

MEMORANDUM

TO: South Texas Water Authority Board of Directors
FROM: Kathleen Lowman, President
DATE: September 17, 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, September 25, 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:

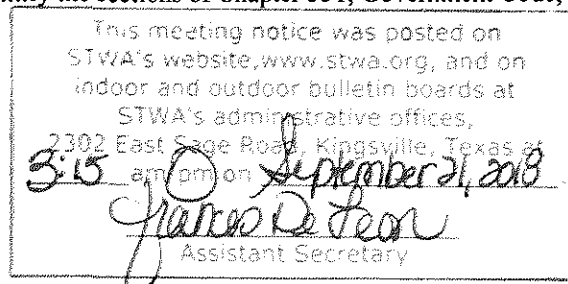
Agenda

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. Approval of Minutes. (Attachment 1)
4. Treasurer's Report/Payment of Bills. (Attachment 2)
5. Fiscal Year 2018 Budget Amendments. (Attachment 3)
6. Tax year 2018 tax roll/levy for the South Texas Water Authority's district in Kleberg County. (Attachment 4)
7. **Resolution 18-14.** Resolution adopting the tax roll/levy for the South Texas Water Authority's district in Kleberg County for tax year 2018. (Attachment 5)
8. Tax year 2018 tax roll/levy for the South Texas Water Authority's district in Nueces County. (Attachment 6)
9. **Resolution 18-15.** Resolution adopting the tax roll/levy for the South Texas Water Authority's district in Nueces County for tax year 2018. (Attachment 7)

10. STWA Investment Policies: (Attachment 8)
 - a) South Texas Water Authority General Fund
 - b) South Texas Water Authority Debt Service Fund
 - c) South Texas Water Authority Capital Projects Fund
11. **Resolutions 18-16 through 18-18.** Resolutions approving the following South Texas Water Authority Investment Policies: (Attachment 9)
 - a) South Texas Water Authority General Fund
 - b) South Texas Water Authority Debt Service Fund
 - c) South Texas Water Authority Capital Projects Fund
12. Request to close office for staff Christmas luncheon and gift exchange on December 12, 2018.
13. Proposal for line locate services from USIC Locating Services, LLC. (Attachment 10)
14. Update on TCEQ Enforcement Action and State Office of Administrative Hearings. (Attachment 11)
15. Update on Driscoll Pump Station LAS Chemical Feed System Addition. (Attachment 12)
16. Water Supply Contract with the City of Bishop. (Attachment 13)
17. Water Supply Contract with City of Driscoll. (Attachment 14)
18. Bids for Fiscal Year 2019 pickup truck. (Attachment 15)
19. **Resolution 18-19.** Resolution awarding the bid for the purchase of one pickup truck. (Attachment 16)
20. Purchase of replacement conference room chairs. (Attachment 17)
21. Personnel Evaluation of the Executive Director.
22. 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
Public Hearing
September 4, 2017
Minutes

Board Members Present:

Kathleen Lowman
Dr. Albert Ruiz
Lupita Perez
Charles Schultz
Filiberto Treviño

Board Members Absent:

Patsy Rodgers
Steven Vaughn
Rudy Galvan

Staff Present:

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

Guests Present:

None

1. Call to Order.

Ms. Kathleen Lowman, Board President, called the Public Hearing of the STWA Board of Directors to order at 5:35 p.m. A quorum was present.

2. Public Hearing on proposed \$0.086664 per \$100 valuation tax rate for Fiscal Year 2019/Tax Year 2018.

Ms. Lowman announced the opening of the Public Hearing on the proposed \$0.086664 per \$100 valuation tax rate for Fiscal Year 2019/Tax Year 2018. No comments were received on the proposed tax rate.

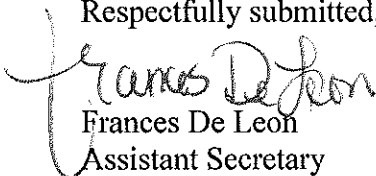
3. Public Comment.

No members of the public were present.

4. Adjournment.

With no further business to discuss, Ms. Lowman adjourned the public hearing at 5:40 p.m.

Respectfully submitted,


Frances De Leon
Assistant Secretary

SOUTH TEXAS WATER AUTHORITY
Regular Board of Directors Meeting
September 4, 2018
Minutes

Board Members Present:

Kathleen Lowman
Dr. Albert Ruiz
Lupita Perez
Charles Schultz
Filiberto Treviño

Board Members Absent:

Patsy Rodgers
Steven Vaughn
Rudy Galvan

Staff Present:

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

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 5:40 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.

Dr. Ruiz made a motion to approve the minutes of the July 31, 2018 Regular Meeting as presented. Ms. Perez 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 July 31, 2018
Revenue Fund Income Statement for period ending July 31, 2018
Tax Fund Income Statement for period ending July 31, 2018
Special Services Income Statement for period ending July 31, 2018
STWA Revenue Fund Balance Sheet – July 31, 2018
STWA Revenue Fund GL Account Summary Report as of July 31, 2018
STWA Debt Service Fund Income Statement for period ending July 31, 2018
STWA Debt Service Fund Balance Sheet July 31, 2018
STWA Debt Service Fund GL Account Summary Report as of July 31, 2018
STWA Capital Projects Fund Income Statement for period ending July 31, 2018
STWA Capital Projects Fund Balance Sheet – July 31, 2018

STWA Capital Projects Fund GL Account Summary Report as of July 31, 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, Attorneys at Law	\$ 1,556.70
• LNV, Inc. -- Banquete PS Improvements	\$ 3,875.00
• Kevin Kieschnick-NC Tax Assessor	\$ 1,120.20
• City of Corpus Christi	\$ 156,041.09
• Nueces County Appraisal District	\$ 1,691.00
• Willatt & Flickinger, Attorneys at Law	\$ 951.70

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

5. Proposal for line locate services from USIC Locating Services, LLC.

Ms. Serrato reported that STWA was approached by USIC about line locating services after they noticed how often their locator was at the same sites as STWA personnel. Staff research concluded that STWA staff performed just less than 4,000 line locates over the past year and of those, 1900 were for STWA. Ms. Serrato presented a standard agreement template and a pricing proposal from USIC. She estimates an annual cost of \$25,000 for this service but said although it would free up staff time, she is apprehensive about the line being mismarked. She also has concerns about the agreement template although USIC suggested that provisions could be modified. The Board agreed to table this item for discussion at a later date when more members of the Board were available to express their opinion.

6. Fiscal Year 2019 budget, revenues and rates.

Ms. Serrato presented the Fiscal Year 2019 General Fund, Tax Fund, Special Services Fund, Debt Service Fund and Capital Improvement Fund Budgets based on a proposed total tax rate of \$0.086664 which includes a \$0.067886/\$100 M&O tax rate and an I&S tax rate of \$0.018778/\$100. The budgets are also based on the same Handling Charge of \$0.426386/1000 gallons. The City of Corpus Christi final Cost of Water model has not been provided so the budget remains based on last year's model. The City of Kingsville will be purchasing \$370,000 in FY 2019 according to the water supply contract. Included in the budget is a 9% increase in medical and dental insurance, a 2% increase to total salaries with the exception of the Executive Director and \$240,400 in capital acquisition. In addition, taps and repairs fees charged to Nueces Water Supply Corporation and Ricardo Water Supply Corporation were adjusted to recoup overhead and personnel expenses which increased by about \$20,000. Finally, Ms. Serrato pointed out that two budgets were presented. One included an additional \$25,000 in case the Board chose to approve the added expense of the USIC line locating services.

Mr. Schultz made a motion to adopt the FY 2019 budget without the \$25,000 for the line locating services. Dr. Ruiz seconded. All voted in favor.

7. Resolution 18-12. Resolution adopting the recommended Fiscal Year 2019 budget.

Mr. Treviño made a motion to approve the FY 2019 budget without the additional \$25,000 for line locating services by adoption of Resolution 18-12. The motion was seconded by Ms. Perez and passed by unanimous vote.

8. Resolution 18-13. Resolution adopting the Fiscal Year 2019/Tax Year 2018 tax rate.

Mr. Treviño made a motion to approve Resolution 18-13 adopting the Fiscal Year 2019/Tax Year 2018 M&O tax rate of \$0.067886 per \$100 assessed valuation and the I&S tax rate of \$0.018778 per \$100 assessed valuation for a total tax rate of \$0.086664 per \$100 of taxable value. The motion was seconded by Ms. Perez and passed with all voting in favor.

9. Update on TCEQ Enforcement Action and State Office of Administrative Hearings.

Ms. Serrato reported that a conference call with TCEQ representatives is scheduled before the end of September. She had nothing further to report.

10. Update on Driscoll Pump Station LAS Chemical Feed System Addition.

Ms. Serrato reported that the LAS system is operating on manual. The levels are much improved but should be better. Staff continues to monitor the system closely and to research possible causes for the system's failure to perform as expected.

11. Authorization to solicit bids for Fiscal Year 2019 pickup truck.

Ms. Serrato stated that purchase of a pickup truck to replace a 2009 truck is included in the Fiscal Year 2019 budget and asked for authorization to solicit bids. Mr. Schultz made a motion to authorize staff to solicit bids for the replacement of the 2009 truck. Mr. Treviño seconded. All voted in favor.

12. Water Supply Contract with the City of Bishop.

Ms. Serrato stated that after the last meeting it was expected that the City of Bishop's legal counsel Ken Fields would be contacted to begin working on changes to the water supply contract; however, Mr. Bill Flickinger was instead contacted by attorney Gerald Benadum stating he would be working on the contract. She asked Mr. Flickinger if he could move forward with the contract changes if no progress is made within a certain timeframe and Mr. Flickinger responded that he could. Mr. Schultz made a motion to have Mr. Flickinger make the changes to the Bishop water supply contract if nothing is received by October 4th. Mr. Treviño seconded. All voted in favor.

13. Water Supply Contract with the City of Driscoll.

Ms. Serrato stated that she attempted to work on negotiating a water supply contract with the City of Driscoll as authorized by the Board at the last meeting, however, the mayor is no longer in office. Mr. John Valls is currently acting as Interim City Administrator and she forwarded the most recent correspondence to him at his request and will follow up with him.

14. Update on 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.

Ms. Serrato stated that she received the updated metes and bounds and presented the executed Amendment to the current easement with AEP. She said the revised metes and bounds area no longer extends into the pump station's fenced area and the matter is now considered settled.

15. Texas Municipal League Intergovernmental Risk Pool Board of Trustees Election.

The Board reviewed the candidate information on the Official Ballot for the Texas Municipal League Intergovernmental Risk Pool Board of Trustees Election. Ms. Serrato stated that she is not familiar with any of the candidates. The Board chose not to cast a vote for any of the candidates.


16. Official Consent and Ballot Form for Approval of Proposed Amendments to the ERCOT Articles of Incorporation and Approval of Proposed Amendments to the ERCOT Bylaws.

Ms. Serrato provided a meeting notice for ERCOT Membership and a ballot associated with amending the ERCOT Articles of Incorporation and Bylaws. She explained that ERCOT's deadline requires that the ballot be submitted by September 7, 2018. She added that Chris Brewster, an attorney for Texas Coalition for Affordable power (TCAP), recommends approving the amendments to both the Articles of Incorporation and the Bylaws. She requested authorization to submit a ballot of "For" on both items. Mr. Schultz made a motion to authorize Ms. Serrato to vote "For" on both items. Mr. Treviño seconded and all voted in favor.

17. Adjournment.

With no further business to discuss, Ms. Lowman adjourned the meeting at 6:24 p.m.

Respectfully submitted,


Frances De Leon
Assistant Secretary

ATTACHMENT 2

Treasurer's Report/Payment of Bills

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

STWA Water Sales:

<u>Entity</u>	<u>Water Usage (1,000 g)</u>	<u>Cost of Water from City of Corpus Christi \$2.391852 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	13,425	\$32,110.61	\$5,724.23	\$0.00	\$0.00	\$37,834.85
Bishop	7,088	\$16,953.45	\$3,022.22	\$3,022.22	\$0.00	\$22,997.89
Agua Dulce	2,772	\$6,630.24	\$1,181.95	\$0.00	\$0.00	\$7,812.18
RWSC	10,208	\$24,416.03	\$4,352.55	\$0.00	\$0.00	\$28,768.57
Driscoll	4,374	\$10,461.72	\$1,864.97	\$1,864.97	-\$69.40	\$14,122.26
NCWCID #5	2,158	\$5,162.24	\$920.25	\$920.25	\$731.47	\$7,734.21
NWSC	17,149	\$41,017.99	\$7,312.11	\$0.00	\$0.00	\$48,330.10
TOTAL	57,174	\$136,752.27	\$24,378.29	\$5,807.45	\$662.07	\$167,600.07

Water Cost and Usage for Period of:

	07/31/18 to 08/31/18
City of Corpus Christi Invoice for Cost of Water Purchased:	\$130,834.29
Gallons of Water Recorded by City of Corpus Christi:	54,700,000
Gallons of Water Recorded by STWA from Customer's Master Meters:	57,174,220
Water Loss Percentage:	-4.52%

Annual Usage for FY 2018

	Annual
Gallons of Water Recorded by City of Corpus Christi:	501,898,000
Gallons of Water Recorded by STWA from Customer's Master Meters:	516,393,750
Water Loss Percentage: (year to date)	-2.89%

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

91.67%

	MONTHLY	YEAR TO DATE	2018 AMENDED BUDGET	% OF 2018 AMENDED BUDGET	2017 YEAR TO DATE	2017 FINAL BUDGET
REVENUES						
Water Service Revenue	136,752	1,241,225	1,257,962	99%	1,150,822	1,240,206
Handling Charge Revenue	24,378	222,640	220,170	101%	212,050	228,517
Premium Incremental Increase	5,807	42,841	35,000	122%	0	0
Surcharge - Out of District	552	6,067	6,619	92%	5,297	5,778
Interest Income	3,775	29,281	22,000	133%	12,366	13,500
Other Revenue						
Operating & Maintenance Fees	0	0	0	0%	0	0
Miscellaneous Revenues	1,701	28,927	5,000	579%	6,505	6,750
TOTAL REVENUES	172,966	1,570,981	1,546,751	102%	1,387,040	1,494,751
EXPENDITURES						
Water Service Expenditures:						
Bulk Water Purchases	130,834	1,193,062	1,257,962	95%	1,140,705	1,233,414
Payroll Costs						
Salaries & Wages - Reg. Employees	21,100	277,483	313,366	89%	265,536	285,123
Salaries & Wages - Part-Time	181	1,418	1,607	88%	5,653	5,851
Overtime - NWSC	0	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	1,412	17,121	20,300	84%	15,439	17,910
Stand-by Pay - STWA	150	1,200	1,300	92%	1,200	1,300
Employee Retirement Premiums	4,305	40,550	54,023	75%	30,142	36,612
Group Insurance Premium	12,786	141,831	156,292	91%	134,878	147,404
Unemployment Compensation	26	1,261	1,115	113%	251	300
Workers' Compensation	2,959	4,820	6,498	74%	7,252	7,252
Car Allowance	500	5,400	5,900	92%	4,800	4,800
Hospital Insurance Tax	426	3,257	3,825	85%	3,188	3,388
Supplies & Materials						
Repairs & Maintenance	8,699	70,122	80,000	88%	116,118	126,500
Meter Expense	0	12,523	11,500	109%	7,140	7,140
Tank Repairs	0	26,140	20,000	131%	0	7,800
Major Repairs	0	0	25,000	0%	0	25,000
Other Operating Expenditures:						
Professional Fees						
Legal	952	9,108	30,000	30%	23,156	30,000
Auditing	0	9,369	9,370	100%	9,155	9,155
Engineering	0	59,493	70,000	85%	38,605	60,000
Management & Consulting	0	2,778	10,000	28%	12,548	14,550
Inspection	0	2,725	3,725	73%	1,598	1,600
Leak Detection	0	55,440	55,440	100%	3,324	20,000
Consum Supplies/Materials						
Postage	0	5,834	6,500	90%	6,142	8,950
Printing/Office Supplies/Tech Support	352	20,653	26,500	78%	15,954	18,650
Janitorial/Site Maintenance	311	5,128	6,000	85%	3,460	4,350
Fuel/Lubricants/Repairs	3,103	27,242	33,000	83%	20,235	24,335
Chemicals/Water Samples	6,739	44,563	58,000	77%	37,739	49,900
Safety Equipment	203	876	1,500	58%	678	1,500
Small Tools	55	1,453	4,500	32%	330	1,000

	MONTHLY	YEAR TO DATE	2018 AMENDED BUDGET	% OF 2018 AMENDED BUDGET	2017 YEAR TO DATE	2017 FINAL BUDGET
Recurring Operating Costs						
Telephone/Communications	1,675	17,575	23,500	75%	21,265	23,700
Utilities	6,433	80,049	115,000	70%	98,959	108,500
D & O Liability Insurance	0	1,377	3,500	39%	1,577	2,100
Property Insurance	0	29,462	20,000	147%	33,247	33,247
General Liability	0	2,617	2,750	95%	2,247	2,750
Auto Insurance	0	2,050	2,050	100%	2,050	2,050
Travel/Training/Meetings	50	7,625	10,000	76%	5,681	6,300
Rental-Equipment/Uniforms	390	3,506	5,000	70%	2,302	3,500
Dues/Subscriptions/Publication	1,650	11,090	15,000	74%	6,014	9,300
Pass Through Cost	69	680	800	85%	549	780
Educational Materials	0	0	0	0%	0	0
Miscellaneous						
Miscellaneous Expenditures	80	3,909	11,647	34%	7,442	9,000
Total Administrative & Operations Exp.	205,441	2,200,790	2,482,470	89%	2,086,559	2,355,011
Capital Outlay						
Capital Acquisition	0	88,759	89,000	100%	79,269	114,500
Engineering	7,750	11,625	0	0%	798	1,000
TOTAL EXPENDITURES (w/o D.S. exp.)	213,191	2,301,173	2,571,470	89%	2,166,626	2,470,511
Excess (Deficiencies) of Revenue Over Expenditures	(40,225)	(730,193)	(1,024,719)	71%	(779,586)	(975,760)
OTHER FINANCE SOURCE (USES)						
Transfer to Other Funds						
Transfer from Tax Account	0	(1,068,253)	(1,055,703)	101%	(979,973)	(991,729)
Extra Ordinary Income						
Disposition of Assets (Surplus Sale)	0	(24,257)	(4,432)	547%	0	0
TOTAL OTHER FINANCING SOURCES (USES)	0	(1,092,510)	(1,060,135)	103%	(979,973)	(991,729)
EXCESS (DEFICIENCIES) OF REVENUES OVER OTHER SOURCES (USES)	(40,225)	362,318	35,416		200,387	15,969
NET INCOME	(40,225)	362,318	35,416		200,387	15,969

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

91.67%

	MONTHLY	YEAR TO DATE	2018 AMENDED BUDGET	% OF 2018 AMENDED BUDGET	2017 YEAR TO DATE	2017 FINAL BUDGET
REVENUES						
Ad-Valorem - Current	2,330	1,082,077	1,070,008	101%	988,503	989,500
Delinquent Tax Revenue	4,092	35,966	27,500	131%	33,374	33,850
Penalty & Interest - Tax Accounts	1,368	21,932	16,000	137%	21,721	22,050
Miscellaneous	0	0	0	0%	0	0
TOTAL TAXES & INTEREST	7,791	1,139,976	1,113,508	102%	1,043,598	1,045,400
EXPENDITURES						
Tax Collector Fees	0	36,527	37,215	98%	35,371	35,371
Appraisal Districts	3,931	19,183	20,590	93%	18,300	18,300
TOTAL EXPENDITURES	3,931	55,711	57,805	96%	53,671	53,671
Transfer to General Fund	0	1,068,253	1,055,703	101%	979,973	991,729
EXCESS REVENUES & OTHER FINANCING SOURCES OVER(UNDER) EXPENDITURES AND OTHER USES	3,860	16,012	0		9,954	0

