hours worked past the position's established reduced hours (that number between 35 and 39 hours per week) shall be considered compensatory time and will require the approval as outline in Chapter III, Section C.

2. Probationary - Personnel employed for a definite or indefinite period not intended to be less than one year, who have not yet completed six months satisfactory service.
3. ~~Permanent~~Regular/Part Time - Personnel employed for a definite or indefinite period not intended to be less than one year who have completed six months satisfactory service, work no more than 30 hours per week, and are not eligible for fringe benefits.
4. Temporary - Personnel employed for a definite or indefinite period not intended to exceed one year.
5. Student "Intern" - Temporary student employees who are fulfilling requirements toward the completion of a college degree, completing a college level course, or requirements of a high school level vocational class. These employees are not eligible for fringe benefits.

E. Dress Code

Appropriate attire should be worn to work. This attire includes dresses, pants, skirts, split skirts (no shorts), blouses, and shirts. Blue jeans and T-shirts can be worn on Fridays; however, these must be in good condition and taste and free of holes, tears, and any print that may be offensive to customers or co-workers. The Executive Director may make exceptions to these policies in the event of extenuating circumstances.

## CHAPTER II

### TIME

#### A. Administrative Work Week

1. The regular workweek of the STWA shall be Monday through Friday, a total of forty (40) hours. Office hours are 8:00 a.m. to 5:00 p.m.
2. The Executive Director may set other hours of work if he/she deems such hours necessary or desirable.
3. All employees are expected to work the hours necessary to accomplish their assigned duties.

If overtime work is necessary, the Executive Director shall be notified and approval of such overtime shall be made in accordance with the provisions of the Personnel Policies outlined in Chapter III, Section C.

Compensatory Leave shall be granted by the Executive Director at a time convenient to and approved by the Executive or Assistant Director in his/her absence in accordance with the provisions of the Personnel Policies outlined in Chapter III, Section C.

#### B. Observing Hours of Work

Employees shall be expected to report punctually for duty at the beginning of the workday and to observe the full working hours duly established. The Executive Director may make appropriate administrative regulations for compliance with these policies.

#### C. Breaks for Expression of Breast Milk.

STWA supports an employee's right to express breast milk at their workplace and will accommodate nursing mothers who exercise this right.

1. The STWA Plan Room is available for this purpose. This room locks from the inside and is shielded from view and free from intrusion by other employees and the public. In the event that this room is not available, arrangements for another shielded location free from intrusion will be made.
2. A reasonable amount of break time will be provided as frequently as needed to express the milk. These breaks will be unpaid and are not counted as hours worked.
3. Employees may not be suspended, terminated or otherwise discriminated against for asserting this right.

## CHAPTER III

### LEAVE

#### A. Annual Leave (Vacation)

Annual leave is a benefit conferred upon ~~permanent-regular~~ full time employees, permitting them to be absent from duty for personal reasons without loss of pay.

1. Accrual of Annual Leave - Leave shall be credited to full-time employees in accordance with the following schedule:

Less than 5 years of service (52 to 259 weeks) - 1 day for each month worked (1 x 12) equal 12 work days annually.

Five Years or more of service (more than 260 full weeks) - 1.25 days for each month worked (1.25 x 12) equals 15 work days annually.

- a. Annual leave shall begin accruing at the start of employment with the STWA, except that pro-rated credit will be given for part of the month.
  - b. Part-time employees working 20 hours or more per week shall earn annual leave on a pro rated basis, unless otherwise stipulated as a condition of employment.
  - c. Accumulated annual leave shall be forfeited by any employee separated from the STWA prior to the completion of six months of service, for any reason. They shall not be entitled to compensation, or to take time with pay in lieu thereof.
2. Accumulation of Annual Leave - The maximum allowable accumulation of leave shall be 60 days. Balances of annual leave may not exceed this limitation. Leave balances exceeding 60 days shall be reduced to 60 days. (Part-time ~~permanent~~ regular or probationary employees regularly working 20 hours or more per week shall accrue leave at half the rate of full-time employees, and may accumulate half as much, unless otherwise stated as a condition of employment) No employee shall be allowed to take more than 60 workdays vacation in any single calendar year. An employee is normally expected to take annual leave from year to year as long as the total leave balance never exceeds 60 days.
  3. Approved Annual Leave - The Executive Director or the Assistant Director in his/her absence shall have final approval authority.
    - a. Initial approval for use of Annual Leave will be from the employee's immediate Supervisor.
    - b. Employees shall complete a leave application form. The application shall be forwarded to the Executive Director by the immediate Supervisor for approval.

- c. Prior to requesting annual leave, the employee must use all accrued compensatory time.
  - d. The approval or disapproval of annual leave shall not be used as a means of disciplinary action.
  - e. Normally, annual leave shall be requested and approved in advance, with a period of notice equal to the duration of leave requested.
4. Deficit Annual Leave -- of separated employees shall be offset against earned salary or repaid in cash to the STWA; however, repayment shall not be required under any of the following circumstances: death, retirement for disability, or inability to return to duty because of disability as evidenced by an acceptable medical certificate. Emergency leave will be at the discretion of the Executive Director.
5. Unused Annual Leave - Upon termination of employment, an employee shall be paid for unused annual leave at a rate of compensation not less than:
- a. The average regular rate received by such employee during the last three years of employment, or
  - b. The final regular rate received by such employee, whichever is higher.

Any funds owed to the Authority shall be deducted from the separated employee's final unused annual leave compensation.

B. Sick Leave

Sick leave is a period of absence with pay granted to employees in any of the following circumstances:

When incapacitated for duty by sickness, injury, pregnancy, or confinement for medical, dental or optical examination or treatment.

When a member of the immediate family of an employee is afflicted with a contagious disease or other major illness and requires the care and attendance of the employee.

When, through exposure to contagious disease, the presence of the employee at his post of duty would jeopardize the health of others. "Contagious" is defined as a disease subject to quarantine or requiring isolation of the patient by health authorities having jurisdiction.

1. Accrual of Sick Leave - Sick leave shall be accrued by ~~permanent~~ regular or probationary full time employees at the rate of 2 hours for each full week. No credit shall be given for a fractional part of a week at either the beginning or the end of an employee's period of service. There is no provision for advanced sick leave. Part-time employees working 20 hours or more per week shall accrue at half the rate of full-time employees, unless otherwise stipulated as a condition of employment.

2. Accumulation of Sick Leave - Sick leave not used during the leave year in which it accrues shall accumulate and be available for use in succeeding years. No maximum accumulation shall be prescribed.
3. Approval of Sick Leave - The Executive Director or the Assistant Director in his/her absence shall initially approve sick leave.
  - a. Sick leave is to be approved in all bona fide cases in which the employee has leave to his credit. The approving official shall bear the responsibility for ascertaining that an absence is properly chargeable to sick leave. If the employee has no sick leave to his credit, annual leave can be substituted for sick leave.
  - b. Sick leave for medical, dental or optical appointments shall be requested in advance by completing an authorized leave application form. In all other situations, the employee shall notify (or cause to be notified) the Executive Director as early as practicable on the first day of absence, and complete the form immediately upon his/her return to duty. Failure to give such notice may result in a charge to annual leave or leave of absence without pay.
  - c. An absence in excess of three working days must be supported by a medical certificate, if requested by the Executive Director; however, if the illness was of such a nature that medical treatment was not required, the Executive Director may accept a statement signed by the employee in lieu of a medical certificate.
  - d. The minimum charge for sick leave shall be one-half (1/2) hour. Additional absences shall be charged in multiples of one hour.
4. Deficit Sick Leave - balances of separated employees shall be set-off against earned salary, accumulated annual leave, or compensatory leave or repaid in cash to the STWA. However, repayment shall not be required under any of the following circumstances: death, retirement for disability, or inability to return to duty because of disability as evidenced by an acceptable medical certificate.
5. Substitution of Sick for Annual Leave - When sickness occurs during the time an employee is on annual leave, sick leave may be granted to cover the period of illness and the charge against annual leave shall be reduced accordingly. Application for substitution must be made immediately upon returning to duty and must be supported by a medical certificate or other acceptable evidence.
6. Unused Sick Leave - Unused sick leave shall be canceled upon termination of employment, with no compensation to the employee.

C. Compensatory Leave

1. Accrual of Compensatory Leave
  - a. As of April 15, 1986 all compensatory leave shall be accrued at a rate of one and one-half hours for each overtime hour worked.