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

91.67%

	MONTHLY	YEAR TO DATE	2018 AMENDED BUDGET	% OF 2018 AMENDED BUDGET	2017 YEAR TO DATE	2017 FINAL BUDGET
REVENUES						
Ricardo Water Supply Corporation	17,368	231,686	293,020	79%	219,628	271,554
Nueces Water Supply Corporation	24,702	250,625	275,134	91%	245,814	250,665
TOTAL REVENUES	42,070	482,311	568,154	85%	465,442	522,219
EXPENDITURES						
Personnel	35,553	277,733	304,185	91%	261,664	288,626
Overhead	19,546	225,934	263,969	86%	193,472	233,593
TOTAL EXPENDITURES	55,099	503,667	568,154	89%	455,136	522,219
EXCESS REVENUES & OTHER FINANCING SOURCES OVER(UNDER) EXPENDITURES AND OTHER USES						
	(13,029)	(21,356)	0		10,306	0

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

ASSETS

Current Assets

STWA - General	\$ 293,522.74
STWA - Payroll	23,612.89
STWA - Operations	21,970.85
Petty Cash	150.00
TexPool - STWA General	2,266,815.84
Due From Capital Projects Fund	35,497.09
Due from Debt Service Fund	30.87
Due from D.S. -Collect Service	1,557.57
Tax Accounts Receivable	165,274.52
Allowance for Uncollect Taxes	(66,653.05)
Service accts receivable	225,975.15
Interlocal Rec-Ricardo	3,021.98
Interlocal Rec-Nueces	11,433.69
Interlocal Rec. - Tax Assessor	1,688.73
Inventory	17,836.50

Total Assets \$ 3,001,735.37

LIABILITIES AND FUNDS EQUITY

Current Liabilities

Trade Accounts Payable	\$ 325,857.06
Salaries & Wages Payable	4,505.79
Unemployment Comp. Pbl.	64.54
Miscellaneous Payables	650.80
Compensated Absences	17,620.65
Deferred tax revenue	98,621.47
Due to Debt Service Fund	359.78

Total Liabilities 447,680.09

Fund Equity

Unassigned Fund Balance	2,179,245.44
Assigned Fund Bal. - Inventory	17,836.50
Current Earning	356,973.34

Total Fund Equity 2,554,055.28

Total Liabilities & Fund Equity \$ 3,001,735.37

**South Texas Water Authority
 GI Account Summary Report
 As of: August 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>
Current Assets					
STWA - General	291,419.47	\$ 253,878.40	\$ (251,775.13)	\$ 2,103.27	\$ 293,522.74
STWA - Payroll	33,891.47	35,009.97	(45,288.55)	(10,278.58)	23,612.89
STWA - Operations	53,331.96	23.59	(31,384.70)	(31,361.11)	21,970.85
Petty Cash	150.00	0.00	0.00	0.00	150.00
Transfers	0.00	35,000.00	(35,000.00)	0.00	0.00
TexPool - STWA General	2,254,929.77	11,886.07	0.00	11,886.07	2,266,815.84
Due From Capital Projects Fund	35,497.09	0.00	0.00	0.00	35,497.09
Due from Debt Service Fund	17.34	13.53	0.00	13.53	30.87
Due from D.S. -Collect Service	275.48	1,282.09	0.00	1,282.09	1,557.57
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	268,487.18	196,015.99	(238,528.02)	(42,512.03)	225,975.15
Interlocal Rec-Ricardo	4,995.00	3,021.98	(4,995.00)	(1,973.02)	3,021.98
Interlocal Rec-Nueces	8,602.36	11,433.69	(8,602.36)	2,831.33	11,433.69
Interlocal Rec. - Tax Assessor	2,097.91	1,688.73	(2,097.91)	(409.18)	1,688.73
Inventory	17,836.50	0.00	0.00	0.00	17,836.50
Total Assets	3,070,153.00	549,254.04	(617,671.67)	(68,417.63)	3,001,735.37
Current Liabilities					
Trade Accounts Payable	(328,672.48)	212,056.18	(209,240.76)	2,815.42	(325,857.06)
Salaries & Wages Payable	(20,230.78)	20,230.78	(4,505.79)	15,724.99	(4,505.79)
Hospital Ins Tax Payable	0.00	1,836.28	(1,836.28)	0.00	0.00
Withholding Taxes Payable	0.00	5,870.60	(5,870.60)	0.00	0.00
Emply Retire Prem Payable	0.00	15,855.84	(15,855.84)	0.00	0.00
Unemployment Comp. Pbl.	(32.14)	0.00	(32.40)	(32.40)	(64.54)
Miscellaneous Payables	(1,345.66)	15,371.07	(14,676.21)	694.86	(650.80)
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)
Due to Debt Service Fund	(179.89)	0.00	(179.89)	(179.89)	(359.78)
Total Liabilities	(466,703.07)	271,220.75	(252,197.77)	19,022.98	(447,680.09)
Fund Equity					
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)
Total Fund Equity	(2,197,081.94)	0.00	0.00	0.00	(2,197,081.94)
Totals	406,367.99	\$ 820,474.79	\$ (869,869.44)	\$ (49,394.65)	\$ 356,973.34

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

91.67%

	MONTHLY	YEAR TO DATE	2018 AMENDED BUDGET	% OF 2018 AMENDED BUDGET	2017 YEAR TO DATE	2017 FINAL BUDGET
REVENUES						
Ad-Valorem - Current	760	352,913	366,174	96%	354,097	354,529
Delinquent Tax Revenue	1,320	11,401	7,000	163%	9,918	10,400
Penalty & Interest - Tax Accounts	408	6,296	5,500	114%	5,425	5,675
Out-of-District Surcharge	180	1,979	2,159	92%	1,897	2,070
Interest on Temporary Investments	127	3,206	2,280	141%	1,403	1,450
Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>	0%	<u>0</u>	<u>0</u>
TOTAL TAXES & INTEREST	2,795	375,795	383,113	98%	372,740	374,124
OTHER FINANCING SOURCES						
Excess Bond Proceeds	<u>0</u>	<u>0</u>	<u>0</u>	0%	<u>0</u>	<u>0</u>
TOTAL OTHER FINANCE SOURCES	0	0	0		0	374,124
TOTAL REVENUE AND OTHER FINANCE SOURCES	2,795	375,795	383,113	98%	372,740	374,124
EXPENDITURES						
Fiscal Agent Fees	100	200	200	100%	200	200
Bond Interest Expense	63,375	126,750	126,750	100%	131,050	131,050
Bond Principal Payments	220,000	220,000	220,000	100%	215,000	215,000
Tax Collector Fees	0	11,966	12,189	98%	12,670	12,676
Appraisal District Fees	1,282	6,420	6,714	96%	6,555	6,555
Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>	0%	<u>0</u>	<u>0</u>
TOTAL EXPENDITURES	284,757	365,335	365,853	100%	365,475	365,481
EXCESS REVENUES OVER(UNDER) EXPENDITURES AND OTHER USES	(281,962)	10,460	17,260		7,265	8,643

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

ASSETS

Current Assets

Debt Service Acct. - TexPool	\$ 33,863.72
Due from General	359.78
Due from Other Governments	690.06
Taxes Receivable	30,016.34
Allowance for Uncollectibles	(8,581.46)

Total Current Assets	56,348.44
-----------------------------	------------------

Other Assets

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

Total Assets	\$ 56,348.44
---------------------	---------------------

LIABILITIES AND FUNDS EQUITY

Current Liabilities

Deferred Tax Revenue	\$ 21,610.10
Due to General Fund	1,588.45

Total Current Liabilities	23,198.55
----------------------------------	------------------

Long-Term Liabilities

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

Total Liabilities	23,198.55
--------------------------	------------------

Funds Equity

Fund Balance	22,690.35
Net Income	10,459.54

Total Funds Equity	33,149.89
---------------------------	------------------

Total Liabilities & Funds Equity	\$ 56,348.44
---	---------------------

STWA Debt Service Fund
 GI Account Summary Report
 As of: August 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	314,535.03	\$ 2,803.69	\$ (283,475.00)	\$ (280,671.31)	\$ 33,863.72
12200	Due from General	179.89	179.89	0.00	179.89	359.78
13100	Due from Other Government	690.06	0.00	0.00	0.00	690.06
13300	Taxes Receivable	30,191.56	514.84	(690.06)	(175.22)	30,016.34
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	(292.83)	0.00	(1,295.62)	(1,295.62)	(1,588.45)
39100	Fund Balance	(22,690.35)	0.00	0.00	0.00	(22,690.35)
Totals		<u>292,421.80</u>	<u>\$ 3,498.42</u>	<u>\$ (285,460.68)</u>	<u>\$ (281,962.26)</u>	<u>\$ 10,459.54</u>

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

91.67%

	MONTHLY	YEAR TO DATE	2018 ADOPTED BUDGET	% OF 2018 ADOPTED BUDGET	2017 YEAR TO DATE	2017 FINAL BUDGET
REVENUES						
Bond Proceeds	0	0	0	0%	0	0
Interest Income	1,670	15,968	12,500	128%	10,604	11,750
TOTAL REVENUE AND OTHER FINANCE SOURCES	1,670	15,968	12,500	128%	10,604	11,750
EXPENDITURES						
Right of Way Acquisition	0	0	7,264	0%	0	0
Engineering Fees	0	5,400	228,320	2%	103,126	125,000
Construction Costs	0	228,484	643,232	36%	401,813	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	<u>0</u>	<u>0</u>	<u>0</u>	0%	<u>0</u>	<u>0</u>
TOTAL EXPENDITURES	0	233,884	1,254,628	19%	510,234	808,361
EXCESS REVENUES OVER(UNDER) EXPENDITURES AND OTHER USES	1,670	(217,916)	(1,242,128)		(499,630)	(796,611)

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

ASSETS

Current Assets

TexSTAR - Construction Fund	\$ 1,024,244.30	
Total Current Assets		1,024,244.30

Property and Equipment

Total Property and Equipment		0.00

Other Assets

Total Other Assets		0.00

Total Assets		\$ 1,024,244.30

LIABILITIES AND FUNDS EQUITY

Current Liabilities

Due to General Fund	\$ 35,497.09	
Total Current Liabilities		35,497.09

Long-Term Liabilities

Total Long-Term Liabilities		0.00

Total Liabilities		35,497.09
-------------------	--	-----------

Fund Balance

Fund Balance	1,206,663.20	
Net Income	(217,915.99)	
Total Fund Balance		988,747.21

Total Liabilities & Fund Balance		\$ 1,024,244.30

STWA Capital Projects Fund
 GI Account Summary Report
 As of: August 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	1,022,574.63	\$ 1,669.67	\$ 0.00	\$ 1,669.67	\$ 1,024,244.30
2400	Due to General Fund	(35,497.09)	0.00	0.00	0.00	(35,497.09)
39100	Fund Balance	(1,206,663.20)	0.00	0.00	0.00	(1,206,663.20)
	Totals	<u>(219,585.66)</u>	<u>\$ 1,669.67</u>	<u>\$ 0.00</u>	<u>\$ 1,669.67</u>	<u>\$ (217,915.99)</u>

OUTSTANDING INVOICES FOR BOARD APPROVAL

INV DATE	VENDOR	INV #	DESCRIPTION	STATUS	AMOUNT
9/4/2018	Kleberg County Appraisal District		4th Quarterly payment	pending	\$5,213.19
9/5/2018	City of Corpus Christi		August water purchases	pending	\$130,834.29
9/6/2018	LNV	28773	Banquete Pump Station Improvements	pending	\$7,750.00
9/18/2018	City of Driscoll		Antenna Rental on Tower	pending	<u>\$3,600.00</u>
					\$147,397.48

KLEBERG COUNTY APPRAISAL DISTRICT

P.O. BOX 1027 - 502 E. KLEBERG - KINGSVILLE, TEXAS 78364

PH. # (361) 595-5775 - FAX # (361) 595-7984

RECEIVED

SEP 04 2018

TO: South Texas Water Authority SOUTH TEXAS WATER AUTHORITY
FROM: Kleberg County Appraisal District
DATE: August 31, 2018
SUBJECT: 2018 Appraisal District Payment Information

The fourth payment from your taxing unit toward the 2018 Appraisal District Operating Budget is due to be paid by September 30, 2018. Thank you for your attention to this matter.

POSTED

Amount due if paid by 9/30/2018: \$ 5,213.19
Amount due if paid after 9/30/2018: \$ 5,517.29

\$	5,213.19	
+ \$	260.66	(5% Penalty)
+ \$	43.44	(10% Interest /Mo)
\$	<u>5,517.29</u>	



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

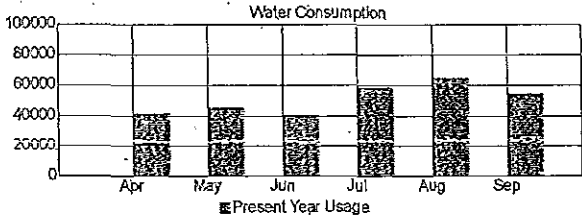
Account Name: SOUTH TX WATER AUTH
 Account Number: 20004093
 Service Address: 0 END DR WTR5 RAW
 Account Type: PA
 Bill Date: 09/05/2018

METER INFORMATION

Meter ID	Service Type	Current Read	Previous Read	Consumption 8/2018
WT200006	WA	4408900	4354200	54700

SERVICE PERIOD: 7/31/18 8/31/18 31 DAYS

CONSUMPTION HISTORY



IMPORTANT MESSAGE

The payment address and customer account number changed for all customers in December 2017. Please use the remit to address and account number on the bottom portion of the utility bill.
 Include the bottom portion of the utility bill with your mailed payment.
 Include the account number only when making your online bill payments.
 Thank you.

ACCOUNT ACTIVITY

LAST BILL	\$156,041.09
TOTAL PAID SINCE LAST BILL	\$0.00
ADJUSTMENTS	\$0.00
BALANCE FORWARD DUE NOW	\$156,041.09
NEW CHARGES	
WATER	\$77,556.49
RWCA \$0.974/TGAL	\$53,277.80
TOTAL WATER	\$130,834.29

PAY THIS AMOUNT BY 09/26/2018: \$130,834.29

ACCOUNT BALANCE \$286,875.38

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

RECEIVED

SEP 10 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.



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

Working to Serve You Better.

16-2
 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:	09/26/2018
AMOUNT DUE:	\$286,875.38

AFTER DUE DATE PAY: \$301,219.15



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

When making payment in person, please bring entire statement.

200040930286875382



September 6, 2018

Project No: 160470.000.2

Invoice No: 28773

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

Project 160470.000.2 Pump Station Improvements

Professional Services for the period ending August 31, 2018

Fee

Billing Phase	Fee	Percent Complete	Earned	Previous Fee Billing	Current Fee Billing
Engineering Design	15,500.00	90.00	13,950.00	6,200.00	7,750.00
Bidding	1,500.00	0.00	0.00	0.00	0.00
Construction Administration	3,500.00	0.00	0.00	0.00	0.00
Surveying	1,500.00	100.00	1,500.00	1,500.00	0.00
Total Fee	22,000.00		15,450.00	7,700.00	7,750.00
	Total Fee				7,750.00
			Total this invoice		7,750.00

Outstanding Invoices

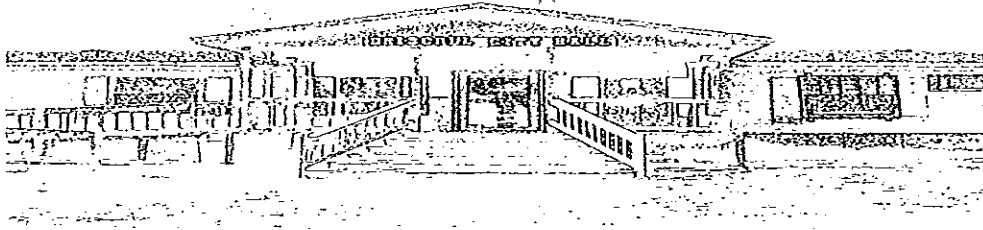
Number	Date	Balance
28533	8/8/2018	3,875.00
Total		3,875.00

sent via email: cserrato@stwa.org; jwagner@stwa.org; fvrosales@stwa.org

POSTED

We reserve the right to process checks electronically by transmitting the amount of the check, routing number, account number and check serial number to your financial institution.

REMIT TO: LNV, INC. • 801 NAVIGATION, STE 300 • CORPUS CHRISTI, TX 78408 • P361.883.1984 • F361.883.1986 • TERMS: DUE UPON RECEIPT



City of Driscoll

September 18, 2018

South Texas Water Authority
PO Box 1703
Kingsville, TX 78364

Re: Antenna Rental Invoice for 2018

To Whom It May Concern:

Please submit payment in the amount of \$3,600.00 to the City of Driscoll for the antenna rental fee for the year 2018.

Please feel free to contact me with any questions at 361-221-2904.

Thank you,

John Valls
City of Driscoll
Consultant City Administrator

**SOUTH TEXAS WATER AUTHORITY
2012 BOND ELECTION**

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

Cost of Bond Issuance		
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	\$107,386.40	

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	100.00%	\$71,100.00	
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>	100.00%	\$426,941.84	
Rock Engineering		\$1,051.00		\$1,051.00	
Rock Engineering		\$2,026.00		\$2,026.00	
				<u>\$430,018.84</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		\$1,782,726.78	\$116,222.22

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	\$2.396127	\$2.822513	-\$0.0415
Apr-18	\$0.426386	\$2.4359	\$2.8623	\$0.426386	\$2.394525	\$2.820911	-\$0.0414
May-18	\$0.426386	\$2.4358	\$2.8622	\$0.426386	\$2.396732	\$2.823118	-\$0.0391
Jun-18	\$0.426386	\$2.4350	\$2.8614	\$0.426386	\$2.390820	\$2.817206	-\$0.0442
Jul-18	\$0.426386	\$2.4335	\$2.8599	\$0.426386	\$2.389603	\$2.815989	-\$0.0439
Aug-18	\$0.426386	\$2.4330	\$2.8594	\$0.426386	\$2.391852	\$2.818238	-\$0.0412
Sep-18	\$0.426386	\$2.4360	\$2.8624	\$0.426386		\$0.426386	-\$2.4360
Avg Cost	\$0.426386	\$2.4364	\$2.8628	\$0.426386	\$2.375962	\$2.802348	-\$0.0605

ANTICIPATED (BUDGETED) vs. ACTUAL WATER USAGE

All Customers	Budgeted			Actual			Difference		
Oct-17	43,106,064	49,257,770	6,151,706						
Nov-17	39,010,208	41,240,370	2,230,162						
Dec-17	38,272,268	37,196,850	-1,075,418						
Jan-18	39,270,789	41,006,500	1,735,711						
Feb-18	35,570,793	38,505,650	2,934,857						
Mar-18	39,754,343	42,148,523	2,394,180						
Apr-18	43,693,987	47,151,371	3,457,384						
May-18	44,073,875	56,026,230	11,952,355						
Jun-18	46,279,865	54,082,960	7,803,095						
Jul-18	50,891,700	61,490,850	10,599,150						
Aug-18	52,856,325	60,667,220	7,810,895						
Sep-18	43,581,741	0							
TOTAL	516,361,957	528,774,294	55,994,078						
				NWSC	Budgeted	Actual	Difference		
				Oct-17	11,406,490	13,839,280	2,432,790		
				Nov-17	10,288,004	12,528,080	2,240,076		
				Dec-17	10,329,528	11,526,840	1,197,312		
				Jan-18	10,835,370	13,263,230	2,427,860		
				Feb-18	9,334,104	11,186,170	1,852,066		
				Mar-18	10,296,803	13,521,510	3,224,707		
				Apr-18	11,536,949	13,717,040	2,180,091		
				May-18	12,015,101	16,634,320	4,619,219		
				Jun-18	12,879,697	16,440,950	3,561,253		
				Jul-18	14,328,969	17,980,660	3,651,691		
				Aug-18	14,308,455	17,149,050	2,840,595		
				Sep-18	12,438,360	0			
				TOTAL	139,997,830	157,787,130	30,227,660		
				RWSC	Budgeted	Actual	Difference		
				Oct-17	8,892,000	8,533,000	-359,000		
				Nov-17	7,675,200	7,776,000	100,800		
				Dec-17	7,091,800	7,006,000	-85,800		
				Jan-18	7,211,600	6,986,000	-225,600		
				Feb-18	6,276,600	5,462,000	-814,600		
				Mar-18	8,122,200	6,669,000	-1,453,200		
				Apr-18	9,168,400	7,887,000	-1,281,400		
				May-18	9,261,200	10,058,000	796,800		
				Jun-18	10,412,600	8,670,000	-1,742,600		
				Jul-18	11,164,600	9,307,000	-1,857,600		
				Aug-18	11,785,400	10,208,000	-1,577,400		
				Sep-18	8,403,600	0			
				TOTAL	105,465,200	88,562,000	-8,499,600		
Kingsville	Budgeted	Actual	Difference						
Oct-17	10,188,919	13,323,000	3,134,081						
Nov-17	10,188,919	8,716,000	-1,472,919						
Dec-17	10,188,919	6,734,000	-3,454,919						
Jan-18	10,188,919	7,519,000	-2,669,919						
Feb-18	10,188,919	8,188,000	-2,000,919						
Mar-18	10,188,919	9,466,000	-722,919						
Apr-18	10,188,919	11,438,000	1,249,081						
May-18	10,188,919	13,274,000	3,085,081						
Jun-18	10,188,919	14,132,000	3,943,081						
Jul-18	10,188,919	21,078,000	10,889,081						
Aug-18	10,188,919	13,425,000	3,236,081						
Sep-18	10,188,919	0							
TOTAL	122,267,026	127,293,000	15,214,893						