- b. Employees must request and receive permission for the earning or use of all compensatory credit hours. The only exception to this will be if a situation develops which would make it impracticable to request prior approval. In such a case, the applicable form will be submitted with an explanation why prior approval had not been obtained.

2. Accumulation of Compensatory Leave

- a. Personnel will be limited to a maximum of 240 hours of accrued compensatory leave.
- b. The employee must use this accrued time within six months after the approval of the compensatory credit hours by the Executive Director. This requirement can be waived by the Executive Director if, in his/her opinion, the absence of the employee will unduly disrupt the normal or emergency operations of the Authority.

3. Approval for use of Compensatory Leave - The Executive Director shall have final approval of requests for use of compensatory leave.

- a. Employees shall complete a leave application form.
- b. Normally, compensatory leave shall be requested and approved in advance, with a period of notice equal to the duration of the leave.
- c. Prior to requesting annual leave, the employee must use all accrued compensatory time.

4. Unused Compensatory Leave - Upon termination of employment, an employee shall be paid for unused compensatory time at a rate of compensation not less than:

- a. The average regular rate received by such employee during the last three years of employment, or
- b. The final regular rate received by such employee, whichever is higher.

Any funds owed to the Authority shall be deducted from the separated employee's final unused compensatory leave compensation.

5. Eligible Employees - Except as stipulated in Chapter I, Section D, Item e, these rules will apply to the Finance Manager, Business/Risk Manager and O&M Supervisor. The Finance Manager and Business/Risk Manager will be eligible for compensatory time for all overtime hours worked for the Authority. These employees will receive regular overtime pay for all overtime hours incurred working on behalf of the entities managed by the Authority. The O&M Supervisor will be eligible for compensatory time only when acting in a supervisory capacity for the Authority. When not acting in a supervisory capacity for the Authority (for instance, when working on behalf of another O & M employee) or when working on behalf of an entity managed by the Authority the O&M Supervisor will be paid overtime wages for overtime hours worked. All other employees will be paid overtime wages for all overtime hours

worked. Any such employee who has accrued 240 hours of compensatory time off shall, for additional overtime hours of work, be paid overtime compensation.

Revised 09/26/17

D. Terminal Leave

Terminal leave represents annual leave credited to ~~permanent-regular~~ employees at the time they are separated from the STWA. Terminal leave may be taken as annual leave or in a lump sum payment. Deficit balances of other types of leave and any funds owed to the Authority, if any, shall be deducted from terminal leave payments.

E. Jury Duty Leave

Jury duty leave should be applied for in the manner pertaining to annual leave. Such service will not be deducted from annual or other leave entitlements.

F. Maternity Leave

1. Maternity leave will be treated the same as Sick Leave in Section ~~CB~~. If return to duty is not contemplated and the employee resigns, separation shall be effective at the expiration of sick leave.
2. Annual leave shall be granted on expiration of sick leave. If return to duty is not contemplated and the employee resigns, a lump sum payment for accumulated annual leave shall be made, less any funds owed to the Authority.

G. Administrative Leave

Administrative leave is defined as an absence from regular duty, which has been authorized at the discretion of the Executive Director, and which does not result in charge against leave of any kind or a loss in salary. An absence of this kind is not entered on time or attendance records.

H. Funeral Leave

Full-time employees will be allowed up to a maximum of three days with pay for the purpose of attending a funeral in cases of death within their or their spouse's immediate family. The immediate family is defined as an employee's spouse, grandparents, parents, brothers, sisters, children and grandchildren. Any additional time to be taken must be justified by the amount of travel necessary or other circumstances, and such time must be approved by the Executive Director.

I. Holidays/Personal Leave

1. The STWA shall observe ten (10) paid holidays each year. The designated days are as follows:

New Years Day	January 1
Good Friday	Friday before Easter
Memorial Day	Last Monday in May



Independence Day	July 4
Labor Day	1st Monday in September
Thanksgiving Day and Friday Succeeding	4th Thursday and Friday in November
Christmas Eve	December 24
Christmas Day	December 25
Floating Holiday	Selected by employee from approved list

Personnel will be entitled to three (3) paid Personal Leave days in a calendar year. Personal Leave shall be accrued at the rate of two (2) hours for each full month of employment. A maximum of eight (8) hours of Personal Leave remaining at the end of the calendar year can be carried over to the following calendar year. These days will be requested using the same process used to request annual leave. Personal leave cannot be taken in conjunction with holidays unless approved by the Executive Director.

2. ~~Permanent~~Regular/Part Time and Temporary employees shall not be paid for absence on such holidays.
3. Whenever a holiday falls on Sunday, the offices shall be closed on the following Monday. When a holiday falls on Saturday, they shall be closed on the preceding Friday.
4. If Christmas Eve falls on Saturday, the holiday will be observed on Friday. If Christmas Eve falls on a Sunday, the holiday will be observed on December 26, Tuesday.
5. The Floating Holiday will be selected by the employee from the following days:

Martin Luther King Day	3 <sup>rd</sup> Monday in January
President's Day	3 <sup>rd</sup> Monday in February
Columbus Day	2 <sup>nd</sup> Monday in October
Veterans Day	Observed day in November

#### J. Military Leave

1. Military Training - A ~~permanent~~regular or probationary employee engaged in obligatory military training as a member of the National Guard, the Armed Forces Reserve or the Coast Guard Reserve, shall for this purpose be granted up to 15 calendar days leave, with pay, in any calendar year.
2. Approval of military leave shall be counted as full service with the STWA for the purpose of assessing annual leave accrual rights.
3. Any employee of South Texas Water Authority who leaves his/her position for the purpose of entering the Armed Forces of the United States, or enters State service as a member of the Texas National Guard or Texas State Guard or as a member of any of the reserve components of the Armed Forces of the United States shall, if discharged, separated or released from such active military service under honorable conditions within five years from the date of enlistment or call to active service, be restored to

employment to the same position held at the time of induction, enlistment or order to active Federal or State military duty or service, or to a position of like seniority, status, and pay if still physically and mentally qualified to perform the duties of such position.

If such person is not qualified to perform the duties of such position by reason of disability sustained during such military service but qualifies to perform the duties of another position, the veteran shall be restored to employment in such other position, the duties of which the veteran is qualified to perform as will provide like seniority, status, and pay, or the nearest possible approximation thereof.

Any person who is restored to a position in accordance herewith shall be considered as having been on furlough or leave of absence during such absence in Federal or State military service, and shall be entitled to participation in retirement or other benefits to which other Authority employees are, or may be, entitled and shall not be discharged from such position without cause within one year after such restoration.

Veterans eligible for restoration to employment hereunder shall make written application for such restoration within ninety days after discharge or release from active Federal or State military service, to the Executive Director and shall attach thereto evidence of discharge, separation, or release from such military service under honorable conditions.

K. Sabbatical Leave

1. A ~~permanent-regular~~ employee may be granted a leave of absence without pay to enroll for graduate or undergraduate study in an accredited university at the discretion of the Executive Director.
2. Approval of sabbatical leave shall follow the same process as annual leave.
3. An employee granted sabbatical leave shall not accrue vacation or sick leave during his/her absence.

L. Leave of Absence Without Pay

1. Leave of absence without pay is defined as an absence from regular duty which has been authorized by the Executive Director for the following reasons:
  - a. birth of a child and in order to ~~take care~~ for that child.
  - b. adoption or foster care of a child.
  - c. care for a seriously ill spouse, child or parent.
  - d. the employee's own serious illness.
2. The leave will result in a loss of pay during the authorized period due to the absence of any accrued sick, annual, personal or compensatory leave.
3. A leave of absence without pay shall not exceed 90 days with the exception of a job-related injury, which leave of absence will not exceed 180 days.

4. At the expiration of such leave, the employee shall be reinstated without loss of any rights, provided employee reports to work immediately following expiration of said leave.
5. Failure to report immediately following expiration of such leave, except for reasons approved in advance, shall be cause for termination.
6. During the period in which an employee is on leave without pay, no leave benefits, either sick, personal or compensatory, shall accrue.
7. During the period in which an employee is on leave without pay:
  - a. The employee may continue to participate in the Authority's health insurance coverage at the same level and under the same conditions as if the employee had continued to work.
  - b. Health insurance coverage will continue for a maximum of 90 days with the exception of a job related injury, then the period for participation in the Authority's health insurance coverage will not exceed 180 days.
  - c. If at the time the leave without pay begins it is Authority policy that the employee pays a portion of the health care premium, then while the employee is on unpaid leave, the employee must continue to make this payment, either in person or by mail. The payment must be received in the Accounting Department by the first (1<sup>st</sup>) day of each month. If the payment is more than 30 days late, the employee's health care coverage may be dropped for the duration of the leave. The Authority will provide 15 days' notification prior to the employee's loss of coverage.
  - d. If at the time leave without pay began the employee contributed to a life insurance or disability plan, while the employee is on unpaid leave the employee may request continuation of such benefits and pay his or her portion of the premiums, or the Authority may elect to maintain such benefits during the leave and pay the employee's share of the premium payments. If the employee does not continue these payments, the Authority may discontinue coverage during the leave. If the Authority maintains coverage, the Authority may recover the costs incurred for paying the employee's share of any premiums, whether or not the employee returns to work.
8. If the employee chooses not to return to work for reasons other than a continued serious health condition of the employee or the employee's family member or a circumstance beyond the employee's control, the Authority will require the employee to reimburse the Authority the amount it paid for the employee's health insurance premium during the leave period.

## CHAPTER IV

### TIME AND LEAVE RECORDS

#### A. General

The functions performed in the maintenance of the Time and Leave Records shall include daily observation of the presence and absence of employees. The Executive Director shall be responsible for applying the regulations and instructions in connection with the attendance and absence of the employees. Before leave is granted, the Executive Director will ascertain that leave balances are sufficient or that other appropriate arrangements are made in accordance with personnel policies.

#### B. Procedures

1. The Accountant Assistant/Billing Clerk shall maintain the Leave Status Records for each employee on a monthly basis.
2. Accrued leave shall be available at the end of each month for inspection by each employee in accordance with the appropriate accrual rate.
3. Leave taken shall be indicated on the statement available for each employee on the basis of Leave Approval forms.
4. Leave balances shall reflect the net remaining leave to which each employee is entitled.
5. An employee shall have the right to review their personal leave record at any time.

## CHAPTER V

### EMPLOYEES' COMPENSATION AND PROCEDURE FOR COMPENSATION

#### A. Pay Periods

The pay period shall be bi-weekly, paid on every other Friday. The Executive Director shall have the authority to change the pay period and/or dates of payment when he/she deems it appropriate.

#### B. The Pay Plan

1. The basic compensation structure shall be prepared by the Executive Director and approved in conjunction with the annual STWA Budget.
2. The Executive Director may, upon his/her discretion, authorize increase or decreases within such pay grades as outlined in the remaining sections of this chapter.
3. On Call (Stand-by) Time and Pay (compensation). The vital nature of certain Authority services requires certain hourly (non-salaried) employees to be available in an "on call" or "stand-by" status before and after normal working hours, during the lunch hour, on holidays, and weekends. Employees on "on call" or "stand-by" status will be compensated in the following manner:
  - The employee that is scheduled to be "on call" or "stand-by" will receive an additional \$75.00 per 7 day period for being available as required.
  - "On call" and "stand-by" status requires that the employee can be contacted through the use of a beeper or other communication equipment that shall allow them a certain degree of mobility.
  - While "on call" or "stand-by", the employee will be required to respond to a certain number or numbers.
  - The employee will be guaranteed an hour of overtime on Saturday and an hour of overtime on Sunday to complete rounds at the FM 772 and CR 1030 site and Kingsville Pump Station.
  - Any actual overtime hours worked in excess of the guaranteed 2 hours for Saturday and Sunday will be compensated according to the Authority's overtime policy.
  - Any actual hours worked on holidays will be compensated according to the Authority's holiday pay policy.
  - The \$75.00 "on call" or "stand-by" compensation is in addition to any actual overtime compensation.

#### C. Cost-of-Living Increases

Cost-of-living increases shall be periodically proposed by the Executive Director and shall be subject to approval by the Board of Directors. Such increases shall be provided to all full-time employees.

D. Merit Increases

1. Definition - Merit increases are pay increases granted to employees other than cost-of-living increases and are contingent upon the availability of funds. A merit pay increase shall be based on superior job performance and productivity.
2. Procedure
  - a. Merit increases shall be initiated by the employee's supervisor and must be substantiated by superior performance and productivity.
  - b. The Executive Director shall have the authority to approve or disapprove all merit increases.
  - c. The employee's supervisor will make his/her determinations based upon the employee's evaluation results. Employee evaluations are outlined in Section F of this chapter.

E. Reclassifications, Promotions, Demotions and Longevity Adjustments

1. Reclassifications - A reclassification recognizes and rewards on a continuing basis an employee whose responsibilities have substantially increased and who is carrying out the new responsibilities in an able manner. The basic standard of eligibility for a reclassification shall be "high quality performance." In order to meet this standard, a determination must be made that:
  - a. The employee has gained increased competence through experience and training and is prepared to assume greater responsibilities and to perform more difficult tasks with competence.
  - b. The employee has, for a reasonable period of time, been performing the major function of the new position.
  - c. The employee's higher level of effectiveness has been so consistently maintained that it is reasonable to consider it to be characteristic of his/her performance level.
2. Promotion - A promotion recognizes that an employee is fully qualified for appointment to an existing position of higher grade than the one he currently holds.
3. Demotion - A demotion recognizes that an employee is not carrying out his/her existing or new responsibilities in an able manner.
4. Longevity Adjustment - A Longevity Adjustment recognizes that an employee has completed ten (10) years of employment and an adjustment shall be made to the employee's base annual salary that is equivalent to two (2) weeks salary at a rate of compensation not less than:
  - a. The average regular rate received by such employee during the last three years of employment, or
  - b. The final regular rate received by such employee, whichever is higher.

- c. In addition to items 4a. and 4b., the following chart will be applied as an incentive to retain new employees and reward dedicated employees:

Anniversary Year <sup>1</sup>	Salary Adjustment <sup>2</sup>
1, 3, and 6	\$500
10, 15 and 20	\$750
25 and each 5-year period thereafter	\$1000

<sup>1</sup>The anniversary would not be retroactive; it is based on uninterrupted number of employment years; an anniversary year and salary adjustment can only be awarded once – returning employees will not receive repeated salary adjustments for the same anniversary year.

<sup>2</sup>This amount will be added to the employee's base salary.

5. Changes in Rates of Pay - A reclassification, promotion or longevity adjustment shall be followed immediately by an increase within the approved budget, with an appropriate salary increase unless, the Executive Director decides that a reclassification or promotion without immediate salary increase is appropriate. The Executive Director may approve a salary adjustment after an employee has been employed at least six months. A demotion shall immediately be followed by a decrease within the approved budget, with an appropriate salary decrease.
6. Procedures - A reclassification, promotion or demotion shall be initiated by the employee's supervisor and shall be based on the employee's performance and productivity as exhibited by the employee's evaluation (see Section F). In cases of reclassifications, increased responsibilities should also be considered along with performance and productivity. The Executive Director shall have the authority to approve or disapprove all reclassifications, promotions or demotions.
7. License/Certificate – An increase of \$0.40 per hour shall be applied to an employee's rate of pay, with the exception of the Executive Director, for the following certificates and licenses:  
TCEQ (or its successor agency) – “A” Water, “B” Surface Water, “B” Ground Water, “B” Distribution, “C” Surface Water, “C” Ground Water, “C” Distribution, “D” Water and Customer Service Inspector.  
Texas Department of Licensing and Regulation (or its successor agency – previously Board of Professional Tax Examiners) – Tax Assessor Collector Level III and Tax Assessor Collector Level IV.  
Texas Department of Insurance (or its successor agency) – General Lines – Property and Casualty License and Adjuster – Workers' Compensation License.

Employee Responsibility for Initial License/Certificate – Obtaining the above-listed certificates and licenses requires attending courses and passing examinations. South Texas Water Authority will pay for the cost of the courses and any associated travel expenses. However, it is the employee's responsibility to study the necessary information. Failure to pass the same exam three (3) times may result in requiring that the employee be responsible for any necessary fees for testing, coursework, travel, and leave to obtain that specific license or certificate.

Employee Responsibility for Renewal of License/Certificate – In most instances the renewal of the certificates and licenses require the employee to earn CEU's

(continuing education units). The South Texas Water Authority will pay for the cost of the CEUs and any associated travel expenses. However, it is the employee's responsibility to keep track of their renewal date, report to their supervisor on necessary CEUs for renewal, and submit the necessary paperwork for renewal. Failure to maintain a license or certificate can result in a reduction in the employee's hourly rate as determined by the Executive Director.

Agency Requirements – South Texas Water Authority provides no assurances, guarantees or warranties that the above listed agencies or their successors will not change their license/certificate programs and any resulting consequences from those changes to the Personnel Policies.