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	5,380,111	-491,489	Estimated
May-18	5,176,600	6,264,000	1,087,400	
Jun-18	4,661,600	5,656,000	994,400	
Jul-18	6,609,800	3,734,000	-2,875,800	
Aug-18	8,080,400	10,581,000	2,500,600	
Sep-18	5,338,000	0		
TOTAL	62,707,000	60,994,444	3,625,444	

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	2,277,260	171,168
May-18	2,278,536	2,324,680	46,144
Jun-18	2,477,094	1,910,140	-566,954
Jul-18	2,533,790	1,913,790	-620,000
Aug-18	2,561,114	2,158,260	-402,854
Sep-18	2,232,010	0	
TOTAL	26,880,462	23,193,460	-1,454,992

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	4,109,200	1,498,300
May-18	2,832,220	4,611,200	1,778,980
Jun-18	3,105,320	4,143,500	1,038,180
Jul-18	3,369,200	4,882,100	1,512,900
Aug-18	3,091,193	4,373,900	1,282,707
Sep-18	2,683,790	0	
TOTAL	31,820,009	44,545,400	15,409,181

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	2,342,760	131,633
May-18	2,321,299	2,860,030	538,731
Jun-18	2,554,636	3,130,370	575,734
Jul-18	2,696,422	2,595,300	-101,122
Aug-18	2,840,844	2,772,010	-68,834
Sep-18	2,297,062	0	
TOTAL	27,224,431	26,398,860	1,471,491

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	11,438,000	531,839
May-18	12,497,858	13,274,000	776,142
Jun-18	14,240,055	14,132,000	-108,055
Jul-18	15,711,155	21,078,000	5,366,845
Aug-18	15,911,986	13,425,000	-2,486,986
Sep-18	13,866,300	0	
TOTAL	128,571,097	127,293,000	12,588,203

Net Revenue per Thousand (1,000) Gallons

Kingsville				NWSC			
	Actual	Net Rev	Per 1000g		Actual	Net Rev	Per 1000g
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	9,466,000	\$2,968.91	\$0.3136	Mar-18	13,521,510	\$3,919.29	\$0.2899
Apr-18	11,438,000	\$3,691.61	\$0.3227	Apr-18	13,717,040	\$4,004.40	\$0.2919
May-18	13,274,000	\$4,354.30	\$0.3280	May-18	16,634,320	\$4,999.22	\$0.3005
Jun-18	14,132,000	\$4,865.13	\$0.3443	Jun-18	16,440,950	\$5,061.77	\$0.3079
Jul-18	21,078,000	\$7,708.98	\$0.3657	Jul-18	17,980,660	\$5,562.55	\$0.3094
Aug-18	0		#DIV/0!	Aug-18	0		#DIV/0!
Sep-18	0		#DIV/0!	Sep-18	0		#DIV/0!
TOTAL	113,868,000	\$35,852.00	\$0.3149	TOTAL	140,638,080	\$41,361.93	\$0.2941

Bishop				RWSC			
	Actual	Net Rev	Per 1000g		Actual	Net Rev	Per 1000g
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	4,135,333	\$671.87	\$0.1625	Mar-18	6,669,000	\$1,430.82	\$0.2145
Apr-18	5,380,111	\$1,283.20	\$0.2385	Apr-18	7,887,000	\$1,814.00	\$0.2300
May-18	6,264,000	\$1,534.13	\$0.2449	May-18	10,058,000	\$2,515.11	\$0.2501
Jun-18	5,656,000	\$1,316.38	\$0.2327	Jun-18	8,670,000	\$2,172.74	\$0.2506
Jul-18	3,734,000	\$424.97	\$0.1138	Jul-18	9,307,000	\$2,350.92	\$0.2526
Aug-18	0		#DIV/0!	Aug-18	0		#DIV/0!
Sep-18	0		#DIV/0!	Sep-18	0		#DIV/0!
TOTAL	50,413,444	\$8,891.42	\$0.1764	TOTAL	78,354,000	\$17,041.40	\$0.2175

Driscoll				Banquete			
	Actual	Net Rev	Per 1000g		Actual	Net Rev	Per 1000g
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	3,731,100	\$925.87	\$0.2481	Mar-18	2,270,690	\$500.04	\$0.2202
Apr-18	4,109,200	\$1,146.87	\$0.2791	Apr-18	2,277,260	\$489.09	\$0.2148
May-18	4,611,200	\$1,276.16	\$0.2768	May-18	2,324,680	\$521.72	\$0.2244
Jun-18	4,143,500	\$1,195.94	\$0.2886	Jun-18	1,910,140	\$421.37	\$0.2206
Jul-18	4,882,100	\$1,251.22	\$0.2563	Jul-18	1,913,790	\$442.17	\$0.2310
Aug-18	0		#DIV/0!	Aug-18	0		#DIV/0!
Sep-18	0		#DIV/0!	Sep-18	0		#DIV/0!
TOTAL	40,171,500	\$10,332.13	\$0.2572	TOTAL	21,035,200	\$4,103.49	\$0.1951

Agua Dulce	Actual	Net Rev	Per 1000g
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	2,354,890	\$545.11	\$0.2315
Apr-18	2,342,760	\$577.58	\$0.2465
May-18	2,860,030	\$727.20	\$0.2543
Jun-18	3,130,370	\$745.94	\$0.2383
Jul-18	2,595,300	\$619.52	\$0.2387
Aug-18	0		#DIV/0!
Sep-18	0		#DIV/0!
TOTAL	23,626,850	\$5,387.34	\$0.2280

All Customers	Actual	Net Rev	Per 1000g
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	42,148,523	\$10,961.91	\$0.2601
Apr-18	47,151,371	\$13,006.75	\$0.2759
May-18	56,026,230	\$15,927.84	\$0.2843
Jun-18	54,082,960	\$15,779.27	\$0.2918
Jul-18	61,490,850	\$18,360.33	\$0.2986
Aug-18	0		#DIV/0!
Sep-18	0		#DIV/0!
TOTAL	468,107,074	\$122,969.71	\$0.2627

**The Maintenance & Technical Report
will be provided at the meeting.**

ATTACHMENT 3

FY 2018 Budget Amendments

Memorandum

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

Background:

Enclosed is an amended FY 2018 budget.

Analysis:

1. **Total Revenues** increased by \$137,833.
2. **Total Administrative/Operations Expenditures *without* Capital Outlay** increased by \$82,134 of which \$72,553 is attributed to Purchased Water from the City of Corpus Christi. The Repairs and Maintenance line item was also increased by \$40,000.
 - Payroll Costs **increased** by \$6,762 with the majority attributed to reallocation of expenses to the Special Services Fund. During the FY 19 Budget process, the Board reviewed the new, increased biennial rates which will be charged to the Nueces and Ricardo Water Supply Corporation as part of the FY 2019 Special Services Budget.
 - Supplies and Materials **increased** by \$47,165. Of this amount \$40,000 is due to additional SCADA work and elimination of the Driscoll Repeater Station. This estimate is based on the work done thus far by Mercer Controls, Inc. and which is nearing completion. A few weeks ago, staff requested invoices for the work to date. Since the invoices have not been received, staff contacted Ms. Cecilia Mercer who indicated that their staff person working on the invoices was called away on a personal matter. She hopes to provide the information before the Board meeting.
 - Professional Fees **decreased** by \$26,000 due to lower legal fees and NewGen Strategies work being postponed. The delay is due to the City of Corpus Christi not providing their updated rate model for the True-Up and proposed FY 19 rates. The City has stated the extra time is needed as a result of their new billing system and the model should be available by the end of September.
 - Total Consumable Supplies/Materials is **unchanged**. However, a \$2,000 offset has been made from Small Tools (-\$2,000) to Fuel/Lubricant/Repairs (+\$2,000).
 - Recurring Operating Costs **decreased** by \$12,899 of which \$17,400 is from lower electrical costs.
 - Miscellaneous Expenses **decreased** by \$5,447 as a result of the Kleberg County AgriLife Extension Service not proceeding with the groundwater well study which was to be conducted by Texas A&M Environmental Engineering graduate students. Dr. Lee Clapp contacted our office recently with a new proposal which will be presented to the Board next month.
3. **Total Expenditures including Capital Outlay** increased by \$93,519.
4. **Capital Acquisition** increased by \$11,385 which is attributed to Engineering Costs associated with the new Banquete Pump Station.
5. The **Net Ending Balance** is a positive balance of \$129,992 which could potentially increase by \$25,000 from the Major Repair line item if there are no such repairs in the remaining week of the fiscal year.

Staff Recommendation:

Approve the final FY 2018 Budget amendments.

Board Action:

Determine whether to approve the recommended amendments.

Summarization:

The higher than usual ending balance as compared to the projected ending balance of the adopted FY 2018 Budget can be examined from both revenues and expenses:

Revenues: The budget adopted in September of 2017 did not include any Premium or Incremental Increase revenue, since that policy was adopted after the fiscal year began. Staff estimates **\$46,600** will be collected in those fees by the end of the year. Also, as a result of larger sales volumes about **\$18,300** in additional Handling Charge revenue will be collected. And, although interest rates still hover close to only 2%, staff calculates an extra **\$23,000** in interest will be earned. Staff estimates about **\$31,575** in additional M&O tax will be collected. And finally, although this ultimately will be an expense to STWA, the Disposition of Assets from the pickup truck that was totaled adds about **\$19,000** to overall revenues. These items total **\$138,475.00**.

Expenses: On the expense side, there is a **\$44,400** savings between Professional Services, Recurring Operation Expenses, and Miscellaneous Expenditures.

**SOUTH TEXAS WATER AUTHORITY
GENERAL FUND
FY2018 PROPOSED FINAL 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	2018 AMENDED BUDGET	Year to date 8/31/2018	2018 PROPOSED FINAL BUDGET	VARIANCE
REVENUES					
Water Service Revenue	\$1,257,962	\$1,257,962	\$1,241,225	\$1,330,515	\$72,553
Handling Charge Revenue	\$220,170	\$220,170	\$222,640	\$238,500	\$18,330
Premium Incremental Increase	\$0	\$35,000	\$42,841	\$46,600	\$11,600
Surcharge - Out of District	\$6,619	\$6,619	\$6,067	\$6,619	\$0
Interest Income	\$10,000	\$22,000	\$29,281	\$33,000	\$11,000
Other Revenue					
Operating & Maintenance Fees	\$0	\$0	\$0	\$0	\$0
Miscellaneous Revenues	\$5,000	\$5,000	\$28,927	\$29,350	\$24,350
TOTAL REVENUES	\$1,499,751	\$1,546,751	\$1,570,981	\$1,684,584	\$137,833
EXPENDITURES					
Water Service Expenditures:					
Bulk Water Purchases	\$1,257,962	\$1,257,962	\$1,193,062	\$1,330,515	\$72,553
Water Loss	\$0	\$0	\$0	\$0	\$0
TOTAL WATER SERVICE	\$1,257,962	\$1,257,962	\$1,193,062	\$1,330,515	\$72,553
Payroll Costs					
Salaries & Wages -					
Permanent Employees	\$328,813	\$313,366	\$277,483	\$317,342	\$3,976
Part-Time Employee	\$1,607	\$1,607	\$1,418	\$1,375	-\$232
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	\$12,500	\$10,317	\$11,800	-\$700
Stand-by Pay - STWA	\$1,300	\$1,300	\$1,200	\$1,300	\$0
Janitorial Pay - STWA Overtime	\$8,500	\$7,800	\$6,804	\$7,500	-\$300
Employee Retirement Premiums	\$44,452	\$54,023	\$40,550	\$52,561	-\$1,462
Group Insurance Premium	\$169,122	\$156,292	\$141,831	\$162,178	\$5,886
Unemployment Compensation	\$874	\$1,115	\$1,261	\$1,300	\$185
Workers' Compensation	\$6,498	\$6,498	\$4,820	\$6,004	-\$494
Car Allowance	\$4,800	\$5,900	\$5,400	\$5,900	\$0
Hospital Insurance Tax	\$3,757	\$3,825	\$3,257	\$3,728	-\$97
TOTAL PERSONNEL	\$582,223	\$564,226	\$494,341	\$570,988	\$6,762
Supplies & Materials					
Repairs & Maintenance	\$80,000	\$80,000	\$70,122	\$120,000	\$40,000
Meter Expense	\$5,000	\$11,500	\$12,523	\$12,525	\$1,025
Tank Repairs	\$20,000	\$20,000	\$26,140	\$26,140	\$6,140
Major Repairs	\$25,000	\$25,000	\$0	\$25,000	\$0
TOTAL SUPPLIES & MATERIALS	\$130,000	\$136,500	\$108,785	\$183,665	\$47,165

	2018 ADOPTED BUDGET	2018 AMENDED BUDGET	Year to date 8/31/2018	2018 PROPOSED FINAL BUDGET	VARIANCE
Other Operating Expenditures:					
Professional Fees					
Legal	\$40,000	\$30,000	\$9,108	\$11,500	-\$18,500
Auditing	\$9,500	\$9,370	\$9,369	\$9,370	\$0
Engineering	\$90,000	\$70,000	\$59,493	\$70,000	\$0
Management & Consulting	\$10,000	\$10,000	\$2,778	\$3,500	-\$6,500
Inspections	\$5,500	\$3,725	\$2,725	\$2,725	-\$1,000
Leak Detection	\$75,000	\$55,440	\$55,440	\$55,440	\$0
TOTAL PROFESSIONAL FEES	\$230,000	\$178,535	\$138,913	\$152,535	-\$26,000
Consum Supplies/Materials					
Postage	\$11,500	\$6,500	\$5,834	\$6,500	\$0
Printing/Office Supplies	\$19,000	\$26,500	\$20,653	\$26,500	\$0
Janitorial/Site Maintenance	\$5,000	\$6,000	\$5,128	\$6,000	\$0
Fuel/Lubricants/Repairs	\$33,000	\$33,000	\$27,242	\$35,000	\$2,000
Chemicals/Water Samples	\$58,000	\$58,000	\$44,563	\$58,000	\$0
Safety Equipment	\$1,500	\$1,500	\$876	\$1,500	\$0
Small Tools	\$1,000	\$4,500	\$1,453	\$2,500	-\$2,000
TOTAL CON. SUPPLIES/MATERIALS	\$129,000	\$136,000	\$105,749	\$136,000	\$0
Recurring Operating Costs					
Telephone/Communications	\$21,100	\$23,500	\$17,575	\$23,500	\$0
Utilities	\$115,000	\$115,000	\$80,049	\$97,600	-\$17,400
D & O Liability Insurance	\$3,500	\$3,500	\$1,377	\$2,000	-\$1,500
Property Insurance	\$33,247	\$20,000	\$29,462	\$29,500	\$9,500
General Liability	\$2,750	\$2,750	\$2,617	\$2,750	\$0
Auto Insurance	\$2,050	\$2,050	\$2,050	\$2,051	\$1
Travel/Training/Meetings	\$10,000	\$10,000	\$7,625	\$9,000	-\$1,000
Rental-Equipment/Uniforms	\$5,000	\$5,000	\$3,506	\$5,000	\$0
Dues/Subscriptions/Publication	\$15,000	\$15,000	\$11,090	\$12,500	-\$2,500
Pass Through Cost	\$500	\$800	\$680	\$800	\$0
Educational Materials	\$660	\$0	\$0	\$0	\$0
TOTAL RECURRING OPER. COSTS	\$208,807	\$197,600	\$156,031	\$184,701	-\$12,899
Miscellaneous					
Miscellaneous Expenditures	\$7,500	\$11,647	\$3,909	\$6,200	-\$5,447
TOTAL MISCELLANEOUS	\$7,500	\$11,647	\$3,909	\$6,200	-\$5,447
Total Administrative & Operations Exp.	\$2,545,492	\$2,482,470	\$2,200,790	\$2,564,604	\$82,134
Capital Outlay					
Capital Acquisition	\$79,000	\$89,000	\$88,759	\$88,760	-\$240
Engineering	\$0	\$0	\$11,625	\$11,625	\$11,625
TOTAL CAPITAL OUTLAY	\$79,000	\$89,000	\$100,384	\$100,385	\$11,385
TOTAL EXPENDITURES (w/o D.S. exp.)	\$2,624,492	\$2,571,470	\$2,301,174	\$2,664,989	\$93,519
Excess (Deficiencies) of Revenue Over Expenditures	-\$1,124,741	-\$1,024,719	-\$730,193	-\$980,405	\$44,314

	2018 ADOPTED BUDGET	2018 AMENDED BUDGET	Year to date 8/31/2018	2018 PROPOSED FINAL BUDGET	VARIANCE
OTHER FINANCE SOURCE (USES)					
Transfer to Other Funds					
Disposition of Assets (Surplus Sale)	\$1,500	\$4,432	\$24,257	\$24,257	\$19,825
Transfer from Tax Accounts	\$1,054,566	\$1,055,703	\$1,068,253	\$1,086,140	\$30,437
TOTAL OTHER FINANCING SOURCES (USES)	\$1,056,066	\$1,060,135	\$1,092,510	\$1,110,397	\$50,262
TOTAL EXPENDITURES	\$1,568,426	\$1,511,335	\$1,208,664	\$1,554,592	\$43,257
EXCESS (DEFICIENCIES) OF REVENUES OVER OTHER SOURCES (USES)	-\$68,675	\$35,416	\$362,317	\$129,992	\$94,576
NET INCOME	-\$68,675	\$35,416	\$362,317	\$129,992	\$94,576

Capital Acquisition

a. Truck to haul mini-excavator		\$40,000		\$38,658	
b. Computer upgrades		\$4,000		\$5,501	
c. Rehab Central Pump Station		\$25,000		\$23,400	
d. Replace Driscoll Tank Bypass Line (Mercer)		\$10,000		\$8,825	
e. InDepth pipe locator		\$0		\$12,375	
		\$79,000		\$88,759	
Engineering					
LNV Engineering-Banquete PS		0		\$11,625	

**SOUTH TEXAS WATER AUTHORITY
GENERAL FUND - TAX ACCOUNTS
FY2018 PROPOSED FINAL 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	2018 AMENDED BUDGET	year to date 8/31/2018	2018 PROPOSED FINAL BUDGET	VARIANCE
REVENUES					
Ad Valorem - Current (M & O)	\$1,070,008	\$1,070,008	\$1,082,077	\$1,083,000	\$12,992
Delinquent Taxes	\$27,500	\$27,500	\$35,966	\$38,000	\$10,500
Penalty & Interest - Tax Accounts M & O	\$16,000	\$16,000	\$21,932	\$22,600	\$6,600
TOTAL M&O TAX REVENUES	\$1,113,508	\$1,113,508	\$1,139,975	\$1,143,600	\$30,092
EXPENDITURES					
Tax Collector Fees	\$37,165	\$37,215	\$36,527	\$36,575	-\$640
Appraisal Districts	\$21,777	\$20,590	\$19,183	\$20,885	\$295
Refunds	\$0	\$0	\$0	\$0	\$0
TOTAL EXPENDITURES	\$58,942	\$57,805	\$55,710	\$57,460	-\$345
REVENUES OVER EXPENDITURES	\$1,054,566	\$1,055,703	\$1,084,265	\$1,086,140	\$30,437
OTHER USES					
Transfer to Revenue Fund (Tax)	\$1,054,566	\$1,055,703	\$1,068,253	\$1,086,140	\$30,437
TOTAL EXPEND. & OTHER USES	\$1,113,508	\$1,113,508	\$1,123,963	\$1,143,600	\$30,092
Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	\$0	\$0	\$16,012	\$0	\$0

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

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

	2018 ADOPTED BUDGET	2018 AMENDED BUDGET	Year to Date 8/31/2018	2018 PROPOSED FINAL BUDGET	VARIANCE
REVENUES					
Ricardo Water Supply Corporation 983 customers	\$293,020	\$293,020	\$231,686	\$283,605	-\$9,415
Nueces Water Supply Corporation 923 customers	\$275,134	\$275,134	\$250,625	\$266,294	-\$8,840
TOTAL SPECIAL SERVICES REVENUE	\$568,154	\$568,154	\$482,311	\$549,899	-\$18,255
EXPENDITURES					
Personnel	\$304,185	\$304,185	\$277,733	\$292,673	-\$11,512
Overhead	\$263,969	\$263,969	\$225,934	\$257,225	-\$6,744
TOTAL SPECIAL SERVICES EXPENDITURES	\$568,154	\$568,154	\$503,667	\$549,899	-\$18,255
REVENUES OVER EXPENDITURES	\$0	\$0	-\$21,356	\$0	\$0

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

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

	2018 ADOPTED BUDGET	2018 AMENDED BUDGET	Year to date 8/31/2018	2018 PROPOSED FINAL BUDGET	VARIANCE
REVENUES					
Ad Valorem - Current	\$366,174	\$366,174	\$352,913	353,210	-\$12,964
Ad Valorem - Delinquent	\$7,000	\$7,000	\$11,401	\$12,125	\$5,125
Penalty & Interest - Tax Accounts	\$5,500	\$5,500	\$6,296	\$6,500	\$1,000
Out-of-District Surcharge	\$2,159	\$2,159	\$1,979	\$2,159	\$0
Interest on Temporary Investments	\$900	\$2,280	\$3,206	\$3,550	\$1,270
Miscellaneous	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
TOTAL TAXES & INTEREST	\$381,733	\$383,113	\$375,795	\$377,544	-\$5,569
OTHER FINANCING SOURCES					
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	
TOTAL OTHER FINANCE SOURCES	\$0	\$0	\$0	\$0	
Total Revenue and Other Financing Sources	\$381,733	\$383,113	\$375,795	\$377,544	-\$5,569
EXPENDITURES					
Fiscal Agent Fees	\$200	\$200	\$200	200	\$0
Bond Interest Expense	\$126,750	\$126,750	\$126,750	126,750	\$0
Bond Principal Payments	\$220,000	\$220,000	\$220,000	220,000	\$0
Tax Collector Fees	\$12,121	\$12,189	\$11,966	11,966	-\$223
Appraisal District Fees	\$7,103	\$6,714	\$6,420	6,836	\$122
Miscellaneous Fees	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>0</u>	\$0
TOTAL EXPENDITURES	\$366,174	\$365,853	\$365,336	365,752	-\$101
OTHER USES					
TOTAL EXPEND. & OTHER USES	\$366,174	\$365,853	\$365,336	\$365,752	-\$101
Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	\$15,559	\$17,260	\$10,460	\$11,793	-\$5,467

**SOUTH TEXAS WATER AUTHORITY
FY 2018 PROPOSED FINAL BUDGET
CAPITAL PROJECT FUND**

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

	2013 BUDGET	2013 & 2014 REVENUE & EXPEND.	2015 REVENUE & EXPEND.	2016 REVENUE & EXPEND.	2017 REVENUE & EXPEND.	2018 REVENUE & EXPEND. as of 08/31/18	PROPOSE 2018 Year End REVENUE & EXPEND.
REVENUES							
Bond Proceeds	\$5,307,386.40	\$5,307,386.40	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Interest Earnings	\$0.00	\$2,751.15	\$2,307.69	\$8,624.35	\$11,987.27	\$15,968.00	\$17,300.00
Other Income	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$7,167.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
Total Revenue and Other Financing Sources	\$5,307,386.40	\$5,310,137.55	\$9,474.69	\$8,624.35	\$11,987.27	\$15,968.00	\$17,300.00
EXPENDITURES							
Right of Way Acquisition	\$64,700.00	\$57,436.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Engineering Fees	\$942,400.00	\$461,257.00	\$57,770.00	\$70,053.00	\$102,326.00	\$5,400.00	\$5,400.00
Construction Costs	\$3,649,200.00	\$1,039,322.26	\$118,084.54	\$1,581,729.53	\$375,603.27	\$228,483.70	\$228,483.70
Pipeline Condition Assessment	\$300,000.00	\$0.00	\$0.00	\$100,605.00	\$0.00	\$0.00	\$0.00
Legal & Administrative Fees	\$243,700.00	\$61,988.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Cost of Bond Issuance	\$98,668.90	\$98,669.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Miscellaneous Fees	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
TOTAL EXPENDITURES	\$5,298,668.90	\$1,718,672.26	\$175,854.54	\$1,752,387.53	\$477,929.27	\$233,883.70	\$233,883.70
TOTAL EXPEND. & OTHER USE	\$5,298,668.90	\$1,718,672.26	\$175,854.54	\$1,752,387.53	\$477,929.27	\$233,883.70	\$233,883.70
Excess Bond Proceeds/ Transfer to Debt Service to use toward first Debt Service payment.	\$8,717.50	\$8,717.50	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Financing Expenditures	\$5,307,386.40	\$1,727,389.76	\$175,854.54	\$1,752,387.53	\$477,929.27	\$233,883.70	\$233,883.70
Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	\$0.00	\$3,582,747.79	-\$166,379.85	-\$1,743,763.18	-\$465,942.00	-\$217,915.70	-\$216,583.70
FUND BALANCE		\$1,317,941.11	\$3,416,367.94	\$1,672,604.76	\$1,206,662.76	\$988,747.06	\$990,079.06

ATTACHMENT 4

Kleberg County Tax Roll/Levy

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: September 20, 2018
Re: Kleberg County Tax Roll adoption – Resolution 18-14

Background:

Enclosed please find the Kleberg County Tax Roll for adoption. The tax roll is generated when taxable values are multiplied by the Authority's Maintenance and Operations Tax Rate and Interest and Sinking Tax Rate. The taxable values are the amounts less any partial exemptions, full exemptions or special values such as agriculture production.

Analysis:

The Authority contracts for collection services with the tax offices of Kleberg and Nueces Counties. The summarized tax roll is the total of individual tax statements.

Staff Recommendation:

Adopt the South Texas Water Authority Tax Roll in Kleberg County by adopting Resolution 18-14.

Board Action:

Determine whether to adopt Resolution 18-14.

Summarization:

This item is an annual "housekeeping" item. Nonetheless, adoption of this resolution is an essential step to begin the collection process.

**SUBMISSION OF THE 2018 TAX ROLL TO THE SOUTH TEXAS
WATER AUTHORITY PURSUANT TO SECTION 26.09(e) OF THE
TEXAS PROPERTY TAX CODE**

The 2018 Tax Roll for the South Texas Water Authority is hereby submitted for approval at the next regular scheduled meeting of the South Texas Water Authority Board of Directors. The 2018 Tax Roll is submitted for approval under Section 26.09(e) of the Texas Property Tax Code and was calculated in compliance with the same code by multiplying the values from the Certified Appraisal Roll plus/minus any changes in value approved by the Kleberg County Appraisal Review board by the tax rate adopted by this governing body for the 2018 tax year. Values and taxes are at a ratio of 100% of appraised value. The 2018 Tax Roll for the South Texas Water Authority is stored in the Kleberg County Tax Office in compliance with the State Records Retention guidelines. A copy of the tax roll for reference purposes and convenient availability is filed with the Kleberg County Clerk's Office.

I, Melissa T. De La Garza, PCC - Kleberg County Tax Assessor-Collector, hereby certify the figures from the 2018 Tax Roll as reflected on the attached summary page taken directly from the 2018 Tax Roll. I certify that the foregoing information, and the roll it represents is accurate and correct to the best of my knowledge. Certified and submitted this 19th day of September 2018.



**Melissa T. De La Garza, PCC
Kleberg County Tax Assessor-Collector**

Improvements:		Number	Amount		
Homesteadable		4,887	373,674,815--:		
New Homesteadable		441	3,000,900 :	Impr. Total	
Non-Homesteadable		5,600	466,146,253 :--	842,821,968--:	
New Non-Homesteadable			0--:		
Land:		Number	Amount		
Homesteadable		4,745	54,285,656--:	Land Total	
Non-Homesteadable		7,995	130,391,220--:--	184,676,876--:	
Acres	122,148.710	12,296			Total Market
					-- 1,478,320,736
Productivity:		Number	Amount		
Agricultural Market		1,264	178,095,485--:	Productivity Mkt	Total Accounts
Timber Market			0--:--	178,095,485--:	16,520
Agricultural Use Value		1,264	13,560,340		
Timber Use Value			0		
Exempt Agricultural Market			0		
Exempt Agricultural Value			0		
Other:		Number	Amount		
Minerals		1,556	5,386,514--:	Other	
Personal Property Market		1,501	267,339,893--:--	272,726,407--:	
Miscellaneous:		Number	Amount		
Homestead Market Value		4,859	429,075,024		
Homestead Cap Value		4,859	426,795,959		
Tax Increment Zone Market			0		
Tax Increment Zone Base			0		
Deductions:		Exemption	Number	Amount	
Constitutional Exempt				0-----:	
Productivity Loss			1,264	164,535,145-----:	
Homestead Cap Loss			362	2,279,065-----:	
Homestead	5,000	4,666		22,861,190--:	
Homestead Frozen				0 : Homestead Total	
Homestead Local				0 :-- 22,861,190--:	
Homestead Local Frozen				0 :	
Homestead Local %				0 :	Total
Homestead Local % Frozen				0--:	Deductions
Over 65	12,000	1,871		21,937,648--:	-- 339,174,491
Over 65 Frozen				0 : Over 65 Total	
Over 65 Local				0 :-- 21,937,648--:	
Over 65 Local Frozen				0--:	
Disabled Person	12,000			0--:	
Disabled Person Frozen				0 : Disabled Person	
Disabled Person Local		184		2,110,654 :-- 2,110,654--:	
Disabled Person Lcl Frzn				0--:	
Disabled Veteran HS Full		113		11,097,576--:	
Disabled Veteran		311		3,238,716 : Disabled Veteran	
Disabled Veteran Frozen				0--:-- 14,336,292--:	
Abatements				0--:	
Pollution Control		2		888,082 :	
Freeport		2		86,440 : Other Exemptions	
HB366		299		34,673 :-- 111,114,497--:	
Prorated Exempt				0 :	
Other		533		110,105,302--:	Net Taxable
					1,139,146,245
Frozen Taxable Value Loss				0	
Frozen Limit (CAD Original)				.00	
Frozen Limit Adjusted (Transfers)				.00	Net Taxable
Frozen Tax Levy Used				.00	Less Frozen
Late Agricultural Penalty				.00	1,139,146,245
Late Correction Penalty				.00	
Late Rendition Penalty		430		966.58	
			Actual Levy	Calculated Levy	
Total Tax Levy	0.00086664		988,335.52	988,196.28	

Calc sequence: DV Tot HS,Dis Vet,Ovr 65,Disabled,Hmstd,Hmstd Lcl,Ovr 65 Lcl,Disabled Lcl,Other.
Apply Ownership Interest to Hmstd, Over 65, Dis Person, Hmstd Lcl %, Hmstd Lcl, Hmstd Min, Dis V
Apply Disabled Veteran exemption to Non-Homestead then to Homestead values.

ATTACHMENT 5

Resolution 18-14

SOUTH TEXAS WATER AUTHORITY

Resolution 18-14

A RESOLUTION ADOPTING THE TAX ROLL/LEVY FOR THE SOUTH TEXAS WATER AUTHORITY'S DISTRICT IN KLEBERG COUNTY FOR TAX YEAR 2018.

WHEREAS, the South Texas Water Authority is a taxing jurisdiction within Kleberg and Nueces Counties, and

WHEREAS, the South Texas Water Authority has the power to collect ad valorem taxes to pay debt service for outstanding bonds, and

WHEREAS, the tax roll/levy of the South Texas Water Authority has been compiled by Kleberg County for the purpose of levying an established tax rate on said valuation.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the South Texas Water Authority adopts the 2018 tax roll/levy compiled by the Kleberg County Tax Assessor/Collector on behalf of the Authority.

Duly adopted this 25th day of September, 2018.

KATHLEEN LOWMAN, PRESIDENT

ATTEST:

RUDY GALVAN, SECRETARY/TREASURER

ATTACHMENT 6

Nueces County Tax Roll/Levy

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: September 20, 2018
Re: Nueces County Tax Roll adoption – Resolution 18-15

Background:

Staff has contacted Mr. Kevin Kieschnick, Nueces County Tax Assessor-Collector, regarding the tax roll. He has indicated that the roll will be available by the Board meeting. The tax roll is generated when taxable values are multiplied by the Authority's Maintenance and Operations Tax Rate and Interest and Sinking Tax Rate. The taxable values are the amounts less any partial exemptions, full exemptions or special values such as agriculture production.

Analysis:

The Authority contracts for collection services with the tax offices of Kleberg and Nueces Counties. The summarized tax roll is the total of individual tax statements.

Staff Recommendation:

Provided the roll is available as expected by the Board Meeting, adopt the South Texas Water Authority Tax Roll in Nueces County by adopting Resolution 18-15.

Board Action:

Determine whether to adopt Resolution 18-15.

Summarization:

This item is an annual "housekeeping" item. Nonetheless, adoption of this resolution is an essential step to begin the collection process.

ATTACHMENT 7

Resolution 18-15

SOUTH TEXAS WATER AUTHORITY

Resolution 18-15

A RESOLUTION ADOPTING THE TAX ROLL/LEVY FOR THE SOUTH TEXAS WATER AUTHORITY'S DISTRICT IN NUECES COUNTY FOR TAX YEAR 2018.

WHEREAS, the South Texas Water Authority is a taxing jurisdiction within Kleberg and Nueces Counties, and

WHEREAS, the South Texas Water Authority has the power to collect ad valorem taxes to pay debt service for outstanding bonds, and

WHEREAS, the tax roll/levy of the South Texas Water Authority has been compiled by Nueces County for the purpose of levying an established tax rate on said valuation.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the South Texas Water Authority adopts the 2018 tax roll/levy compiled by the Nueces County Tax Assessor/Collector on behalf of the Authority.

Duly adopted this 25th day of September, 2018.

KATHLEEN LOWMAN, PRESIDENT

ATTEST:

RUDY GALVAN, SECRETARY/TREASURER

ATTACHMENT 8

STWA Investment Policies

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: September 20, 2018
Re: Investment Policies – Resolutions 18-16, 18-17, and 18-18

Background:

In accordance with State Legislation, each year the Board re-adopts the Authority's investment policies.

Analysis:

The three (3) policies are nearly identical. To staff's knowledge, there have not been any legislative changes that would require any amendments to the Authority's investment policies.

Staff Recommendation:

Adopt Resolutions 18-16, 18-17, and 18-18.

Board Action:

Determine whether to adopt Resolutions 18-16, 18-17, and 18-18.

Summarization:

Staff believes that the existing policies provide sufficient protection as well as flexibility to safeguard the Authority's funds.

South Texas Water Authority
Investment Policy
General Fund

1. Purpose

To establish a policy relating to Authority investments that ensures that all purchases and sales of investments are initiated by authorized individuals, conforms to investment objectives and regulations, and are properly documented and approved; and ensures an annual review of investment performance and security. It is the policy of the South Texas Water Authority to invest public funds in a manner which will provide the highest possible return within the guidelines of approved investment policy and fund strategy while meeting the daily cash flow demands and conforming to all state and local statutes governing the investment of public funds.

2. Scope

All financial assets of the General Fund including Capital Project Funds and other funds that may be created from time to time shall be administered in accordance with the provisions of these policies. These policies do not apply to the Debt Service Funds, including Interest and Sinking, Reserve, and Depreciation/Reserve Funds which are governed by Bond Covenants and supported by a separate South Texas Water Authority Investment Policy.

3. Objectives

The following investment objectives will be applied in the management of the funds by the Investment Officer(s) appointed by resolution of the South Texas Water Authority Board of Directors.

The investments purchased shall suit the needs of the Authority according to the following prioritized objectives:

A. The primary objective is the preservation and protection of investment principal. *Safety* of principal is the foremost objective of the investment program. Investments of the Authority shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, *diversification* is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio. The Authority will diversify its investments by security type and institution. With the exception of U.S. Treasury securities and authorized pools, no more than 50% of the Authority's total investment portfolio will be invested in a single security type or with a single financial institution.

B. The Authority will retain sufficient liquidity in order to enable the Authority to meet reasonable anticipated day-to-day operating requirements.

C. The Authority's investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with the Authority's investment risk restraints and the cash flow characteristics of the portfolio.

4. Delegation of Authority, Prudence, Standard of Care, Ethical Standards, and Conflicts of Interest

The designated Investment Officer(s) will perform their duties with judgement and care in accordance with the adopted investment policy and internal procedures. Investment Officer(s) acting in good faith and in accordance with these policies and procedures will be relieved of personal liability. In determining whether an Investment Officer(s) has exercised prudence with respect to an investment decision (in addition to compliance with policies and procedures) the determination will be made taking into consideration the investment of all funds, or funds under the entity's control, over which the officer had responsibility rather than a single investment.

The authority to manage South Texas Water Authority's investment program is derived from Resolution 95-17. Management responsibility for the investment program is hereby delegated to the Investment Officer(s), who shall establish written procedures for the operation of the investment program consistent with this investment policy. Procedures should include reference to : safekeeping, PSA repurchase agreements, wire transfer agreements, banking service contracts and collateral/depository agreements. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Investment Officer(s). The Investment Officer(s) shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

The Authority's portfolio shall be designed and managed in a manner responsive to the public trust. The standard to be used by the personnel shall be the prudent person rule and shall be applied in context of managing an overall portfolio. The prudent person rule is restated as follows:

Investments shall be made with judgment and care—under circumstances then prevailing—which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

Officers and employees shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair his/her ability to make impartial investment decisions. Officers and employees shall file a statement with the Board President disclosing any material financial interests in financial institutions that conduct business within this jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the South Texas Water Authority, particularly with regard to the time of purchases and sales. Material financial interest is defined as: a.) the Investment Officer(s) owns 10 percent or more of the voting stock or shares of the financial institution or owns \$5,000 or more of the fair market value of the financial institution; b.) funds received by the Investment Officer(s) from the financial institution exceed 10 percent of the Investment Officer(s)'s gross income for the previous year; or c.) Investment Officer(s) has acquired from the financial institution during the previous year investments with a book value of \$2,500 or more for the personal account of the Investment Officer(s). The Investment Officer(s) shall further disclose any large personal financial/investment positions that could be related to the performance of the Authority's portfolio. An Investment Officer(s) who is related within the second degree by affinity or consanguinity, as defined in the Public Funds Investment Act, Chapter 2256, Texas Government Code, Subchapter A, Section 2256.005(i), to an individual seeking to sell an investment to the Authority shall file a statement disclosing that relationship. All statements shall be filed with the Texas Ethics Commission and the Authority.

5. Authorized Investments

South Texas Water Authority is empowered by statute to invest in the following types of securities:

A. *Obligations of, or guaranteed by, Government Entities* including the following:

- (1) obligations of the United States or its agencies and instrumentalities excluding any mortgage backed related security;
- (2) direct obligations of the State of Texas or its agencies and instrumentalities;
- (3) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities excluding any mortgage backed related security; and
- (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment

STWA Investment Policy - General Fund

Page 4

Adopted: September 11, 1995

Re-Adopted: September 26, 2017

rating firm not less than AA or its equivalent. Total municipal exposure shall be limited to no more than 10% of portfolio value in any one single entity, and shall be limited to a maximum maturity of one year.