F. Employee Evaluations

As of March 9, 1987, all STWA employees will be evaluated for job performance.

1. Procedure - Employees will be evaluated in the following manner:
  - a. Their immediate supervisor using the STWA's standard evaluation forms based on the employee's job description will evaluate employees. (NOTE -- evaluation forms will be updated as the employee's responsibilities and time requirements for various tasks are altered.) Evaluations will be scored on a scale of zero to five hundred.
  - b. Evaluations will be done on an annual basis during the month of July.
  - c. Following completion of the evaluation form by the employee's immediate supervisor, a joint conference between the employee, immediate supervisor, Assistant Director and Executive Director will be held. At this time, the employee will be allowed to review his/her evaluation and the employee will be informed of any necessary corrections to job performance as outlined below:
    - i. Any employee who receives an overall score of less than two hundred points will be considered to be performing at an unsatisfactory level. He/she will be placed on a three month probation in order to allow the employee to improve his/her job performance.
    - ii. Following the three month period, the immediate supervisor will re-evaluate the employee's job performance. At this time, if the employee's performance has not improved to the satisfactory level, the employee will be subject to dismissal.
2. Utilization - In addition to information regarding an employee's job performance, personnel evaluations will be used as a general guideline for matters regarding, but not limited to, reclassifications, promotions, demotions, merit increases, suspensions, and terminations.



## CHAPTER VI

### FRINGE BENEFITS

- A. In accordance with general procedures approved by the Staff Personnel Procedures Committee, the STWA shall provide for its ~~permanent~~regular employees:
1. Term life insurance will be paid by the STWA equal to two times the employee's salary rounded to the lowest thousand.
  2. Group hospitalization, surgical and major medical expense coverage for employees and dependents. In addition, effective October 1, 1986, as mandated by the federal government, all full time employees will be eligible for benefits as provided by the Consolidated Omnibus Reconciliation Act of 1985 (COBRA) a.k.a. H.R. 3128, and as outlined in specially prepared publications.
  3. Workmen's Compensation. The expense of this coverage shall be paid by the STWA in its entirety.
  4. Retirement Annuities. The Authority is a participant in the STWA Retirement Program. The employee has the option of participating in the Authority's Retirement Program or not participating. The Authority's share (expense) of this coverage shall not exceed the employee's contribution. The participating employee's share shall not be less than 1% nor exceed 12% (as set by Federal regulations) of his/her salary.
- B. The Executive Director shall approve the contributions required to be paid by the STWA for remittance to the proper authorities.
- C. Information about the aforementioned benefits shall be made available to all employees in specially prepared publications.

## CHAPTER VII

### PAYROLL DEDUCTIONS FOR TAXES AND BENEFITS

#### A. GENERAL

The Executive Director shall forward, to the appropriate authorities, the STWA contributions where applicable. Full details of these benefits shall be made available to all employees in specially prepared publications.

#### B. TAX DEDUCTIONS

In accordance with appropriate Federal and State laws, deductions from employees' salaries shall be made and the appropriate sums remitted to the proper authorities for the following:

1. Federal Income Taxes.
2. Hospital Tax - this deduction is applicable to all employees hired after March 31, 1986.
3. Any court ordered or federal agency mandated deductions.

#### C. BENEFIT DEDUCTIONS

In accordance with policies and general procedures approved by the Personnel Committee, deductions from employees' salaries and a remittance to the proper authorities shall be made where appropriate for the following:

1. Health insurance.
2. Life insurance.
3. Retirement annuities.
4. The Executive Director is authorized to make voluntary salary withholding deductions, upon written request of staff, for deposit with a credit union.
5. Charitable donations.

## CHAPTER VIII

### OUTSIDE EMPLOYMENT

Employees shall not engage in any outside employment, activity or enterprise determined by the Executive Director to be inconsistent or incompatible with employment by the STWA, or to have the effects of reducing working efficiency. An employee who wishes to undertake any outside employment, enterprise or similar activity shall submit to the Executive Director an application for permission to do so. (No restriction intended.)

## CHAPTER IX

### JOB DESCRIPTIONS

- A. The Executive Director shall develop, and periodically review, a job description for each unique position denoting qualifications, duties, and responsibilities. Please see attached Appendix I - Job Descriptions. If an employee has a question after reviewing the organizational chart (see attached Appendix II - Organizational Chart), insofar as it applies to the position occupied by the employee, the employee shall request the Executive Director to clarify the position description.
- B. In the absence of a request for clarification, the employee is considered to understand the responsibilities assigned to the position which he/she occupies.

## CHAPTER X

### PERSONNEL ACTIONS

- A. A Personnel Action shall be an official document which provides supervisory personnel information concerning new employees, and to effect changes for existing employees. It shall provide uniformity, to the extent feasible, in matters affecting:
  - 1. Position Title.
  - 2. Annual salary.
  - 3. Any other personnel factors.
- B. A Personnel Action shall be originated by the employee's supervisor as the recommending official. The Executive Director shall approve or disapprove the recommendations. The Executive Director should only have initiating authority on personnel action regarding supervisors and personnel directly supervised by him/her.
- C. The Personnel Action shall become a permanent part of the employee's personnel file.

## CHAPTER XI

### DISCIPLINARY ACTIONS AND SEPARATIONS

#### A. General

The Executive Director is authorized to hire, fire and transfer within the organization all employees, according to his/her best judgment of what is required to get the job done.

#### B. Disciplinary Actions

1. An employee may be disciplined for violating established policies and procedures, for violating accepted standards of personal conduct, or for inappropriate work practices. The following are examples of just cause for disciplinary action, but are not restrictive, or limited, as to justification:
  - a. Gross insubordination, including deliberate disobedience of a proper and reasonable instruction.
  - b. Unlawful conduct.
  - c. Habitual tardiness, unauthorized or excessive absence, or abuse of sick leave.
  - d. Falsification of records.
  - e. Improper outside activities in employment or other activities which adversely affect STWA's policies or operations.
  - f. Deliberate or willful destruction or misuse of STWA property.
  - g. Safety violations.
2. Disciplinary actions should be at the written recommendation of the supervisor to the Executive Director.
  - a. An employee may be suspended without pay for disciplinary reasons by the Executive Director for a period that does not exceed ten working days immediately following the Executive Director's decision. In all such suspensions, the employee shall receive a copy of the Personnel Action stating the reasons for and length of the disciplinary action.
  - b. In cases of unlawful conduct involving STWA funds and deliberate or willful misuse or destruction of STWA property, the employee's position will be subject to termination. Compensation to the Authority for these acts will be deducted from accrued annual leave and/or compensatory leave.

C. Separation

All separations of employees shall be designated as one of the following types:

1. Resignation
2. Retirement
3. Reduction in Force - In the event of an exigency, less notice to the employee may be given, upon approval by the Executive Director, and payment made to provide a two weeks separation compensation pay.
4. Dismissal
5. Disability
6. Death

D. Resignation

1. A clerical or operations and maintenance employee who intends to resign shall notify his/her supervisor and the Executive Director at least two weeks prior to the last day of work. A professional or supervisory employee who intends to resign shall also notify his/her supervisor and the Executive Director at least 30 days prior to the last day of work.
2. An employee who resigns without sufficient notice is subject to have his separation designated as unsatisfactory service unless there is a valid reason approved by the Executive Director for not being able to give sufficient notice.

## CHAPTER XII

### EQUAL EMPLOYMENT OPPORTUNITY AND AFFIRMATIVE ACTION POLICY

#### A. Policy

South Texas Water Authority is firmly committed to Equal Employment Opportunity (EEO). Our policy is consistent with objective set forth by federal, state and/or local statutes.

The Authority's Personnel Policies require that EEO be afforded all applicants and employees without regard to race, color, religion, sex, national origin/ancestry/citizenship, age, marital status, handicap/disability, veteran, and/or any other protected class status as defined by and in accordance with the requirements of applicable federal and/or state/local statutes. In accordance with this policy, pregnancy will be treated as any other disability.