The following are not authorized investments under this Section: (a) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal (interest-only strips of obligations with underlying mortgage-backed security collateral), (b) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest (principal-only strips of obligations with underlying mortgage-backed security collateral), (c) collateralized mortgage obligations that have a stated final maturity date of greater than 10 years, and (d) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index (collateralized mortgage obligations with an inverse floating interest rate);

B. Funds may be invested in *Investment Pools* by the Authority under the following guidelines:

(1) By resolution of the Board of Directors authorizing investment in a particular pool;

(2) the investment pool shall invest the Authority's funds in authorized investments according to the remainder of Section 5 of this Policy. An investment pool must furnish to the Investment Officer(s) or other authorized representative of the entity an offering circular or other similar disclosure instrument that contains, at a minimum the following information:

- a. the types of investments in which money is allowed to be invested;
- b. the maximum average dollar-weighted maturity allowed, based on the stated maturity date, of the pool;
- c. the maximum stated maturity date any investment security within the portfolio has;
- d. the objectives of the pool;
- e. the size of the pool;
- f. the names of the members of the advisory board of the pool and the dates their terms expire;

STWA Investment Policy - General Fund

Page 5

Adopted: September 11, 1995

Re-Adopted: September 26, 2017

- g. the custodian bank that will safekeep the pool's assets;
- h. whether the intent of the pool is to maintain a net asset value of one dollar and the risk of market price fluctuation;
- i. whether the only source of payment is the assets of the pool at market value or whether there is a secondary source of payment, such as insurance or guarantees, and a description of the secondary source of payment;
- j. the name and address of the independent auditor of the pool;
- k. the requirements to be satisfied for an entity to deposit funds in and withdraw funds from the pool and any deadlines or other operating policies required for the entity to invest funds in and withdraw funds from the pool; and
- l. the performance history of the pool, including yield, average dollar-weighted maturities, and expense ratios.

(3) In order to maintain eligibility to receive and invest funds on behalf of the Authority and in accordance with Chapter 2256, Public Funds Investment Act, an investment pool must furnish to the Investment Officer(s) or other authorized representative of the Authority the following:

- a. investment transaction confirmations; and
- b. a monthly report that contains, at a minimum, the following information:
 - (i) the types and percentage breakdown of securities in which the pool is invested;
 - (ii) the current average dollar-weighted maturity, based on the stated maturity date, of the pool;
 - (iii) the current percentage of the pool's portfolio in investments that have stated maturities of more than one year;
 - (iv) the book value versus the market value of the pool's portfolio, using amortized cost valuation;
 - (v) the size of the pool;

STWA Investment Policy - General Fund

Page 6

Adopted: September 11, 1995

Re-Adopted: September 26, 2017

- (vi) the number of participants in the pool;
- (vii) the custodian bank that is safekeeping the assets of the pool;
- (viii) a listing of daily transaction activity of the Authority;
- (ix) the yield and expense ratio of the pool;
- (x) the portfolio managers of the pool; and
- (xi) any changes or addenda to the offering circular.

(4) The Authority by contract may delegate to an investment pool the authority to hold legal title as custodian of investments purchased with its local funds.

(5) For purposes of this Section 5, yield shall be calculated in accordance with regulations governing the registration of open-end management investment companies under the Investment Company Act of 1940, as promulgated from time to time by the Federal Securities and Exchange Commission.

A public funds investment pool created to function as a money market mutual fund must mark its portfolio to market daily and, to the extent reasonably possible, stabilize at a \$1 net asset value. If the ratio of the market value of the portfolio divided by the book value of the portfolio is less than 0.995 or greater than 1.005, portfolio holdings shall be sold as necessary to maintain the ratio between 0.995 and 1.005.

A public funds investment pool must be continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating service.

Authorized investment pools must state a written objective of maintenance of a stable \$1 net asset value and must be limited to a dollar-weighted average maturity of 60 days or less.

C. Insured or fully collateralized *certificates of deposit* of banks and savings and loan associations domiciled in the State of Texas, and which:

- (1) mature within two years;
- (2) are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor;

(3) secured by obligations of, or guaranteed by governmental entities, including mortgage backed securities directly issued by a federal agency or instrumentality that have a market value of not less than the principal amount of the certificates but which exclude: (a) those mortgage backed securities which are interest-only strips of obligations with underlying mortgage-backed security collateral, (b) principal-only strips of obligations with underlying mortgage-backed security collateral, (c) collateralized mortgage obligations with a maturity date of greater than 10 years, and (d) collateralized mortgage obligations with an inverse floating interest rate; and

(4) if covered under a written depository agreement ensures a perfected security interest in the collateral.

D. *Repurchase agreements* which:

(1) have a defined termination date;

(2) are secured by obligations of the United States or its agencies and instrumentalities as described in Section 5 with the same exclusions;

(3) collateral is pledged to the Authority, held in the Authority's name, and deposited at the time the investment is made with the Authority or with a third party selected and approved by the Authority;

(4) and is placed through a primary government securities dealer, as defined by the Federal Reserve.

The term repurchase agreement means a simultaneous agreement to buy, hold, for a specified time, and sell back at a future date obligations described at said obligations at a market value at the time the funds are distributed *of not less than the principal amount of the funds disbursed*. The term includes direct security repurchase agreements. A repurchase agreement must be collateralized at a minimum of 102% of the principal value plus accrued interest at all times. Reverse repurchase agreements are not authorized investments.

E. *Regulated No-load Money Market Mutual Fund* which:

(1) is regulated by the Securities and Exchange Commission;

(2) has a dollar-weighted average stated maturity of 90 days or fewer; and

STWA Investment Policy - General Fund

Page 8

Adopted: September 11, 1995

Re-Adopted: September 26, 2017

(3) includes in its investment objectives the maintenance of a stable net asset value of \$1 for each share.

The Investment Officer(s) will not invest in the aggregate more than 50% of the Authority's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, in regulated money market mutual funds either separately or collectively or invest Authority funds in any mutual fund in an amount that exceeds 5% of the total assets of the mutual fund.

F. Any other *investments* as *authorized* by the *Texas Legislature*.

Funds may be invested in longer maturities, prime banker's acceptances, secured commercial paper, and guaranteed investment contracts only upon adoption of a motion of authorization by a majority of Directors at a regular meeting or public meeting of the Board and in accordance with Section 2256.012, Section 2256.013 and Section 2256.015 of the Public Funds Investment Act or if purchased as an authorized investment through an authorized investment pool (see Section 5, Part B Investment Pools).

6. Safekeeping and Depositories

A. The laws of the State of Texas and prudent management require that all purchased securities shall be held in safekeeping by either a third party financial institution or a safekeeping account in a designated depository bank. All security transactions, including collateral for repurchase agreements, entered into by the Authority shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by a third party custodian designated by the Investment Officer(s) and evidenced by safekeeping receipts.

B. The general law authorizes the Authority to receive applications (as depository) for the custody of funds from any banking corporation, association or individual banker doing business within the area. The Authority will solicit a minimum of three depository bids and designate one bank as its primary depository. This centralization is designed to maximize investment capabilities and minimize banking costs. In selecting depositories, the reputation and financial standing of institutions shall be considered.

7. Risk and Rate of Return/Performance Standards

The longer the maturity of bonds, the greater their price volatility. It is therefore the Authority's policy to concentrate its investment portfolio in shorter-term securities in order to limit principal risk caused by changes in interest rates.

To the extent possible, the Authority will attempt to match its investments with

anticipated cash flow requirements. Unless matched to a specific cash flow requirement, the Authority will not directly invest in securities maturing in more than two years.

The basis to be used by the Investment Officer(s) to determine whether market yields are being achieved shall be the six month U.S. Treasury Bill.

8. Internal Management Reports

The Investment Officer(s) shall prepare and submit to the Authority Board of Directors a written report of the investment transactions for all funds covered by this policy. The report shall be presented not less than quarterly and within a reasonable time after the end of the period. The report shall include the following:

- A. a detailed description of the investment position of the Authority as of the date of the report;
- B. the report shall be prepared jointly by all Investment Officer(s) of the Authority;
- C. the report shall be signed by each Investment Officer(s) of the Authority;
- D. and contain a summary statement of each pooled fund group that states the following:
 - (1) the beginning market and book value for the reporting period,
 - (2) additions and changes to the market value during the period, and
 - (3) fully accrued interest for the reporting period, and
 - (4) the ending market and book value for the period;
- E. state the book value and market value of each separately invested asset at the beginning and end of the reporting period by the type of asset and fund type invested;
- F. state the maturity date of each separately invested asset that has a maturity date;
- G. marketable securities will be priced at least quarterly. Bid prices will be documented as to the source.
- H. state the account or fund or pooled group fund for which each individual investment was acquired; and

I. state the compliance of the investment portfolio as it relates to:

(1) the investment strategy expressed in the agency's or local government's investment policy; and

(2) relevant provisions of Chapter 2256, Public Funds Investment Act.

9. Acknowledgment of Receipt of Investment Policies by Investment Brokers

A written copy of the Authority's Investment Policy shall be presented to any person seeking to sell to the Authority an authorized investment. The registered principal of the business organization seeking to sell an authorized investment shall execute a written document substantially to the effect that the registered principal has (1) received and thoroughly reviewed the investment policy of the Authority; and (2) acknowledged that the organization has implemented reasonable procedures and controls in an effort to preclude imprudent investment activities arising out of investment transactions conducted between the Authority and said organization.

Investment Broker/Dealers shall adhere to the spirit, philosophy and specific term of this policy and shall avoid recommending or suggesting transactions outside that "Standard of Care". Any broker/dealer or financial institution who sells an investment to the Authority must be approved by the governing body.

10. Limitations regarding Failure to Acknowledge receipt of Investment Policies

The Investment Officer(s) shall not buy any securities from a business organization that has not delivered to the Authority a document in substantially the form provided in Section 9 of this document.

11. Investment Training

The Investment Officer(s) shall attend six hours of initial training within twelve months after taking office or assuming duties and four hours of renewal training every two years thereafter. Training must include education in investment controls, security risks, strategy risks, market risks, and compliance with Chapter 2256, Public Funds Investment

12. Investment Strategy

Available funds shall be invested in conformance with State and Federal Regulations, applicable bond resolution requirements and adopted investment policy. In accordance with the Public Funds Investment Act, the investment strategy of the General Fund shall

STWA Investment Policy - General Fund

Page 11

Adopted: September 11, 1995

Re-Adopted: September 26, 2017

acknowledge the following priorities (in order of importance):

- Understanding the suitability of the investment to the financial requirements of the Authority;
- Preservation and safety of principal;
- Liquidity;
- Marketability of the investment prior to maturity;
- Diversification of the investment portfolio; and
- Yield.

In order to minimize risk of loss due to interest rate fluctuations, investment maturities will not exceed the anticipated cash flow requirements of the fund.

Suitability-Any investment eligible in the Investment Policy is suitable for the General Fund.

Safety of Principal – All investments shall be of high quality securities with no perceived default risk. Market price fluctuations will however occur. By managing the weighted average days to maturity for the General Fund portfolio to less than 365 days and restricting the maximum allowable maturity to two years, the price volatility of the overall portfolio will be minimized.

Marketability – Preferred investments shall have efficient secondary markets allowing for ease of sale in the event of any necessary liquidation.

Liquidity – Short term investment pools and money market mutual funds shall provide daily liquidity and may be utilized as a competitive yield alternative to fixed maturity investments. To provide adequate liquidity, a minimum of 20% of the portfolio shall be maintained in pools, money market funds, repurchase agreements and short term securities.

Diversification – Investment maturities shall be staggered throughout the budget cycle to provide cash flow based on the anticipated operation needs of the Authority. Market cycle risk will be reduced by diversifying the appropriate maturity structure out along the yield curve.

Yield – Attaining a competitive market yield for comparable security- types and portfolio restrictions is the desired objective. The yield of the constant maturity six month treasury issue shall be the minimum yield objective.

13. Annual Review

As part of the scope of the Authority's independent annual audit, all internal controls on investment, safekeeping procedures, compliance with policy, and investment performance will be presented to the Board of Directors.

The Authority shall adopt a written resolution acknowledging that it has reviewed the investment policy and investment strategy and this written resolution as so adopted shall record any changes made to either the investment policy or investment strategies.

ATTACHMENT 9

Resolution 18-16 to Resolution 18-18

SOUTH TEXAS WATER AUTHORITY

Resolution 18-16

RESOLUTION ADOPTING THE SOUTH TEXAS WATER AUTHORITY
INVESTMENT POLICY – GENERAL FUND.

WHEREAS, the South Texas Water Authority is a functioning reclamation and conservation district established by the legislature in the State of Texas, and

WHEREAS, the Board of Directors of the Authority has reviewed the Investment Policy - General Fund and finds it to be consistent with good management practices and preserving the public trust, and

WHEREAS, this policy meets the requirements established by the Texas Legislature.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the South Texas Water Authority adopts the attached Investment Policy – General Fund to be included in the STWA's Administrative and Personnel Policies.

Duly adopted this 25th day of September, 2018.

KATHLEEN LOWMAN, PRESIDENT

ATTEST:

RUDY GALVAN, SECRETARY/TREASURER

SOUTH TEXAS WATER AUTHORITY

Resolution 18-17

RESOLUTION ADOPTING THE SOUTH TEXAS WATER AUTHORITY
INVESTMENT POLICY – DEBT SERVICE FUND.

WHEREAS, the South Texas Water Authority is a functioning reclamation and conservation district established by the legislature in the State of Texas, and

WHEREAS, the Board of Directors of the Authority has reviewed the Investment Policy – Debt Service Fund and finds it to be consistent with good management practices and preserving the public trust, and

WHEREAS, this policy meets the requirements established by the Texas Legislature.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the South Texas Water Authority adopts the attached Investment Policy – Debt Service Fund to be included in the STWA's Administrative and Personnel Policies.

Duly adopted this 25th day of September, 2018.

KATHLEEN LOWMAN, PRESIDENT

ATTEST:

RUDY GALVAN, SECRETARY/TREASURER

SOUTH TEXAS WATER AUTHORITY

Resolution 18-18

RESOLUTION ADOPTING THE SOUTH TEXAS WATER AUTHORITY
INVESTMENT POLICY – CAPITAL PROJECTS FUND.

WHEREAS, the South Texas Water Authority is a functioning reclamation and conservation district established by the legislature in the State of Texas, and

WHEREAS, the Board of Directors of the Authority has reviewed the Investment Policy – Capital Projects Fund and finds it to be consistent with good management practices and preserving the public trust, and

WHEREAS, this policy meets the requirements established by the Texas Legislature.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the South Texas Water Authority adopts the attached Investment Policy – Capital Projects Fund to be included in the STWA's Administrative and Personnel Policies.

Duly adopted this 25th day of September, 2018.

KATHLEEN LOWMAN, PRESIDENT

ATTEST:

RUDY GALVAN, SECRETARY/TREASURER

ATTACHMENT 10

USIC Locating Services, LLC Proposal

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: September 18, 2018
Re: USIC Locating Services Inc. (USIC) Proposal for Line Locate Services

Background:

During the last meeting, the Board reviewed a proposal and template contract from USIC, a company that provides line locate services. Following the meeting, Mr. Neil Punt, USIC representative, was contacted regarding the Board's comments and concerns. A copy of their contract with my margin remarks was provided to Mr. Punt per the attached email. In addition, Mr. Punt arranged for their area line locator supervisor to meet with me. That supervisor reviewed STWA's plans showing one of the three contracts for the 42" line construction. He inquired whether locator wire or tape had been used for the 42" line or spur line. I indicated it had not been used. We discussed the method that would most likely be used to locate the line, which would probably require finding the closest ARV, Test Station, Valve, etc. and tracing it back to the line location site, meaning that the anticipated time was probably longer than that estimated by STWA staff. This was confirmed during my conversation with Mr. Punt when we discussed the \$4,600 limit in the template contract. He stated that the limit is based on 10% of their estimated annual charges. Therefore, STWA's estimate of \$25,000 is considerably lower than USIC's estimated \$46,000 annual cost.

Analysis:

The Board members attending the last meeting indicated that their preference was to allow the absent Board members to provide an opportunity to express their opinion regarding this service. Those present and providing feedback had concerns similar to staff's comments noted in the template contract. The Board determined to adopt a FY 19 Budget that did not include any funds for line location services. As mentioned in the last memo, staff's main concern is the accuracy of the locates and the repercussions if an error is made.

Staff Recommendation:

As before, staff is interested in feedback from the Board. However, as stated during the last meeting, staff has no objections to forgoing this type of service.

Board Action:

Provide feedback to staff.

Summarization:

As mentioned in the last memo, staff would be providing an opportunity for the Nueces Water Supply Corporation and Ricardo Water Supply Corporation to review USIC's proposal. The Ricardo Water Supply Corporation Board of Directors considered the matter on September 13th during a Board meeting. They determined that the service was not in the Corporation's best interest and based the decision on similar concerns regarding accuracy of locates and potential problems with errors.

mcserrato@stwa.org

From: mcserrato@stwa.org
Sent: Friday, September 14, 2018 2:39 PM
To: 'Punt, Neil'
Subject: RE: USIC Pricing Proposal(s)
Attachments: USIC Service Agreement with CGS notes 09142018.pdf

Sorry, here it is.

Carola

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

From: Punt, Neil <NeilPunt@usicllc.com>
Sent: Friday, September 14, 2018 2:24 PM
To: mcserrato@stwa.org
Subject: RE: USIC Pricing Proposal(s)

I don't have the contract attached. Thanks.

Neil Punt
Business Development Manager
C: 817.944.8739

1933 Westridge Drive
Irving, TX 75038
USICLLC.COM



From: mcserrato@stwa.org <mcserrato@stwa.org>
Sent: Friday, September 14, 2018 1:38 PM
To: Punt, Neil <NeilPunt@usicllc.com>
Cc: 'Dony Cantu' <dcantu@stwa.org>; 'Frances Rosales' <fvrosales@stwa.org>; 'Jacob Hinojosa' <jhinojosa@stwa.org>; 'Jo Ella Wagner' <jwagner@stwa.org>
Subject: RE: USIC Pricing Proposal(s)

Neil,

Per our conversation today, attached is the Service Agreement which you provided with my notes in the margins. As we discussed, two of the main topics during the Board meeting were the limitation of liability of \$4600 and the automatic increases each year. The agreement has not been reviewed by our legal counsel. However, at this point, the Board wanted to have more information to determine if this is a service they are interested in.

Carola

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

From: Punt, Neil <NeilPunt@usicllc.com>
Sent: Thursday, August 23, 2018 10:49 AM
To: mcgserrato@stwa.org
Subject: RE: USIC Pricing Proposal(s)

Attached is our standard agreement template. Thanks.

Neil Punt
Business Development Manager
C: 817.944.8739

1933 Westridge Drive
Irving, TX 75038
USICLLC.COM



From: mcgserrato@stwa.org <mcgserrato@stwa.org>
Sent: Thursday, August 23, 2018 10:27 AM
To: Punt, Neil <NeilPunt@usicllc.com>
Cc: 'Dony Cantu' <dcantu@stwa.org>; 'Frances Rosales' <fvrosales@stwa.org>; 'Jacob Hinojosa' <jhinojosa@stwa.org>; 'Jo Ella Wagner' <jwagner@stwa.org>
Subject: RE: USIC Pricing Proposal(s)

Neil,

I have reviewed the information and will be placing an item on the STWA Board agenda for their consideration. However, as we discussed, you indicated a template of USIC's standard agreement would be provided. Next week staff will be preparing the agenda packet for the STWA Board meeting on September 4th. It would be very helpful to have that agreement by the beginning of next week.

Thanks,
Carola

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

From: Punt, Neil <NeilPunt@usicllc.com>
Sent: Wednesday, August 22, 2018 3:34 PM
To: mcgserrato@stwa.org
Subject: USIC Pricing Proposal(s)

Good afternoon Carola:

I am excited about the opportunity to partner with your three water supply corporations. I have prepared and attached a very aggressive proposal for your review.

As you are aware, having multiple staff and resources at one job site is far less efficient than sending one truck, one technician and completing the work at one time. Our proposal reflects the economies of scale and efficiencies gained by USIC performing multiple locates at one job site. In short, STWA, Ricardo, and Nueces are going to experience, and our proposal reflects the significant savings from the fact that we already have a technician at every job site for each one call ticket in your service area.

The raw ticket price is only a portion of the true cost of damage prevention. We encourage you to consider the total value of our proposal. Our value proposition includes:

- § Accurate and Timely Locates
- § Pictures Taken After Every Locate Performed
- § Real time ticket receipt, processing and billing
- § Direct Access to our Customer Portal (we allow you to enter directly into our ticket Management system)
- § Damage Investigation and Access to Electronic Damage Reports
- § All Pictures
- § Unmatched Data Integrity
- § Each Technician is Accessible through Wireless Technology
- § Direct Access to Local Management
- § Direct Access to Senior Management
- § Key Accounts Management
- § References
- § USIC Additional Services
- § All Paint and Flags

I look forward to your decision. Please contact me at your earliest convenience so we can go over this proposal and I can answer any questions or comments you might have. Thank you for the opportunity to serve you.

Neil Punt
Business Development Manager
C: 817.944.8739

1933 Westridge Drive
Irving, TX 75038

**UNDERGROUND FACILITIES LOCATING AND MARKING
SERVICE AGREEMENT**

THIS CONTRACT is entered into as of August 31, 2018 and is by and between USIC Locating Services, LLC, an Indiana limited liability company, (USIC), and South Texas Water Authority (Customer).

*Auto fill
on date
file
is
accessed*

BACKGROUND

- A. Customer owns and operates underground facilities in the geographic area described on Attachment A to this Agreement (**Contract Service Area**).

- B. Customer desires to have USIC provide the necessary labor and equipment to provide certain services relative to locating and marking Customer's underground facilities in the Contract Service Area.

AGREEMENT

Based on the Background set forth above and in consideration of the mutual covenants, terms and conditions set forth below, USIC and Customer agree as follows:

- 1. **Definitions.** In addition to the terms defined above the following capitalized terms when used in this Agreement shall have the following meanings:
 - 1.1 **After Hours Call Out** means locate requests made on USIC-observed holidays (Memorial Day, Independence Day/July 4th, Labor Day, Thanksgiving, Christmas, and New Year's Day), weekends, and weekdays from 5 p.m. to 7 a.m., or any time outside of the applicable state one-call's regular business hours.

 - 1.2 **APWA** means the American Public Works Association and its Underground Utility Location and Coordination Council.

- 1.3 **At Fault Damages** means Damage to Customer's Facilities caused by an Excavator that occurs with respect to Locatable Facilities where USIC did not perform the Locate with Reasonable Accuracy.
- 1.4 **Contract Year** means the 365 (366 if period includes February during a leap year) days beginning with the date this agreement begins and the anniversary date each year after.
- 1.5 **Customer's Facilities** means any Underground Facilities owned by Customer.
- 1.6 **Damage to Customer's Facilities** means the penetration or destruction of any protective coating, sheath, housing or other protective facility of underground plant, the partial or complete severance of underground plant, or the rendering of any underground plant partially or completely inoperable.
- 1.7 **Excavator** means any person or entity which engages directly in excavation.
- 1.8 **High Profile Facilities** means fiber cable, 900 pair or greater, switchgear cable, and 6" main or greater.
- 1.9 **Interruption of Service** means an interruption in the services provided by Customer to its customers arising from a Damage to Customer's Facilities.
- 1.10 **Locatable Facilities** means Customer's Facilities that can be field marked with Reasonable Accuracy by using devices designed to respond to the presence of Customer's Facilities, together with records and facility prints, drawings, and maps of sufficient accuracy, but shall specifically not include Unidentifiable Facilities and Unlocatable Facilities.
- 1.11 **Locate** means the completed process of having provided Locate Services at an excavation site.

- 1.12 **Locate Service** means the process of determining the presence or absence of Customer's Facilities, their conflict with proposed excavations, and the Marking of the proper places or routes of Customer's Facilities within Reasonable Accuracy limits as required.
- 1.13 **Low Profile Facilities** means any of Customer's Facilities that are not High Profile Facilities.
- 1.14 **Marking** means the use of stakes and flags, paint strips or other clearly identifiable materials at appropriately distanced intervals and at each divergence from a straight line in accordance with the current marking standards of the APWA to show the field location of Underground Facilities accurately.
- 1.15 **Paintable Locate** means that Customer has buried facilities within the area of the locate request or scope of the ticket.

1.16 **Project Locate** means a Locate that requires USIC to spend more than thirty (30) minutes at the excavation site.

This is a very short time frame

??

1.17 **Reasonable Accuracy** means the placement of appropriate Markings within (TX) eighteen (18) inches of the outside dimensions of both sides of an Underground Facility.

1.18 **Restoration Costs** means the actual costs incurred by Customer to repair Damage to Customer's Facilities arising from At Fault Damages, but shall specifically exclude any Third Party Claims. Restoration Costs is equal to only the actual labor, equipment and material costs incurred by Customer to repair the Damage to Customer's Facilities. Restoration Costs specifically exclude overhead charges, costs arising from betterment of plant (which shall include, among other things, any upgrade, improvement, reinforcement, enlargement or extension of Customer's Facilities), costs arising out of collection actions, whether incurred by the Customer or collection agencies.

- 1.19 **Services** mean the services to be provided by USIC under this Agreement.
- 1.20 **Site Visit** means to visit the site of the locate request, but there are no Locatable Facilities to be marked.
- 1.21 **Site Surveillance** means to watch over and protect Customer's Facilities during unusual or extensive excavation projects (i.e. road widening projects, sewer projects, etc.) and providing such continuous on-site Locate Services as may be dictated by the nature and scope of the excavations. Commonly referred to as a "Watchdog" within the industry.
- 1.22 **Ticket** means the document generated at the one-call center and transmitted to USIC, containing each locate request which USIC is contractually obligated to mark.
- 1.23 **Third Party Claims** means any claims for losses, fines, penalties, damages or expenses made by a person not a party to this Agreement arising from Damages to Customer's Facilities, including but not limited to, claims as a result of (a) injury to or death of any person, (b) damage to or loss or destruction of any property, or (c) Interruption of Service.
- 1.24 **Underground Facilities** means any item buried or placed below the ground for use in connection with the storage or conveyance of water, sewage, electronic telephonic or telegraphic communications, cablevision, electric energy, petroleum products, gas, gaseous vapors, hazardous liquids or other substance including, but not limited to, pipes, sewers, conduits, cables, valves, lines, wires, manholes, attachments and those parts of poles or anchors below ground.
- 1.25 **Unidentifiable Facilities** means Customer's Facilities that are neither apparent on the records or facility prints, drawings or maps provided by Customer or from a Visual Examination.
- 1.26 **Unlocatable Facilities** means Customer's Facilities whose presence is known either from records provided by Customer or a Visual

Examination, but which cannot be field marked with Reasonable Accuracy using standard procedures employed by USIC.

What are those?

1.27 **Visual Examination** means an attempt to determine the existence of Customer's Facilities at an excavation site by a reasonable visual inspection rather than from Customer's maps and records.

2. Responsibilities of USIC.

2.1 USIC shall furnish all labor, materials and equipment necessary to perform Locate Services for Customer within the Contract Service Area except for the maps and records to be provided by Customer under Section 3.1. USIC will receive Ticket transmittals directly from the one-call center for the Contract Service Area at no additional cost to Customer.

2.2 Upon receipt of a request for a Locate, USIC will assess whether a field visit to the excavation site and a Visual Examination is required to determine if a conflict exists between the Customer's Facilities and the proposed excavation. If USIC determines that no field visit or Visual Examination is necessary, USIC will proceed under section 2.4 below.

2.3 If USIC determines that there are Locatable Facilities present at the excavation site, it will indicate the presence of those facilities with appropriate Markings.

2.4 If USIC determines that Customer's Facilities are not present at the excavation site, USIC will either notify Excavator prior to the proposed excavation that Customer's Facilities are not present or mark the excavation site in a manner to indicate that Customer's Facilities are not present at the proposed excavation site.

2.5 Customer agrees that USIC will have the right to screen tickets via prints. Customer also agrees that, notwithstanding anything to the contrary contained in this Agreement, USIC will not be liable for any damages that occur because of incorrect prints.

Need more info.

In
What time
frame?

2.6 If USIC determines that there are Unlocatable Facilities at the excavation site, it will notify Customer and Customer will be responsible for determining what course of action should be followed to assure that the Unlocatable Facilities are not damaged by Excavator.

2.7 Any maps and records furnished by Customer pursuant to section 3.1 shall remain the property of Customer. USIC agrees to return all copies of such maps and records to Customer upon Customer's written request or at the termination of this Agreement. Unless such maps and records were previously known to USIC free of any obligation to keep them confidential, are given to USIC by a third party not obligated to keep them confidential, or become public without any act or omission of USIC, USIC agrees to keep such maps and records confidential and shall use such maps and records only in the performance of this Agreement except upon such terms as may be agreed upon by Customer or as required by law. This obligation of confidentiality shall survive the termination of this Agreement.

3rd
Party
Claims

2.8 Subject to the terms of section 3.2, USIC shall perform the Services as an independent contractor and as such it has the right to exercise control and supervision of the work and full control over the employment, direction, compensation and discharge of all persons assisting it in performing the Services; that it will be solely responsible for the payment of its employees and for the payment of all federal, state, county and municipal taxes and contributions pertaining thereto; and that it will be responsible for its own acts.

2.9 USIC shall not subcontract the Services or any part of the Services without the prior written approval of Customer, which approval Customer may choose to withhold in its sole discretion.

2.10 USIC shall comply with the provisions of all applicable permits and licenses relative to the services to be performed hereunder. USIC shall comply with all applicable laws, ordinances and regulations of the United States, the State or States where the Services are performed, and any

unit of local government correctly asserting jurisdiction, applicable to the Services (including, but not limited to Worker's Compensation, Unemployment Insurance and Social Security).

3. Responsibilities of Customer.

3.1 Customer agrees to provide USIC with the necessary maps and records to permit USIC to provide the Locate Services. Customer acknowledges that it is Customer's responsibility to keep all applicable maps, records, prints up to date with accurate information. USIC bears no liability for Customer's failure to provide accurate maps, records, and prints, or any damage which results from inaccurate maps, records, and prints.

Discussion
&
Clarify any
factors

3.2 Customer agrees that it will reasonably cooperate with USIC so that USIC enjoys the same protection under the laws applicable to the Customer regarding Third Party Claims as the Customer would enjoy if it were performing the Services.

w/age
of plans -
multiple
sets due

3.3 Customer will pay USIC for the Locate Services in accordance with the charges set forth on Exhibit B. USIC shall bill for all tickets received from the State One Call, on behalf of Customer. USIC will not be responsible for the accuracy, updates to or the completeness of the definition of the Customer's service area that Customer has provided to the State One Call center.

to
modifications
of
42" line
route.

4. Term, Termination and Exclusive Nature of Agreement

4.1 This Agreement shall be effective as of 10/1/2018 12:00 AM, and continue for a period of one (1) year, with automatic renewal for consecutive periods of one (1) year on each expiration date, unless sooner terminated pursuant to section 4.3.

4.2 Customer shall use USIC as its exclusive provider of Locate Services within the Contract Service Area.

"Out" clause

4.3 Either party to this Agreement can terminate this Agreement upon thirty (30 Days) days prior written notice to the other. Upon such termination the only liability will be that of the Customer for any Services performed by USIC prior to the effective date of termination.

5. Investigations of Damage to Customer's Facilities

Needs to be written —

5.1 Should either party to this Agreement become aware of any Damage to Customer's Facilities that occurs after USIC has been asked to perform a Locate with respect to the Customer's Facilities, the party learning of the Damage to Customer's Facilities shall promptly notify the other party. This notification may be made orally Both parties to this Agreement reserve the right and shall be entitled to investigate any reports of Damage to Customer's Facilities.

also in what form is acceptable

5.2 USIC will investigate incidents of Damage to Customer's Facilities and provide a written report of its findings to Customer upon request. Such report will contain USIC's determination as to whether the Damage to Customer's Facilities constitutes At Fault Damages. Customer shall have thirty (30) days after receipt of USIC's written report to contest USIC's conclusion. Unless Customer notifies USIC in writing within such period that it disputes USIC's conclusion as to At Fault Damages, USIC's conclusion with regard to that issue shall be deemed binding with respect to this Agreement. If Customer disputes USIC's conclusion, the parties will seek to mutually resolve such dispute and if they cannot such dispute will be resolved in accordance with section 11.1.

Dispute/Controversies

5.3 USIC shall be entitled to collect an investigation fee for each investigation and written report thereof, which it provides to Customer, unless such report concludes or the parties ultimately agree that the report involves At Fault Damages.

5.4 Customer agrees that should it fail to notify USIC as provided in section 5.1 of any Damage to Customer's Facilities within forty-eight (48) hours after Customer receives notice of the damage and USIC is otherwise unaware of the damage within that period, then USIC shall not be liable

Short time frame

to Customer for Restoration Costs arising from that Damage to Customers' Facilities and Customer shall indemnify USIC against Third Party Claims in accordance with section 7.1, even if it is later determined that such damage constitutes At Fault Damages.

Legal Counsel
review

6. Limitation of Liability and Indemnification of Customer by USIC

6.1 USIC will be responsible for paying Customer's Restoration Costs only if:
a) USIC receives a request to provide Locate Services with respect to Customer's Facilities, and b) the Damage to Customer's Facilities constitutes an At Fault Damage. Restoration costs payable by USIC shall at no time collectively exceed \$4,600.00 per incident. If the Damage to Customer's Facilities is not At Fault Damages or if Customer's Facilities are Unidentifiable Facilities or Unlocatable Facilities, USIC's only responsibility will be to provide whatever support to Customer it can reasonably provide to establish whether the Excavator or another third party is liable for such Damage to Customer's Facilities. USIC shall indemnify and hold harmless Customer, its agents, employees, officers, directors and shareholders (Customer Indemnities) from and against any and all Third Party Claims to the extent the same arise from At Fault Damages; provided, however, USIC shall not indemnify Customer Indemnities for Third Party Claims arising from Damages that are not At Fault Damages or damages to Unidentifiable Facilities or Unlocatable Facilities or for Third Party Claims that arise from the negligence or willful misconduct of Customer, its agents or employees.

This
could
be
reason
not to
Secure
Services -
Max 1s
Way too low.

7. Indemnification of USIC by Customer

7.1 Customer shall indemnify and hold harmless USIC, its agents, employees, officers, directors and shareholders (USIC Indemnities) from and against any and all Third Party Claims to the extent the same arise from Damage to Customer Facilities if the Customer's Facilities were either Unidentifiable Facilities or Unlocatable Facilities or if the Third Party Claims arose from the negligence or willful misconduct of Customer, its agents or employees.

8. Price Revisions

8.1 USIC may adjust the prices for Locate Services set forth on Exhibit B upon thirty (30) days notice to Customer, provided that USIC provides Customer evidence that such price increase results from either (a) an increase in USIC costs for providing the Services that exceeds the average rate of inflation for the period since USIC's most recent price increase; (b) a material change in the one-call statute effective within the Contract Service Area; or (c) a change in the mix of the number or types of Locates on which the pricing set forth in Exhibit A was based. Unless Customer contests, in writing within the thirty (30) day notice period, the evidence provided by USIC the price increase will become effective on the date identified in USIC's notice. If Customer contests the basis for the price increase as provided above, the parties shall either negotiate a mutually agreeable resolution or resolve the dispute as provided in section 11.1.

At the beginning of each Contract Year subsequent to the first Contract Year, the charges for Locate Services set forth on Exhibit B shall be increased by 3.00%.

Another reason not to secure services - does not seem justified.

8.2 USIC may on a semiannual basis adjust fees based upon fluctuation in fuel prices. The adjustment will be based on "U.S. Regular Conventional Retail Gas Prices" from the US Department of Energy site: http://www.eia.doe.gov/oil_gas/petroleum/data_publications/wrgp/mogas_history.html. The average fuel price over the previous 6-months will be reviewed every Contract Year on January 1st and July 1st and pricing will be adjusted when applicable based the average fuel price as outlined in the chart below. There will be no adjustment in fees as long as the average fuel price is at or below \$3.99. For example, if the average fuel price for the previous 6-months is \$4.00 - \$4.49 on July 1, fees will be increased by 1.50% for the next 6-month period through December 31st. If the reviewed average 6-month fuel price (on January 1st or July 1st) drops below \$4.00, the increases will cease to be in effect.

unable to pull up exact site - unclear if by region - state - or Avg for USA

6-month Average Fuel

Price per Gallon	Rate Increase
\$4.00 - \$4.49	1.50%
\$4.50 - \$4.99	Additional 1.00%
\$5.00 - \$5.49	Additional 1.00%
\$5.50 +	Additional 1.00%

9. Equal Employment

9.1 USIC acknowledges that it is an equal opportunity employer. We are committed to ensuring equal employment opportunities for all applicants and employees, and to further our commitment not to discriminate on the basis of sex, race, religion, color, national origin, age, disability, genetic information, or veteran status, or any other basis protected by federal, state or local law ("Protected Classifications).

10. Insurance

10.1 USIC provides the following insurance coverage:

<u>INSURANCE COVERAGE:</u>	<u>LIMITS:</u>
Worker's Compensation	Statutory Limit
Employers' Liability	
Each Accident	\$1,000,000
Disease, Policy Limit	\$1,000,000
Disease, Each Employee	\$1,000,000
Comprehensive General Liability	
including Contractual Liability	\$1,000,000 Each Occurrence
Occurrence Basis BI & PD	\$1,000,000 Each Occurrence
	\$2,000,000 General Aggregate (Each occurrence)
Personal Injury	\$1,000,000 Each Occurrence
Products & Completed Operations	\$2,000,000 Each Occurrence
Automobile Liability	
BI & PD Combined	\$1,000,000 Each Occurrence

11. Dispute Resolution

11.1 The parties shall attempt in good faith to resolve all disputes (Controversy) promptly by negotiation, as follows. Any party may give the other party written notice of any Controversy not resolved in the normal course of business. Executives of both parties at levels one level above the personnel who have previously been involved in the Controversy shall meet at a mutually acceptable time and place within ten days after delivery of such notice, and thereafter as often as they reasonably deem necessary, to exchange relevant information and to attempt to resolve the Controversy. If the matter has not been resolved within thirty days from the referral of the Controversy to senior executives, or if no meeting of senior executives has taken place within fifteen days after such referral and if the Controversy is over the amount of Restoration Costs owed by USIC to Customer, the parties shall simply split the difference between their respective positions. If more than two Controversies within a given contract year result in a split of the difference under the preceding sentence or if a Controversy involves more than simply a dispute about Restoration Costs, the parties hereto reserve to themselves the right to litigate any such disputes in an appropriate forum. If a negotiator intends to be accompanied at a meeting by an attorney, the other negotiator shall be given at least three working days' notice of such intention and may also be accompanied by an attorney. All negotiations pursuant to this clause are confidential and shall be treated as compromise and settlement negotiations for purposes of the Federal Rules of Evidence and State rules of evidence.

B. Flickinger
would
likely
advise not specific enough -
need to know what court/country etc.

12. Miscellaneous

- 12.1 Neither party shall be deemed to be in default of this Agreement to the extent that any delay or failure to perform its obligations, other than the payment of money, results from any cause beyond its reasonable control and without its fault or negligence, such as acts of God, acts of civil or military authority, embargoes, epidemics, war, riots, insurrections, fires, explosions, earthquakes, floods, unusually severe weather conditions or strikes. If USIC claims that it is delayed by such a cause, it shall notify Customer immediately and Customer shall be entitled to obtain the Services from any other person until such cause terminates as evidenced by a notice from USIC that such cause has ended.
- 12.2 This Agreement may only be modified or amended by a written instrument signed by an authorized representative of USIC and Customer. The term "Agreement" shall include any such future amendments or modifications.
- 12.3 This Agreement shall constitute the entire contract between the parties with respect to the subject matter of this Agreement. Customer and USIC each represent that it has read this Contract, agrees to be bound by all terms and conditions contained in this Agreement, and acknowledge receipt of a signed, true exact copy of this Agreement.
- 12.4 Customer agrees that during the Term of this Agreement and for a period of six (6) months thereafter, Customer will not hire or solicit for hire any employee of USIC who has been used by USIC within the last six months for the purpose of providing the Services to Customer.

«Contract_Name», «States»

Contract #: «USIC_Contract_Number»

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers or representatives.

South Texas Water Authority

USIC Locating Services, LLC

By: _____
(Signature)

By: _____
(Signature)

(Please print)

Darin Stalbaum
(Please print)

Title: _____

Title: Vice President

Date 8/31/2018

South Texas Water Authority
ATTN:
PO Box 1701

Kingsville, TX 78364

«Contract_Name», «States»

Contract #: «USIC_Contract_Number»

Exhibit A

USIC Locating Services, LLC shall provide services in the State of TX.