#### B. Definitions

1. Affirmative Action (AA) – Positive actions which are taken in order to employ or advance in employment qualified females, minorities, handicapped/disabled, disabled veterans, and Vietnam Era veterans; in accordance with the requirements of applicable federal and/or state/local statutes.
2. Age – References to age are to individuals who are at least 40 years old.
3. Equal Employment Opportunity (EEO) – Nondiscrimination on the basis of race, color, religion, sex, national origin/ancestry/citizenship, age, marital status, handicap/disability, veteran, and/or any other protected class status, as such terms are defined herein, and in accordance with the requirements of applicable federal and/or state/local statutes. In addition, the Authority will employ only those individuals who are able to provide acceptable proof of their identity and of the fact that they are legally authorized to work in the United States, in accordance with the 1986 Immigration Reform and Control Act.
4. Handicapped/Disabled – Handicap/disability means, with respect to an individual: (1) a physical or mental impairment that substantially limits one or more of the major life activities of such individual; (2) a record of such an impairment; or (3) being regarded as having such an impairment. A qualified individual with a handicap/disability meets the requisite skill, experience, education and other job related requirements of the employment position held or desired, and who, with\*\* reasonable accommodations, can perform the essential functions of such position.
5. Sexual Harassment – Unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature constitutes sexual harassment when: (1) submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment; (2) submission to or rejection of such conduct by an individual is used as the basis for employment decisions; or (3) such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile, or offensive working environment.

6. Special Disabled Veteran – An individual who: (1) is entitled to disability compensation under laws administered by the Veterans Administration; or (2) was discharged or released from active duty in the armed forces because of disability incurred or aggravated in the line of duty.
7. Vietnam-Era Veteran – An individual who: (1) served on active duty with the armed forces for a period of more than one hundred eighty (180) days, any part of which occurred between August 5, 1964 and May 7, 1975, and was discharged or released from active duty with other than a dishonorable discharge; or (2) was discharged or released from active duty for a service-connected disability if any part of that active duty was performed between August 5, 1964 and May 7, 1975.

C. Responsibility

1. The Executive Director is responsible for ensuring implementation to STWA's EEO/AA policy as it applies to recruitment, staffing, compensation/benefits, promotion/demotion, training/development, transfer and separation. Each supervisor is accountable for adherence to this policy and responsible for policy dissemination to all employees under his/her supervision.
2. All supervisors are responsible for helping to maintain a work environment which is free of discrimination, including harassment based on race, color, religion, sex, national origin/ancestry/citizenship, age, marital status, handicap/disability, veteran, and/or any other protected class status as defined by and in accordance with the requirements of applicable federal and/or state/local statutes. All misconduct which violates this policy will result in disciplinary action up to and including termination ~~or~~ of employment.
3. Each STWA employee is responsible for maintaining a work environment which is free of discrimination or sexual harassment.
4. Any employee who believes that discrimination and/or sexual harassment has occurred should follow the established procedures for resolving grievances or in the case of sexual harassment may discuss the grievance with the Executive Director.

CHAPTER XIII  
GRIEVANCES AND APPEALS

A. General

For the purposes of the STWA, a grievance is defined as a wrong, real or imagined, considered by an employee as a grounds for complaint on the basis of:

1. A policy that is unfair.
2. A deviation from or misinterpretation of an official policy.
3. An unfair application of procedures or regulations.
4. A disagreement with his/her supervisor and/or the Executive Director over a Personnel Action.
5. A grievance involving discrimination.
6. A grievance involving sexual harassment.

B. Disposition of Grievances

1. If an employee feels aggrieved as defined in Section A of this chapter, he/she shall have the right to file a grievance as outlined in the remainder of this Section and in Section C.
2. With the exception of Section A, Item 6, an employee shall first attempt to work out a grievance with his/her immediate supervisor and must submit the grievance in writing. The supervisor has ten (10) working days in which to make a decision regarding the employee's grievance. If no resolution is found, the employee may then submit his/her grievance in writing to the Executive Director who will review the matter and render a written decision within ten (10) working days of receipt of the written grievance. Said grievance will be stamped by the Administrative Assistant with the date of receipt. The Business/Risk Manager will receive a copy of the grievance in the absence of the Executive Director.
3. In the case of Section A, Item 6, (a sexual harassment grievance), an employee shall submit the grievance in writing to the Executive Director. Said grievance will be stamped with the date of receipt. The Business/Risk Manager will receive a copy of the grievance in the absence of the Executive Director. The Executive Director has ten (10) working days in which to take corrective action regarding the employee's grievance.
4. The Executive Director's decision on the matter will be final unless the appeal procedures in Section C are followed.



C. Appeals

1. An employee may appeal the Executive Director's decision on a grievance to the Executive Officers within ten (10) working days of the decision. The request for an appeal shall be submitted in writing to the Executive Director and the President of the Board of Directors, who will direct the matter to the other Officers of the Board. Upon referral of the matter to the Executive Officers, the President will schedule a committee meeting to review the appeal on its merits prior to the next regularly scheduled Board meeting.
2. The written request for an appeal should state the specific reasons and any supporting documentation for such a request. The employee may have legal counsel and shall notify the President and Executive Director if counsel is to represent him/her at the hearing. If the aggrieved employee is represented by legal counsel, the entire matter will be automatically turned over to the STWA's legal counsel. All requests shall be made by his/her counsel to the STWA's legal counsel. Furthermore, all decisions relative to variations in the disposition of the grievance shall be made by the Officers of the Board and the Chairman of the Personnel Committee with the advice of the Authority's legal counsel.
3. All appeals will be settled in the following manner:
  - a. For appeals falling under Section A, Items 1, 2, and 3 the employee must provide concrete reasons in his/her written appeal why current agency or administrative policies are unfair. The Personnel Committee's resolution of the matter will be final if the Committee upholds the Executive Director's decision. If the Committee rules in favor of the employee, they will recommend corrective actions, clarifications and/or changes to existing Authority and/or administrative policies to the Board of Directors. The Board's action on the Committee's recommendation(s) will be final.
  - b. For appeals falling under Section A, Item 4, the employee must provide concrete evidence in his/her written appeal that he/she was not given due process under the Authority's Personnel Policies (that is, opportunity and assistance in overcoming previously identified deficiencies and written reasons for the Personnel Action taken, such as dismissal or transfer).

In the absence of such evidence, the Executive Director will inform the employee requesting the appeal of his/her failure to provide adequate reasons to question the Executive Director's decision. The President of the Board (or another committee member in his/her absence) will also report the Officer's findings and recommendations to the Board of Directors.

In the presence of such evidence, the President (or another officer member in his/her absence) will present this material, other findings, and their recommended action to the Board of Directors in executive session. The employee requesting the appeal will also be given the opportunity to appear before and address the Board of Directors. The Board's resolution of the matter will be final.

- c. For appeals falling under Section A, Items 5 and 6, the employee must provide concrete evidence in his/her written appeal that he/she was not given due process under the Authority's Personnel Policies (that is, opportunity and assistance in overcoming previously identified deficiencies).

In the absence of such evidence, the Executive Director will inform the employee requesting the appeal of his/her failure to provide adequate reasons to question the Executive Director's decision. The President of the Board (or another committee member in his/her absence) will also report the Officer's findings and recommendations to the Board of Directors.

In the presence of such evidence, the President (or another officer member in his/her absence) will present this material, other findings, and their recommended action to the Board of Directors in executive session. The employee requesting the appeal will also be given the opportunity to appear before and address the Board of Directors. The Board's resolution of the matter will be final.

## CHAPTER XIV

### PERSONNEL FILES

- A. Office personnel files shall be maintained by the Executive Director. The record copy of all personnel information shall be filed in the employee's personnel file.
- B. Personnel files shall be considered strictly confidential; their use being restricted to official personnel matters. No information derived from any record placed in the employee's file shall be communicated to any person or organization except the Executive Director.
- C. Employees shall promptly inform their supervisors of corrections to matters recorded therein such as home address, telephone number, and person to be notified in case of emergency.

## GOVERNMENT CODE

## TITLE 6. PUBLIC OFFICERS AND EMPLOYEES

## SUBTITLE A. PROVISIONS GENERALLY APPLICABLE TO PUBLIC OFFICERS AND EMPLOYEES

## CHAPTER 619. RIGHT TO EXPRESS BREAST MILK

## IN THE WORKPLACE

Sec. 619.001. DEFINITION. In this chapter, "public employer" means:

- (1) a county, a municipality, or another political subdivision of this state, including a school district;
- or
- (2) a board, a commission, an office, a department, or another agency in the executive, judicial, or legislative branch of state government, including an institution of higher education.

Added by Acts 2015, 84th Leg., R.S., Ch. 921 (H.B. 786), Sec. 1, eff. September 1, 2015.

Sec. 619.002. RIGHT TO EXPRESS BREAST MILK. An employee of a public employer is entitled to express breast milk at the employee's workplace.

Added by Acts 2015, 84th Leg., R.S., Ch. 921 (H.B. 786), Sec. 1, eff. September 1, 2015.