Exhibit B

USIC Locating Services, LLC will charge for services rendered hereunder:

- \$ 12.00 Per Ticket Received from the One Call**
- \$ 17.00 Per Emergency Ticket Regular Hours**
- \$ 17.00 Per After Hour Call Out Ticket**
- \$ 14.00 Project Price Per Quarter Hour for Tickets that Exceed 30 Minutes**
- \$ 14.00 Per Quarter Hour for Watchdogs or Site Surveillance Work**
- \$ 275.00 Damage Investigation Fee**

Mail Invoices To: South Texas Water Authority
 ATTN: Carola G. Serrato
 PO Box 1701

 Kingsville, TX 78364
 Phone: 361-592-9323 x112
 Email: mcgserrato@stwa.org

USIC shall render invoices and statements to Customer on a monthly basis. Each statement shall be paid by Customer within thirty (30) days of invoice date.

ATTACHMENT 11
TCEQ Enforcement Action

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: September 19, 2018
Re: Texas Commission on Environmental Quality (TCEQ) Enforcement Action

Background:

On Tuesday, September 18, 2018, staff participated in another conference call with TCEQ. Aaron Archer, Walker Partners; Bill Flickinger, Willatt and Flickinger; O&M Supervisor Jacob Hinojosa and I participated in the call. Enclosed is the conference call's agenda emailed today.

With regards to the recently submitted August Quarterly Report, the TCEQ is asking that an **updated Quarterly Report be submitted by October 1st**. As before, TCEQ staff is stating that there is a discrepancy between the number of samples being reported by O&M Supervisor Jacob Hinojosa in the DLQOR and the number in Mr. Archer's Quarterly Report. In addition, the agenda and conference call covered items pertaining to two (2) instances of the Colorimeter II readings being 15% higher than the CL 17 analyzer readings, instances when the Total Chlorine reading was lower than Monochloramine, incomplete NAP information for the Driscoll Booster Station "Before", the "After" boosting information for Agua Dulce on August 3rd, Nitrate-Nitrite results for July rather than August, and information on "corrective action" as a result of NAP triggers.

In addition, FMT has determined that additional training can be provided for the three (3) subjects previously mentioned. Specifically, Chemical Feed Rates, Chloramine Disinfection and Disinfection Byproducts, and Cross Connection Control are those subjects. STWA had inquired whether the TCEQ's DAM modules could be modified to cover a wholesale supplier as opposed to the surface water treatment plant which the first two subjects are geared towards. It appears that can be done since the message today is that a call at the beginning of October will occur to arrange for the training.

Finally, as indicated above, with the submission of an updated report, TCEQ staff wants to have a follow-up conference call the week of October 22nd.

Analysis:

During the conference call, information was presented in greater detail than that listed in the attached agenda. A TCEQ statement was made regarding the maximum chloramine residual at Bishop East PS at the "after" location being higher than the DLQOR maximum result submitted by Mr. Hinojosa. This resulted in a lengthy conversation regarding the limits of STWA's distribution system, STWA's Monitoring Plan, and STWA's NAP. STWA's position is that the "after" results at Bishop East PS (or at any of the pump stations) is not an item for STWA to report in the DLQOR's.

The conversation included TCEQ staff using the word "confusing." However, Mr. Hinojosa and I believe STWA clearly understood the limits of the distribution system and it appeared to us that the TCEQ staff reviewing the Quarterly Report may have shifted that limit. Some of the TCEQ participants acknowledged that after boosting those results would likely be a reading for STWA's wholesale customers to report. As such, the TCEQ employee reviewing the information was instructed to send an email to clarify the specifics of what residuals they are considering regulatory and required under the Monitoring Plan and NAP.

Enclosed is TCEQ's response to the conference call discussion. Mr. Joel Klumpp, Water Supply Division Manager, provided the response rather than the staff person that was instructed to provide information, Mr. Andrew Nidoh, Natural Resource Specialist of the Drinking Water Inventory & Protection Team. You will note that a conference call is being arranged to discuss the TCEQ's latest analysis and in particular the suggestion to "update" Table D-3 in the Monitoring Plan. The Board will recall that the TCEQ reviewed several draft Monitoring Plans prior to their approval in November 2017. In addition, Mr. Archer discussed with TCEQ the information required in the Quarterly Reports prior to the initial submittal in that same month. The most recent report is the fourth such report.

Regarding each of the agenda items:

- **Disinfectant Residual Sample Results Missing from the Report** – The Board will recall after the last report that STWA staff went through each of the DLQOR results and the information submitted in Mr. Archer's Quarterly Report. STWA staff were unable to arrive at the same conclusions as the TCEQ. This may or may not be necessary again. Mr. Hinojosa will provide Mr. Archer the information used to file the Quarterly TCEQ DLQOR report and staff will work with him to determine what additional information to provide.
- **CL 17 Verification Information** – Mr. Hinojosa will examine the two (2) dates in question. His initial reaction was to think that the CL 17 needed to be cleaned, which must be done periodically.
- **NAP Data** – Staff believes with the purchase of the additional three (3) DR 900's that this issue has been resolved. Staff will provide a written description as requested. Field personnel will perform the test again if this occurs.
- **NAP Data for July 6th through August 3rd** – This information is available. The information needed to be transferred from the daily spreadsheet to the weekly NAP form.
- **Nitrite/Nitrate** – This is an error on STWA's part. The sample should have been collected in July, not August.
- **NAP Triggers for Total Chlorine, Monochloramine, and Free Available Ammonia** – Just prior to the conference call, I met with Mr. Hinojosa, Field Foreman Dony Cantu, and Field Tech II Patrick Sendejo. We discussed the implications of this agenda item. This subject has been discussed with TCEQ and TRWA employees.

The levels of Total Chlorine, Monochloramine and Free Available Ammonia arriving at the Central and Driscoll pump stations are largely based on the quality of water received from the City of Corpus Christi. However, the levels leaving the ON Stevens WTP will not be the same – for a number of reasons. First, the water arrives several days later, depending on demand. Second, the chemistry of the water is going to change as a result of the environment (the pipeline), temperature, and lag time.

However, STWA's process control – which is not part of the Monitoring Plan and NAP and which TCEQ does not consider regulatory – is key to providing properly disinfected water to STWA's customers. Namely, the boosting discussed in other sections of this memo and the residual in the ground storage tanks which is delivered to STWA's customers.

Finally, as discussed during previous TCEQ conference calls, STWA acknowledges that the NAP triggers will need to be modified. But, information this first year will be the basis for making changes. And, STWA does not have any plans to make those changes to the NAP until after the Order is complete.

Staff Recommendation:

Submit the additional information by October 1st if possible or request an extension if necessary. Keep the Board updated on the TCEQ Order.

Board Action:

Provide feedback to staff and consultants.

Summarization:

I discussed the matter with Bill Flickinger, Willatt and Flickinger, after the conference call. I stated that the sample data being discussed appears to be contrary to the TCEQ's basic premise that STWA's distribution system was upstream of any boosting at the delivery point to its customers. The TCEQ's case concluded that STWA's distribution system does not include the boosting equipment at those stations. Mr. Klumpp's email appears to confirm this. As stated above, STWA personnel believe we understand the limits of STWA's distribution system. Whether TCEQ has decided the data collection limits need to be changed will be the subject of another conference call.

- Wait for three (3) to six (6) minutes.
- Insert this second cell into the colorimeter and check the residual.
- Compare the residual result of the sample cell to the reading displayed on the CL 17 Analyzer.
- Record the CL17 Analyzer display and the sample cell residual results on the South Texas Water Authority CL 17 verification form.

Manual residual readings are obtained using the Hach Pocket Colorimeter II. The readings collected manually are used to comply with the reporting requirements for disinfectant residual by filling out Purchase Water Monthly Operating Reports every month, and providing these records to the TCEQ compliance investigator upon request and by sending in the Disinfectant Level Monthly Operating Report (DL QOR) every quarter. Two manual, regulatory samples are collected each day with one sample being taken from the Spur Line and one sample being collected from the Main Line. The sample location in each pressure plane is alternated.

The system is in compliance with the minimum residual requirement if the total chlorine residual delivered to South Texas Water Authority's customers is greater than 0.5 mg/l.

The system reports the maximum residual disinfectant level (MRDL) by submitting the MRDL Report Form to TCEQ quarterly and is in compliance with the MRDL if the running average of all samples taken in the system is less than 4.0 mg/l.

Table D-3 Disinfectant Sampling Points Summary

Sample Point	Sample Site Description	Facility/Day
<i>SPUR LINE</i>		
1. Agua Dulce, City of	Spigot on MR prior to disinfection	Agua Dulce PS - Monday
2. Agua Dulce, NWSC Rural	Non-Regulatory Only	Agua Dulce PS
3. Sablatura Park, NWSC Rural	Spigot on MR prior to disinfection	Sablatura Park PS - Tuesday
4. Sablatura Pump Station (U/S of Sablatura Park)	Non-Regulatory Only	Sablatura PS
5. Banquete District	Spigot on MR prior to disinfection	Banquete PS - Wednesday
6. Banquete, NWSC Rural	Non-Regulatory Only	Banquete PS
7. West side of FM 666 (U/S of Banquete)	Non-Regulatory Only	Spur Line
8. Geo Detention Center off FM 2826 (D/S of Central)	Non-Regulatory Only	Spur Line
9. Central, NWSC Rural	Non-Regulatory Only	Central PS

Table D-3 Disinfectant Sampling Points Summary (Continued)

Sample Point	Sample Site Description	Facility/Day
<i>MAIN LINE</i>		
10. Driscoll Booster Station	Non-Regulatory Only	Main Line
11. Driscoll, City of	Spigot on MR prior to disinfection	Driscoll PS - Thursday
12. Driscoll, NWSC Rural	Non-Regulatory Only	Driscoll PS
13. Lopez ARV	Non-Regulatory Only	Main Line
14. Bishop, City of – East	Spigot on MR prior to disinfection	Bishop East-side PS - Friday
15. Bishop, NWSC Rural	Non-Regulatory Only	Bishop East-side PS
16. Bishop, City of – West	Spigot on MR prior to disinfection	Bishop West-side PS - Saturday
17. CR4 ARV	Non-Regulatory Only	Main Line
18. Kingsville, City of	Spigot on MR prior to disinfection	Kingsville PS - Sunday
19. Ricardo Water Supply Corp.	Non-Regulatory Only	Ricardo Meter @ Kings. Site

Section D-4 –Disinfection Byproducts (DBPs) – TTHM and HAA5

The TCEQ’s sampling contractor collects DBP samples. Samples will be collected annually during normal system operating conditions between May 1 and September 30. Samples will be collected from sample location DBP2-01 which is located prior to the meter and upstream of disinfection injection at the STWA Kingsville facility. These samples are taken to a certified lab by the TCEQ’s sampling contractor. STWA is in compliance if the locational running average for each sample location is below the maximum contaminant level. The maximum contaminant level for Total Trihalomethanes is 80 ppb. The maximum contaminant level for Haloacetic Acids is 60 ppb. STWA will notify TCEQ’s sampling contractor if system operating conditions are not normal and reschedule sampling for a time when normal operations have been restored.

5. Lead and/or Copper – South Texas Water Authority does not sample for Lead and Copper.

6. Asbestos – One asbestos sample in the distribution system (TCEQ Facility ID No. DS01) must be collected every nine years. The current monitoring period runs from January 1, 2014 through December 31, 2022. TCEQ’s sampling contractor will collect an asbestos sample in the distribution system during this monitoring period. This sample will be taken to a certified lab by the TCEQ’s sampling contractor. STWA is in compliance if the maximum contaminant level of 7 million fibers per liter (longer than 10 microns) is not exceeded. TCEQ would notify STWA if any violation occurs.

7. Nitrate – The TCEQ’s sampling contractor collects an annual nitrate sample at the system entry point. STWA is in compliance per 30 TAC 290.106 relating to Inorganic Contaminants if nitrate is below the maximum contaminant level of 10 mg/L as Nitrogen. Additional nitrate sampling is also scheduled to occur in the STWA system per the recommendations of the Nitrification Action Plan (*Attachment D*) for the purposes of process control.



STWA/TCEQ Phone Conference Agenda

Tuesday, September 18, 2018 - Room 1206 10:00-11:00 a.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 November 22, 2018

2. Quarterly report comments and discussion (Item 8a and Item 10) - TCEQ staff

Note: we are not able to confirm compliance with the disinfectant residual requirement for the last quarter at this time. A revised quarterly report is required to be submitted by October 1, 2018. The revised report must provide or address:

- *Disinfectant residual sample results missing from the report: The Disinfectant Residual Quarterly Operating Report (DLQOR) includes approximately 200 more sample results than are included in the quarterly report. Please include all disinfectant residual sample results from compliance sample sites through August 21, 2018 in the revised quarterly report.*
- *CL 17 verification information: please provide written documentation regarding discrepancies of Colorimeter 4935 at Driscoll on 6/29/18 and at Sablatura Park on 7/20/18. Results show that the colorimeter produced a result greater than 15% of the analyzer. Per 30 TAC §290.46(s)(2)(C)(iii), discrepancies greater than 15% must be corrected and, if necessary, the instrument must be recalibrated.*
- *NAP data: 17% of the sample results show a monochloramine residual greater than the total chlorine residual. Please explain whether this has been addressed by the purchase of new field analyzers or some other means. Please provide a written description of STWA's procedures for responding to sample results that show a monochloramine residual greater than the total chlorine residual.*
- *NAP data: No monitoring results were provided at the Driscoll Booster Station "before boosting" location from 7/6-8/3/18, and "after boosting" location for the entire quarter. There were also no monitoring results provided at the Agua Dulce "after boosting" location on 8/3/18. Please provide this data. If samples were not collected and/or reported, please provide a written explanation addressing the lack of data.*
- *Nitrate/nitrite sample frequency: our review of the quarterly report shows that nitrate/nitrite was sampled on 8/27/18 at the Kingsville and Agua Dulce stations. Prior to this, the last time that nitrate/nitrite were sampled at these locations was 4/25/18. Please provide STWA's nitrate/nitrite sample schedule. Please note that the chloramine monitoring requirements in 30 TAC §290.110(c)(5)(d)(ii) requires quarterly monitoring of nitrate/nitrite in the distribution system. Please note that TCEQ's intent for quarterly monitoring is for monitoring to occur approximately every 90 days.*
- *NAP triggers for total chlorine, monochloramine and free ammonia: our review of the quarterly report shows that 72 triggers were hit during the quarter but that STWA did not take any direct corrective actions. Please provide documentation of the corrective actions that were taken to address the NAP triggers. If no corrective action was taken, please provide an explanation.*

3. Discussion of Additional FMT Assistance – Kenny Dykes

At STWA's request, we plan to provide the following assistance events:

- *DAM 2a: Establishing Appropriate Chemical Feed Rates*
- *DAM 4: Chloramine Disinfection and DBP Control*
- *DAM 12: How to Develop and Manage an Effective Cross-Connection Control Program*

We will contact you the first week of October to schedule these DAMs. Would you like for us to make a separate FMT assistance assignment regarding DLQORs?

4. Wrap-up and schedule next meeting - Joel Klumpp

We recommend speaking again the week of October 22-26 to discuss:

- *TCEQ review of the revised quarterly report*
- *TCEQ requirements for the final quarterly report*

mcserrato@stwa.org

From: mcserrato@stwa.org
Sent: Wednesday, September 19, 2018 10:16 AM
To: 'Joel Klumpp'
Cc: 'Steven Swierenga'; 'Amanda Patel'; 'Andrew Nidoh'; 'Arron Archer'; 'Bill Flickinger'; 'Craig Stowell'; 'David Simons'; 'Gary Chauvin'; 'Kenneth Dykes'; 'Michael Tucker'; 'Michele Risko'; 'Rita Setser'; 'Stephanie Escobar'; 'Vera Poe'; 'Yadhira Resendez'; 'Brittney Teakell'; 'Bonnie Evans'; 'Dony Cantu'; 'Frances Rosales'; 'Jacob Hinojosa'; 'Jo Ella Wagner'; 'Kim Mann'
Subject: RE: Follow-up to External TCEQ/STWA Teleconference

I would still want Jacob Hinojosa, Aaron Archer and Bill Flickinger to participate in addition to me.

Carola

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

From: Joel Klumpp <joel.klumpp@tceq.texas.gov>
Sent: Wednesday, September 19, 2018 10:08 AM
To: mcserrato@stwa.org
Cc: Steven Swierenga <steven.swierenga@tceq.texas.gov>; Amanda Patel <Amanda.Patel@Tceq.Texas.Gov>; Andrew Nidoh <Andrew.Nidoh@tceq.texas.gov>; 'Arron Archer' <aarcher@walkerpartners.com>; 'Bill Flickinger' <bflickinger@wfaustin.com>; Craig Stowell <Craig.Stowell@tceq.texas.gov>; David Simons <David.Simons@tceq.texas.gov>; Gary Chauvin <gary.chauvin@tceq.texas.gov>; Kenneth Dykes <Kenneth.Dykes@tceq.texas.gov>; Michael Tucker <Michael.Tucker@tceq.texas.gov>; Michele Risko <Michele.Risko@Tceq.Texas.Gov>; Rita Setser <Rita.Setser@Tceq.Texas.Gov>; Stephanie Escobar <Stephanie.Escobar@Tceq.Texas.Gov>; Vera Poe <vera.poe@tceq.texas.gov>; Yadhira Resendez <Yadhira.Resendez@tceq.texas.gov>; Brittney Teakell <Brittney.Teakell@tceq.texas.gov>; Bonnie Evans <Bonnie.Evans@tceq.texas.gov>; 'Dony Cantu' <dcantu@stwa.org>; 'Frances Rosales' <fvrosales@stwa.org>; 'Jacob Hinojosa' <jhinojosa@stwa.org>; 'Jo Ella Wagner' <jwagner@stwa.org>; Kim Mann <Kim.Mann@Tceq.Texas.Gov>
Subject: RE: Follow-up to External TCEQ/STWA Teleconference

Carola,

We would be happy to schedule a conference call to discuss our guidance on compliance sample sites and our recommendation to update Table D-3 of STWA's Monitoring Plan.

Who would you like to be included as a STWA representative for the call?

Thanks,

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

From: mogserrato@stwa.org [mailto:mogserrato@stwa.org]

Sent: Wednesday, September 19, 2018 9:04 AM

To: Joel Klumpp <joel.klumpp@tceq.texas.gov>

Cc: Steven Swierenga <steven.swierenga@tceq.texas.gov>; Amanda Patel <Amanda.Patel@Tceq.Texas.Gov>; Andrew Nidoh <Andrew.Nidoh@tceq.texas.gov>; 'Arron Archer' <aarcher@walkerpartners.com>; 'Bill Flickinger' <bflickinger@wfaustin.com>; Craig Stowell <Craig.Stowell@tceq.texas.gov>; David Simons <David.Simons@tceq.texas.gov>; Gary Chauvin <gary.chauvin@tceq.texas.gov>; Kenneth Dykes <Kenneth.Dykes@tceq.texas.gov>; Michael Tucker <Michael.Tucker@tceq.texas.gov>; Michele Risko <Michele.Risko@Tceq.Texas.Gov>; Rita Setser <Rita.Setser@Tceq.Texas.Gov>; Stephanie Escobar <Stephanie.Escobar@Tceq.Texas.Gov>; Vera Poe <vera.poe@tceq.texas.gov>; Yadhira Resendez <Yadhira.Resendez@tceq.texas.gov>; Brittney Teakell <Brittney.Teakell@tceq.texas.gov>; Bonnie Evans <Bonnie.Evans@tceq.texas.gov>; 'Dony Cantu' <dcantu@stwa.org>; 'Frances Rosales' <fvrosales@stwa.org>; 'Jacob Hinojosa' <jhinojosa@stwa.org>; 'Jo Ella Wagner' <jwagner@stwa.org>

Subject: RE: Follow-up to External TCEQ/STWA Teleconference

Joel,

Yes, we would like to discuss the sites. We believe we have all the information being requested. Jacob will be printing out his excel files going back to the first November 2017 Quarterly Report. We will provide that to Aaron Archer. However, in particular, we would like to talk about your reference to "updating Table D-3."