Sec. 619.003. POLICY ON EXPRESSING BREAST MILK. (a) A public employer shall develop a written policy on the expression of breast milk by employees under this chapter.

(b) A policy developed under Subsection (a) must state that the public employer shall:

- (1) support the practice of expressing breast milk; and
- (2) make reasonable accommodations for the needs of employees who express breast milk.

Added by Acts 2015, 84th Leg., R.S., Ch. 921 (H.B. 786), Sec. 1, eff. September 1, 2015.

Sec. 619.004. PUBLIC EMPLOYER RESPONSIBILITIES. A public employer shall:

- (1) provide a reasonable amount of break time for an employee to express breast milk each time the employee has need to express the milk; and
- (2) provide a place, other than a multiple user bathroom, that is shielded from view and free from intrusion from other employees and the public where the employee can express breast milk.

Added by Acts 2015, 84th Leg., R.S., Ch. 921 (H.B. 786), Sec. 1, eff. September 1, 2015.

Sec. 619.005. DISCRIMINATION PROHIBITED. A public employer may not suspend or terminate the employment of, or otherwise discriminate against, an employee because the employee has asserted the employee's rights under this chapter.

Added by Acts 2015, 84th Leg., R.S., Ch. 921 (H.B. 786), Sec. 1, eff. September 1, 2015.

Sec. 619.006. NO CAUSE OF ACTION CREATED. This chapter does not create a private or state cause of action against a public employer.

Added by Acts 2015, 84th Leg., R.S., Ch. 921 (H.B. 786), Sec. 1, eff. September 1, 2015.

ATTACHMENT 11

Resolution 18-03

SOUTH TEXAS WATER AUTHORITY

Resolution 18-03

RESOLUTION AMENDING THE PERSONNEL POLICIES OF THE SOUTH TEXAS WATER AUTHORITY.

WHEREAS, the South Texas Water Authority has adopted Personnel Policies as guidelines for the Authority, and

WHEREAS, it is advisable and necessary to amend these policies from time to time to facilitate the operations of the Authority.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the South Texas Water Authority approves the attached amendments to the Personnel Policies.

Duly adopted this 24<sup>th</sup> day of April, 2018.

\_\_\_\_\_  
KATHLEEN LOWMAN, PRESIDENT

ATTEST:

\_\_\_\_\_  
RUDY GALVAN, SECRETARY/TREASURER

ATTACHMENT 12

Painting of Agua Dulce Ground Storage Tank

## Memorandum

To: South Texas Water Authority Board of Directors  
From: Carola G. Serrato, Executive Director  
Date: April 19, 2018  
Re: Exterior Paint of Agua Dulce Ground Storage Tank (GST)

### Background:

Last year during the budget process, staff included a \$20,000 line item for tank repairs/painting in anticipation that the Agua Dulce GST would require exterior work. The tank inspections performed at the beginning of this year confirmed that exterior paint work is needed. Enclosed is correspondence from two (2) companies that provide tank painting services.

### Analysis:

As you can see, the latest email from Diamond Enterprises (Diamond), a company that has been used for STWA and RWSC services, has indicated they will liquid blast the exterior of the tank and provide two (2) coats of paint for the budgeted \$20,000. Originally, the quoted cost was slightly more than the quote from Pittsburgh Tank and Tower. However, Diamond is performing an interior paint project on the NWSC's hydro-pneumatic tank in Driscoll. As such, there is a savings on the cost of mobilization. In addition, although Mr. Patrick Hocking indicated that we could discuss the Terms and Conditions of his proposal, staff has reservations with the items noted on that quote. It warrants stating that STWA has never paid any contractor an advance payment for work not yet performed.

### Staff Recommendation:

Consider approving the re-painting of the Agua Dulce GST in the amount of \$20,000 by Diamond Enterprises.

### Board Action:

Determine whether to approve the re-painting of the Agua Dulce GST in the amount of \$20,000 by Diamond Enterprises.

### Summarization:

The amount approved during the budget process last summer is still available for the work and the attached inspection report and photos support the need.



**mcgserrato@stwa.org**

---

**From:** diamondenterpriseinc@telepak.net  
**Sent:** Wednesday, April 18, 2018 12:16 PM  
**To:** mcgserrato@stwa.org  
**Subject:** Re: Agua Dulce Ground Storage Tank

Archie, said, " We can do the job for 20,000.00,if we can do the job while we are working on the Nueces tank. "

Thanks,

> STWA had budgeted exactly \$20,000 when our budget was adopted last  
> August.

>  
>  
> Carola G. Serrato  
> Executive Director  
> South Texas Water Authority  
> PO Box 1701  
> Kingsville, Texas 78364  
> 361-592-9323 x112

>  
>  
>  
> -----Original Message-----

> From: diamondenterpriseinc@telepak.net  
> <diamondenterpriseinc@telepak.net>  
> Sent: Wednesday, April 18, 2018 11:54 AM  
> To: mcgserrato@stwa.org  
> Subject: Re: Agua Dulce Ground Storage Tank

>  
> Archie is wanting to know how much are you short in the budget. We are  
> getting ready to start the job for Nueces Water. We can do it while we  
> are doing the job for Nuces Water. We can cut it.

> Thanks,

>  
> Water.

>> We are presenting budget amendments to the STWA Board during the  
>> April 24th meeting. The amount in currently in the budget is  
>> slightly short. If the amendment is approved, the Board will  
>> consider the proposals during the May 22nd meeting.

>>  
>> Carola G. Serrato  
>> Executive Director  
>> South Texas Water Authority  
>> PO Box 1701  
>> Kingsville, Texas 78364  
>> 361-592-9323 x112

>>  
>>

>>  
>> -----Original Message-----  
>> From: diamondenterpriseinc@telepak.net  
>> <diamondenterpriseinc@telepak.net>  
>> Sent: Tuesday, April 17, 2018 12:24 PM  
>> To: mcgserrato@stwa.org  
>> Subject: Re: Agua Dulce Ground Storage Tank  
>>

>> See attached revised quote per Archie:

>>  
>> Thanks,  
>> Michelle

>>  
>>  
>>> Yes, I would appreciate that.

>>>  
>>> Thanks,  
>>> Carola  
>>>  
>>> Carola G. Serrato  
>>> Executive Director  
>>> South Texas Water Authority  
>>> PO Box 1701  
>>> Kingsville, Texas 78364  
>>> 361-592-9323 x112

>>>  
>>>  
>>>  
>>> -----Original Message-----  
>>> From: diamondenterpriseinc@telepak.net  
>>> <diamondenterpriseinc@telepak.net>  
>>> Sent: Monday, April 16, 2018 1:33 PM  
>>> To: mcgserrato@stwa.org  
>>> Subject: Re: Agua Dulce Ground Storage Tank

>>>  
>>> Archie stated, "now that he knows what to quote." He wants to know  
>>> if he can submit another bid.

>>>  
>>> Thanks,  
>>> Michelle.  
>>>  
>>>> Michelle,

>>>>  
>>>> First, the interior of the tank has never been painted so that is  
>>>> the reason not to request a quote.

>>>>  
>>>> To keep the quotes "apples to apples" the other quote provides for  
>>>> a pressure wash using an anti-fungal biodegradable solution and to  
>>>> hand tool clean as necessary. It includes a one spot prime coat of  
>>>> metal primer and one complete finish coat of acrylic. It also  
>>>> includes replacing the logo.  
>>>> There is not any shrouding. It includes a 12 month warranty.

>>>>

>>>> Also, after blasting, STWA and the company's foreman will inspect  
>>>>the prepared surfaces for any defects prior to the coatings being  
>>>>applied.

>>>>

>>>>

>>>> Carola G. Serrato  
>>>> Executive Director  
>>>> South Texas Water Authority  
>>>> PO Box 1701  
>>>> Kingsville, Texas 78364  
>>>> 361-592-9323 x112

>>>>

>>>>

>>>>

>>>> -----Original Message-----

>>>>From: diamondenterpriseinc@telepak.net  
>>>><diamondenterpriseinc@telepak.net>  
>>>> Sent: Monday, April 16, 2018 10:11 AM  
>>>> To: mcgserrato@stwa.org  
>>>> Subject: Re: Agua Dulce Ground Storage Tank

>>>>

>>>> Carola,

>>>>

>>>> Yes, Archie gave you an interior quote price and an exterior quote  
>>>>price. I didn't leave anything off on the top of the page. I had  
>>>>only left off the Exterior quote on first email.  
>>>> Archie, stated " Maybe we did something wrong. We figured to blast  
>>>>and paint exterior; which includes full containment and caulking  
>>>>and the Nuts and bolts on this bolted tank. If there is a set of  
>>>>specs different from this procedure. Please advise."

>>>>

>>>> Note:

>>>> You may not want to fully blast the exterior. In this case it would  
>>>>be far less money involved.

>>>>

>>>> Thanks,

>>>>

>>>>

>>>>

>>>> Michelle,

>>>>>

>>>>> This quote has two amounts. Did you intend to delete the top  
>>>>>section?

>>>>> However, based on your comment below about leaving off  
>>>>>information, is the quote intending to have the two (2) totals  
>>>>>added?

>>>>>

>>>>> STWA's request is only for the exterior painting.

>>>>>

>>>>> Also, both figures (\$55,600 and \$51,143) are considerably more  
>>>>>than a quote from another company.

>>>>

>>>> Carola

>>>>

>>>> Carola G. Serrato

>>>> Executive Director

>>>> South Texas Water Authority

>>>> PO Box 1701

>>>> Kingsville, Texas 78364

>>>> 361-592-9323 x112

>>>>

>>>>

>>>>

>>>> -----Original Message-----

>>>>From: diamondenterpriseinc@telepak.net

>>>><diamondenterpriseinc@telepak.net>

>>>> Sent: Friday, April 13, 2018 11:53 AM

>>>> To: mcgserrato@stwa.org

>>>> Subject: Re: Agua Dulce Ground Storage Tank

>>>>

>>>> Mrs. Carola,

>>>>

>>>> Disregard previous quote. I left off the exterior of the paint.

>>>> I apologize for any inconvenience.

>>>>

>>>> thanks,

>>>>

>>>> Michelle

>>>>

>>>> he Nueces WSC Board meets tomorrow and will consider

>>>>>the quote.

>>>>>

>>>>>

>>>>> Carola G. Serrato

>>>>> General Manager

>>>>> Nueces Water Supply Corporation

>>>>> PO Box 415

>>>>> Kingsville, Texas 78364

>>>>> 361-592-1720 x112

>>>>>

>>>>>

>>>>>

>>>>> -----Original Message-----

>>>>>From: diamondenterpriseinc@telepak.net

>>>>><diamondenterpriseinc@telepak.net>

>>>>> Sent: Monday, April 9, 2018 3:17 PM

>>>>> To: mcgserrato@stwa.org

>>>>> Subject: Re: Agua Dulce Ground Storage Tank

>>>>>

>>>>> We are interested in submitting a quote. What's the status on the

>>>>>>10,000 gal tank?

>>>>>

>>>>> Thanks,

>>>>>

>>>>> Mr. Wilkins,

>>>>>

>>>>>

>>>>>

>>>>> STWA is working on its 6-month budget amendment. It appears

>>>>>there may be some funds available for the exterior painting of

>>>>>the 150,000g Agua Dulce Ground Storage tank. The tank is a

>>>>>bolted galvanized tank.

>>>>>Attached are sheets from the original plans on the dimensions of

>>>>>the tank.

>>>>>

>>>>>

>>>>>

>>>>> I will send photos from South Texas Pressure Systems recent tank

>>>>>inspection, if you are interested in providing South Texas Water

>>>>>Authority with a quote.

>>>>>

>>>>>

>>>>>

>>>>> Carola

>>>>>

>>>>>

>>>>>

>>>>> Carola G. Serrato

>>>>>

>>>>> Executive Director

>>>>>

>>>>> South Texas Water Authority

>>>>>

>>>>> PO Box 1701

>>>>>

>>>>> Kingsville, Texas 78364

>>>>>

>>>>> 361-592-9323 x112

>>>>>

>>>>>

>>>>>

>>>>>

>>>>>

>>>>>

>>>>> Michelle Haygood- Adm. Secretary

>>>>> Diamond Enterprise, Inc.

>>>>> Office - 601-225-7488 Cell -601-810-8097 P. O. Box 1009, Gloster,

>>>>>MS

>>>>> 39638 Office Hours: Mon-Thurs 9-12 & 1-4:00

>>>>> Friday off

>>>>>

>>>>>

>>>>>

>>>>> Michelle Haygood- Adm. Secretary

>>>>> Diamond Enterprise, Inc.

DIAMOND ENTERPRISE, INC.  
151 E. Main Street, P. O. Box 1009, Gloster, MS 39638  
Phone: 601-225-7488 Fax: 601-225-7595  
e-mail address - [diamondenterpriseinc@telepak.net](mailto:diamondenterpriseinc@telepak.net)

4/17/18

Carola G. Serrato  
Executive Director  
South Texas Water Authority  
P.O. Box 1701  
Kingsville, Tx 78364  
Phone # 361-592-9233 x 12  
Fax # 361-592-5965

.....  
Regional Water Supply System

Re: Painting 150,000 Gallon ground storage tank (Aqua Dulce)

Carola,

We are pleased to quote on the above project as follows:

A. Exterior Only-

1. Pressure wash exterior with solution approved by paint supplier.
2. Power tool or hand clean all rusted areas and prime with Tnemec 135.  
2 – 3 mills DFT
3. 2 Full finish coats of Tnemec 1028 (alky) (color owner choice) 4-5 mils  
Total DFT
4. Logo as existing on 1 side (or approval logo if different).
5. 1 year Warranty

**Lump Sum**

**\$22,600.00**

This price includes all labor, equipment, material, Insurance and taxes.

Sincerely,

Archie W. Wilkins Sr.

**mcserrato@stwa.org**

---

**From:** Patrick Hocking <phocking@pttg.com>  
**Sent:** Tuesday, April 10, 2018 3:15 PM  
**To:** mcserrato@stwa.org  
**Subject:** RE: South Texas Water Authority Agua Dulce GST Photos  
**Attachments:** MNT312150\_South Texas Water Authority\_Carola Serrato\_Kingsville\_TX\_78364....pdf

I have attached my quote for the exterior painting of your water tank in Agua Dulce. You will note I also added an optional price to install a 42" handrail as required by OSHA in case you decide to add that as well. Please let me know if you have any questions. Thanks.



Patrick Hocking  
National Accounts Manager  
Pittsburg Tank & Tower Group  
Maintenance Division  
PO Box 1849, Henderson, KY 42419

P: 270-826-9000 Ext: 4625 F: 270-854-1565  
[www.pttg.com](http://www.pttg.com)



**From:** mcserrato@stwa.org [mailto:mcserrato@stwa.org]  
**Sent:** Tuesday, April 10, 2018 1:53 PM  
**To:** Patrick Hocking  
**Subject:** RE: South Texas Water Authority Agua Dulce GST Photos

It is a rural setting without an assigned 911 address. I have attached a pdf file using Google Earth to get the address as close as possible – 100 West CR 38, Agua Dulce, Texas. The PS is almost at the intersection of King Avenue and CR 38.

Carola G. Serrato  
Executive Director  
**South Texas Water Authority**  
PO Box 1701  
Kingsville, Texas 78364  
361-592-9323 x112

**From:** Patrick Hocking <phocking@pttg.com>  
**Sent:** Tuesday, April 10, 2018 12:28 PM  
**To:** [mcserrato@stwa.org](mailto:mcserrato@stwa.org)  
**Subject:** RE: South Texas Water Authority Agua Dulce GST Photos

Can you give me an address on this Agua Dulce tank?

Thanks.



Patrick Hocking  
National Accounts Manager  
Pittsburg Tank & Tower Group  
Maintenance Division  
PO Box 1849, Henderson, KY 42419

P: 270-826-9000 Ext: 4625 F: 270-854-1565  
[www.pttg.com](http://www.pttg.com)



**From:** [mogserrato@stwa.org](mailto:mogserrato@stwa.org) [<mailto:mogserrato@stwa.org>]  
**Sent:** Monday, April 9, 2018 3:38 PM  
**To:** Patrick Hocking  
**Subject:** South Texas Water Authority Agua Dulce GST Photos

Mr. Hocking,


Attached are the photos of the GST located in Agua Dulce.

Carola G. Serrato  
Executive Director  
**South Texas Water Authority**  
PO Box 1701  
Kingsville, Texas 78364  
361-592-9323 x112

The information contained in this e-mail message may be privileged, confidential and protected from disclosure. If you are not the intended recipient, any dissemination, distribution or copying is strictly prohibited. If you think that you have received this e-mail message in error, please notify the sender and delete this email, any file attachments and destroy all copies. Thank you for your cooperation.



# PITTSBURG TANK & TOWER GROUP



MAINTENANCE DIVISION Since 1919

1 Watertank Place  
PO Box 36  
Henderson, KY 42419  
P: (270) 826-9000  
F: (270) 215-5705  
[www.pttg.com](http://www.pttg.com)

Tuesday, April 10, 2018

Carola Serrato  
Executive Director  
South Texas Water Authority  
PO Box 1701  
2302 East Sage Road  
Kingsville, TX 78364  
(361) 592-9323 Phone  
[mcserrato@stwa.org](mailto:mcserrato@stwa.org)

Carola,

Since 1919, Pittsburg Tank & Tower Group Maintenance Division has been providing tank services to our customers in over 50 countries, proudly making us a Global Company. Our wealth of experience encompasses all aspects of tank maintenance services, from paint and repair to dismantle and inspections. Our expertise expands beyond maintenance to tank design, fabrication, erection and professional engineering services for new tanks and modifications to existing tanks, including raising, lowering and moving services.

Having been ranked in the Top 600 Specialty Contractors and among the top 15 steel erectors according to Engineering News Record, it was natural to expand our offerings into the Custom Engineering and Manufacturing Industry. Our sister company, AllState Tower Inc., manufactures structural steel components for towers and agricultural material handling, including complete turn-key systems and installation services.

At Pittsburg Tank & Tower Group, it's not only about the products we produce, but the people as well. Being a family-operated company with a commitment to the Safety and Health of our family of employees, we have worked with the Commonwealth of Kentucky's Labor Cabinet to achieve our SHARP Certification (Safety and Health Achievement Recognition Program), and we are recognized as a Drug Free Workplace in accordance with the standards set forth by the regulation; [803 KAR 25:280 Certification of Drug-Free Workplace](#).

We are proud to provide you with this quotation and look forward to working with you should you decide to accept it. To accept the proposal, simply sign and date one (1) copy and return it to our Henderson, KY office either by mail, fax or email.

Please feel free to contact us should you have any questions or concerns, or simply want to discuss the proposal further.

Respectfully,

**Pittsburg Tank & Tower Group**  
**Maintenance Division**

**Patrick Hocking**  
Account Executive  
Phone: (270) 869-9400 Ext: 4625  
Fax: (270) 854-1565  
[phocking@pttg.com](mailto:phocking@pttg.com)

**Patrick Heltsley**  
Vice President  
(270)869-9400 Ext: 4601  
(270)748-1325 Cell  
(270)767-6912 Fax  
[pheltsley@pttg.com](mailto:pheltsley@pttg.com)

Paint • Repair • Dismantle • Inspect • Reinsulate • Tanks Raised, Lowered, and Moved  
New and Used Tanks

Tuesday, April 10, 2018

TO: South Texas Water Authority  
PO Box 1701  
Kingsville, TX 78364  
EMAIL: [mcgserrato@stwa.org](mailto:mcgserrato@stwa.org)

ATTN: Carola Serrato  
Executive Director  
PHONE: 361-592-9323 ext. 112

In accordance with price, terms and conditions quoted below, we propose to furnish all labor, material, equipment and insurance necessary to complete the following to **one (1) 150,000 gallon bolted ground storage tank**:

**Option 1:** Pressure wash the exterior of the tank and support structure using an anti-fungal biodegradable solution and hand tool clean as necessary. Then apply one spot prime coat of metal primer and one complete finish coat of acrylic.

The above to be completed for the sum of.....\$21,200.00  
**Twenty-One Thousand Two Hundred Dollars and Zero Cents**

**Option 2:** Install an approved 42" high handrail system around the circumference of the tank roof, complete with intermediate rail, toeboard and a swing gate at the junction of the shell-to-roof access ladder and tank roof.

The above to be completed for the sum of.....\$5,400.00  
**Five Thousand Four Hundred Dollars and Zero Cents**

**CONTRACTOR FURTHER AGREES**

- Any signs and/or logos will be replaced as is.
- After blasting, owner and foreman will inspect the prepared surfaces for any found steel defects prior to application of the coatings.
- This quote does not provide for the shrouding or containment of blast media and paint.
- Warning: Do not attach any additional loading to your tank/tower unless structural integrity is known to be sufficient. For analysis call Pittsburg Tank & Tower Maintenance.
- All workmanship is guaranteed for twelve (12) months after completion.
- In the event the tank must be drained, it should be drained by the owner, prior to our arrival (refer to Item #2 on our Terms & Conditions page).

Tuesday, April 10, 2018

**Terms & Conditions**

- 1) Prior to start of work, Owner will be furnished a certificate of insurance covering Workman's Compensation, Occupational Disease, Employer's Liability, and General Liability.
- 2) If tank is to be drained prior to our arrival, it shall be drained by owner, if it becomes necessary to drain the tank while on site, it must be drained by the Owner/Customer
- 3) If needed a pressure release valve will be furnished during the cleaning and painting operation. Owner required to notify PTTM prior to mobilization if required.
- 4) In the event interior and/or exterior complete tank repainting is not included in this scope of work, all new tank appurtenances furnished and installed by PTTM as part of this scope of work shall be field primed and finish coated to match existing coating system(s), unless specifically excluded from our scope of work. Color to match as close as possible.
- 5) No paint shall be applied during wet, damp, or inclement weather.
- 6) All paint will be delivered to the job site in original containers with contents identified by the manufacturer.
- 7) If necessary, customer will be required to clear/move vehicles and equipment a safe distance from the job site to prevent damage and place physical barricades around the perimeter to restrict access.
- 8) Work to be performed using our standard wage scale with Open Shop personnel, by mechanics skilled in their trade.
- 9) All workmanship is guaranteed for twelve (12) months after completion.
- 10) Handling, removal, and/or disposal of hazardous or contaminated material (e.g., asbestos, lead, chemicals, heavy metals, etc.) requiring special handling or transportation to a specific disposal site are not included in the submitted quotation for work. Unless specifically included in our scope of work.
- 11) This quote does not provide for the shrouding or containment of blast media and paint.
- 12) Owner understands and agrees any Federal, State, and Municipal taxes imposed on Contractor with respect to the outlined work are additional expenses not included in the contract and further assumes the obligation of paying said additional costs incurred by Contractor. PTTM does not include costs for any permits, local licenses, fees, etc. in this proposal.
- 13) OWNER / CONTRACTOR agree that the exclusive venue for any litigation arising out of or relating to this Agreement shall be in the Circuit Court of Henderson County, Kentucky and that this Agreement and any litigation arising thereunder shall be governed, construed and interpreted according to Kentucky law.
- 14) In the event OWNER initiates any litigation against PTTM in contravention of this venue provision, OWNER shall pay PTTM's attorney's fees and costs incurred in obtaining a dismissal and transfer of the litigation to the proper venue in the Circuit Court of Henderson County, Kentucky.
- 15) OWNER and PTTM hereby waive any right they may otherwise have to venue in a federal court including, but not limited to, any right arising under federal question or diversity jurisdiction.

**TERMS**

→ 50% with Order; Balance upon Completion OR Mutually Agreed Payment Terms  
**\*MasterCard, Visa and American Express are accepted, with prior authorization\***  
**Payments made by credit card may be subject to a processing fee of 3% interest may be applied to payments not received in accordance to payment terms.**

The parties approving this contract certify that they are fully authorized to do so, and that all legal requirements have been complied with. You are hereby authorized to furnish all labor, material, equipment and insurance required to complete the work mentioned in the above proposal, for which the undersigned agrees to pay the amount mentioned in said proposal. OWNER / CONTRACTOR agree that the exclusive venue for any litigation arising out of or relating to this Agreement shall be in the Circuit Court of Henderson County, Kentucky and that this Agreement and any litigation arising thereunder shall be governed, construed and interpreted according to Kentucky law. In the event OWNER initiates any litigation against PTTM in contravention of this venue provision, OWNER shall pay PTTM's attorney's fees and costs incurred in obtaining a dismissal and transfer of the litigation to the proper venue in the Circuit Court of Henderson County, Kentucky. OWNER and PTTM hereby waive any right they may otherwise have to venue in a federal court including, but not limited to, any right arising under federal question or diversity jurisdiction

**ALL QUOTATIONS SUBJECT TO ACCEPTANCE WITHIN 60 DAYS**

Respectfully Submitted by:  
**Pittsburg Tank & Tower Group**  
**Maintenance Division**

Accepted: \_\_\_\_\_, 20 \_\_\_\_

By: \_\_\_\_\_

**South Texas Water Authority**

**Patrick Heltsley, Vice President**

By: \_\_\_\_\_

Title: \_\_\_\_\_