Carola G. Serrato

Executive Director

South Texas Water Authority

PO Box 1701

Kingsville, Texas 78364

361-592-9323 x112

From: Joel Klumpp <joel.klumpp@tceq.texas.gov>

Sent: Tuesday, September 18, 2018 5:11 PM

To: Carola G. Serrato (mogserrato@stwa.org) <mogserrato@stwa.org>

Cc: Steven Swierenga <steven.swierenga@tceq.texas.gov>; Amanda Patel <Amanda.Patel@Tceq.Texas.Gov>; Andrew Nidoh <Andrew.Nidoh@tceq.texas.gov>; Arron Archer <aarcher@walkerpartners.com>; Bill Flickinger (bflickinger@wfaustin.com) <bflickinger@wfaustin.com>; Craig Stowell <Craig.Stowell@tceq.texas.gov>; David Simons <David.Simons@tceq.texas.gov>; Gary Chauvin <gary.chauvin@tceq.texas.gov>; Kenneth Dykes <Kenneth.Dykes@tceq.texas.gov>; Michael Tucker <Michael.Tucker@tceq.texas.gov>; Michele Risko <Michele.Risko@Tceq.Texas.Gov>; Rita Setser <Rita.Setser@Tceq.Texas.Gov>; Stephanie Escobar <Stephanie.Escobar@Tceq.Texas.Gov>; Vera Poe <vera.poe@tceq.texas.gov>; Yadhira Resendez <Yadhira.Resendez@tceq.texas.gov>; Brittney Teakell <Brittney.Teakell@tceq.texas.gov>; Bonnie Evans <Bonnie.Evans@tceq.texas.gov>

Subject: Follow-up to External TCEQ/STWA Teleconference

Dear Carola,

To clarify what TCEQ understands as compliance sample sites versus process control sites for the purposes of reporting to the TCEQ, please refer to the following:

- Enforcement Order Quarterly Report (Ordering Provision 8.a.ii.)
 - All sampling data collected at both compliance sample sites and noncompliance, process control sites shall be included in the report.
 - This includes total chlorine, monochloramine, free ammonia, free chlorine, nitrate, nitrite, and coliform sample results.
 - Any samples you collected should be reported in the Quarterly Report.

- DLQOR
 - Only total chlorine sample results from compliance sample sites designated in the Monitoring Plan shall be included in the DLQOR.
 - We marked up sample sites in your Monitoring Plan that we consider to be compliance locations for disinfectant residuals (see attached.) All other sample points shown in the Monitoring Plan are considered process control sites for purposes of total chlorine samples.
 - We don't consider sample sites that are "inside" treatment plants to be compliance locations for disinfectant residuals. For example, the sample site on the meter run to the Driscoll PS after boosting is technically within the treatment plant. It is a process control point for STWA's chemical injection. The City of Driscoll is required to collect a compliance disinfectant residual at the entry point leaving the plant (after the booster pumps entering their distribution system).

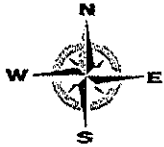
In this email, we relied on the drawings you provided in the Monitoring Plan to determine compliance sample sites, rather than the summary Table D-3 of disinfectant residual sites in the Monitoring Plan. If you have questions about what we consider to be compliance sample sites, please let me know and I will arrange a call to discuss. You may want to consider updating Table D-3 to match our designations of compliance sites.

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



Central PS – NW
Corner of FM
2826 & CR 79 –
Boost Residual &
Pressure

33,000g 63,000g

Distance between
downstream Sample

Disinfectant
Injection at
MR

LAS/Cl₂
Distance is
48 inches

Distance between
upstream Sample
Point (SP) and
LAS injection is
84 inches.

Meter Run
Pipe Diameter
is 4 Inches

Closed valve

O.N. Steven
Plant
Calallen

Entry Point – STWA
Meter Run – ON
Stevens WTP

Regional System
Spur line 14"/12"-
16 miles – Tees off
42" line at FM
2826

Driscoll

– NE corner
of intersection of
Avenue E & 4th Street

Meter Run
Pipe Diameter
is 10 Inches

150,000g

Disinfectant
Injection at
MR

Distance between
downstream Sample Point
(SP) and Cl₂ injection is 54
inches.

LAS/Cl₂
Distance is
44 inches

Distance between upstream
Sample Point (SP) and LAS
injection is 12 inches.

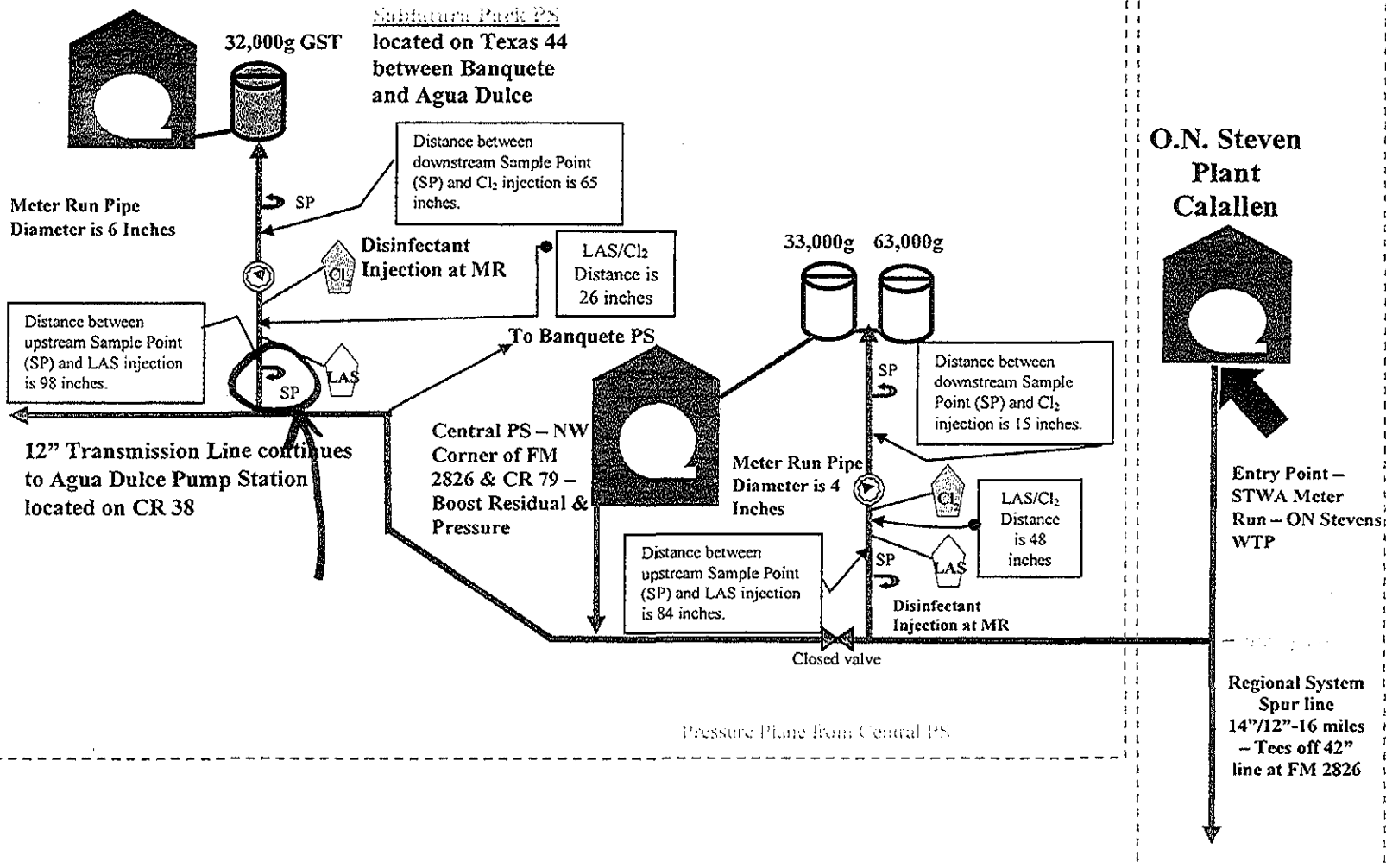
14"/12" Transmission
Line continues to
Banquete, Sablatura
Park and Agua Dulce
Pump Stations located on
CR 40, US 44 and CR 38,
respectively

*Disinfectant
Compliance
Site for STWA*

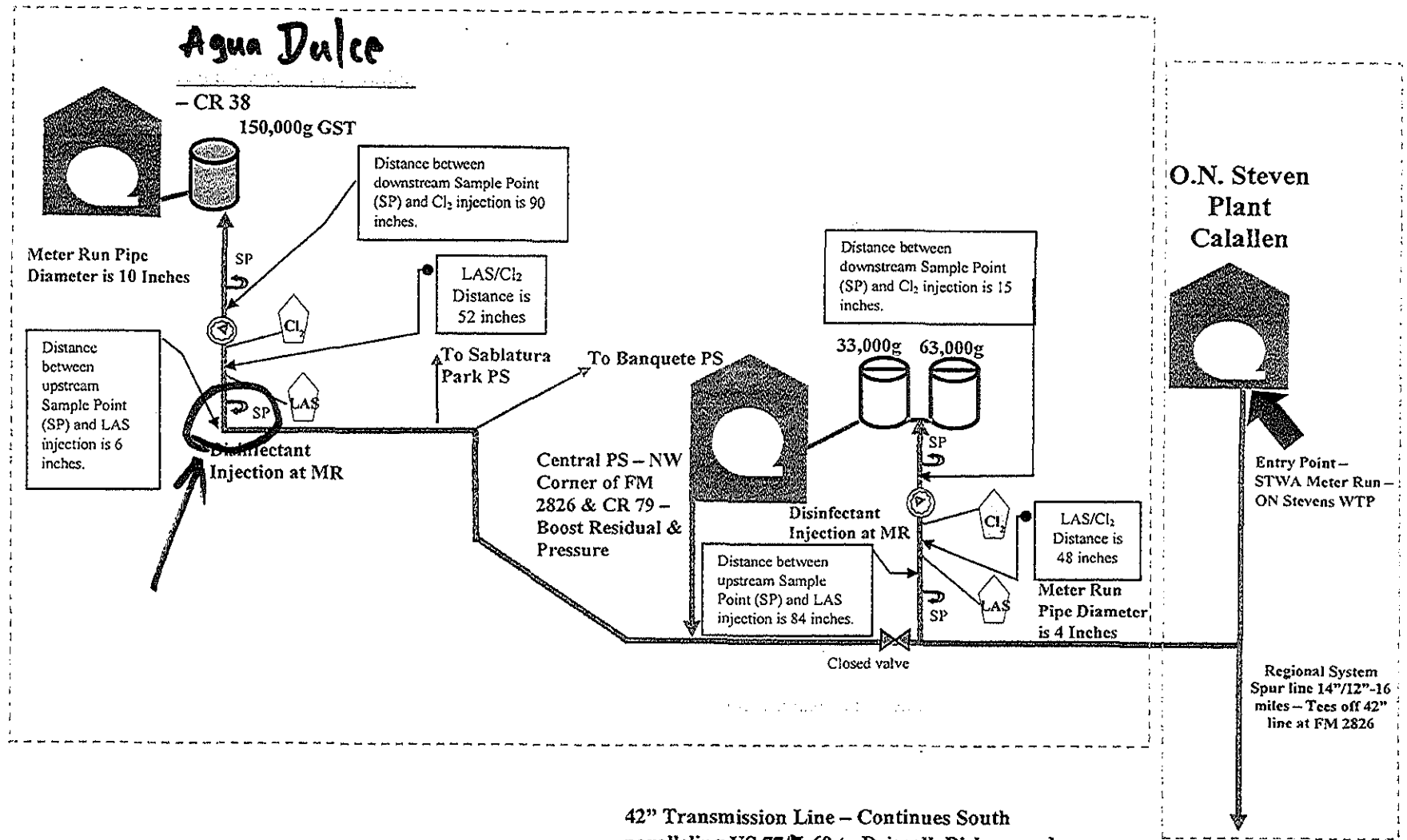
42" Transmission Line – Continues South
paralleling US 77/ I-69 to Bishop and Kingsville

Sablatura Park

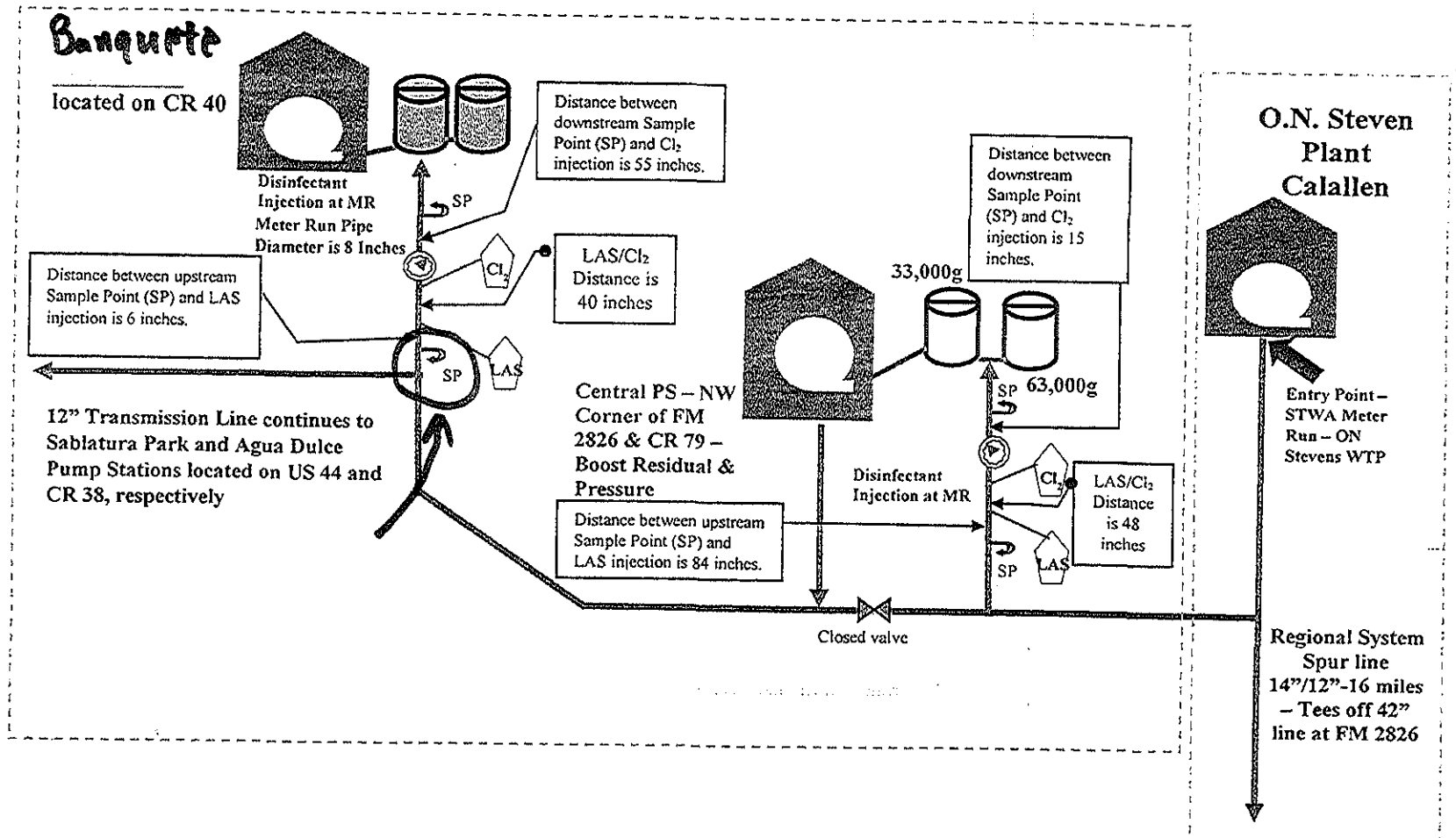
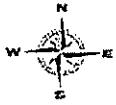
Sablatura Park PS
located on Texas 44
between Banquete
and Agua Dulce



42" Transmission Line – Continues South
paralleling US 77/ I-69 to Driscoll, Bishop, and
Kingsville



42" Transmission Line - Continues South paralleling US 77/I-69 to Driscoll, Bishop, and Kingsville



Banquette

located on CR 40



Disinfectant Injection at MR Meter Run Pipe Diameter is 8 Inches



Distance between downstream Sample Point (SP) and Cl₂ injection is 55 inches.

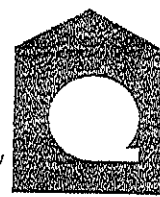
LAS/Cl₂ Distance is 40 inches

Distance between upstream Sample Point (SP) and LAS injection is 6 inches.

12" Transmission Line continues to Sablatura Park and Agua Dulce Pump Stations located on US 44 and CR 38, respectively

Central PS - NW Corner of FM 2826 & CR 79 - Boost Residual & Pressure

Distance between upstream Sample Point (SP) and LAS injection is 84 inches.



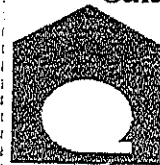
33,000g

Disinfectant Injection at MR

Distance between downstream Sample Point (SP) and Cl₂ injection is 15 inches.

63,000g

LAS/Cl₂ Distance is 48 inches



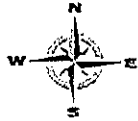
O.N. Steven Plant Calallen

Entry Point - STWA Meter Run - ON Stevens WTP

Regional System Spur line 14"/12"-16 miles - Tees off 42" line at FM 2826

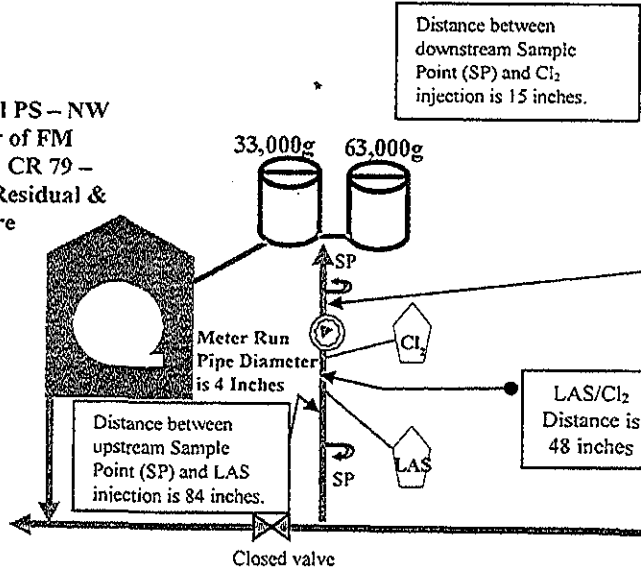
Closed valve

42" Transmission Line - Continues South paralleling US 77/ I-69 to Driscoll, Bishop, and Kingsville

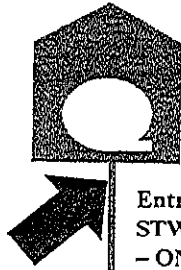


14"/12" Transmission Line continues to Banquete, Sablatura Park and Agua Dulce Pump Stations located on CR 40, US 44 and CR 38, respectively

Central PS – NW Corner of FM 2826 & CR 79 – Boost Residual & Pressure



O.N. Steven Plant Calallen

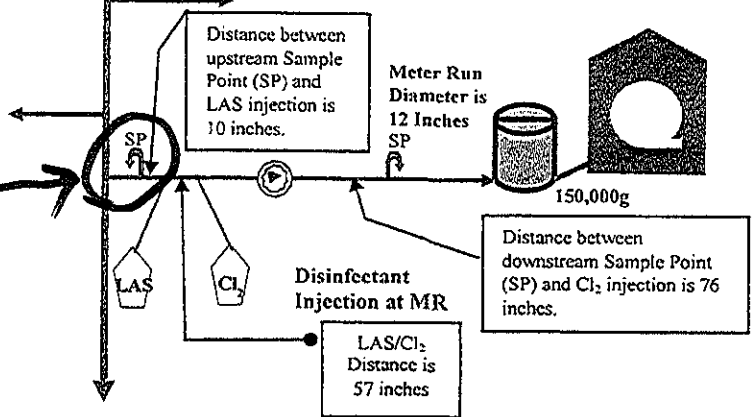


Regional System Spur line 14"/12"-16 miles – Tees off 42" line at FM 2826

Bishop East

located on CR 81A (Birch Ave.)

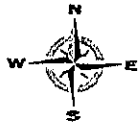
To Driscoll PS



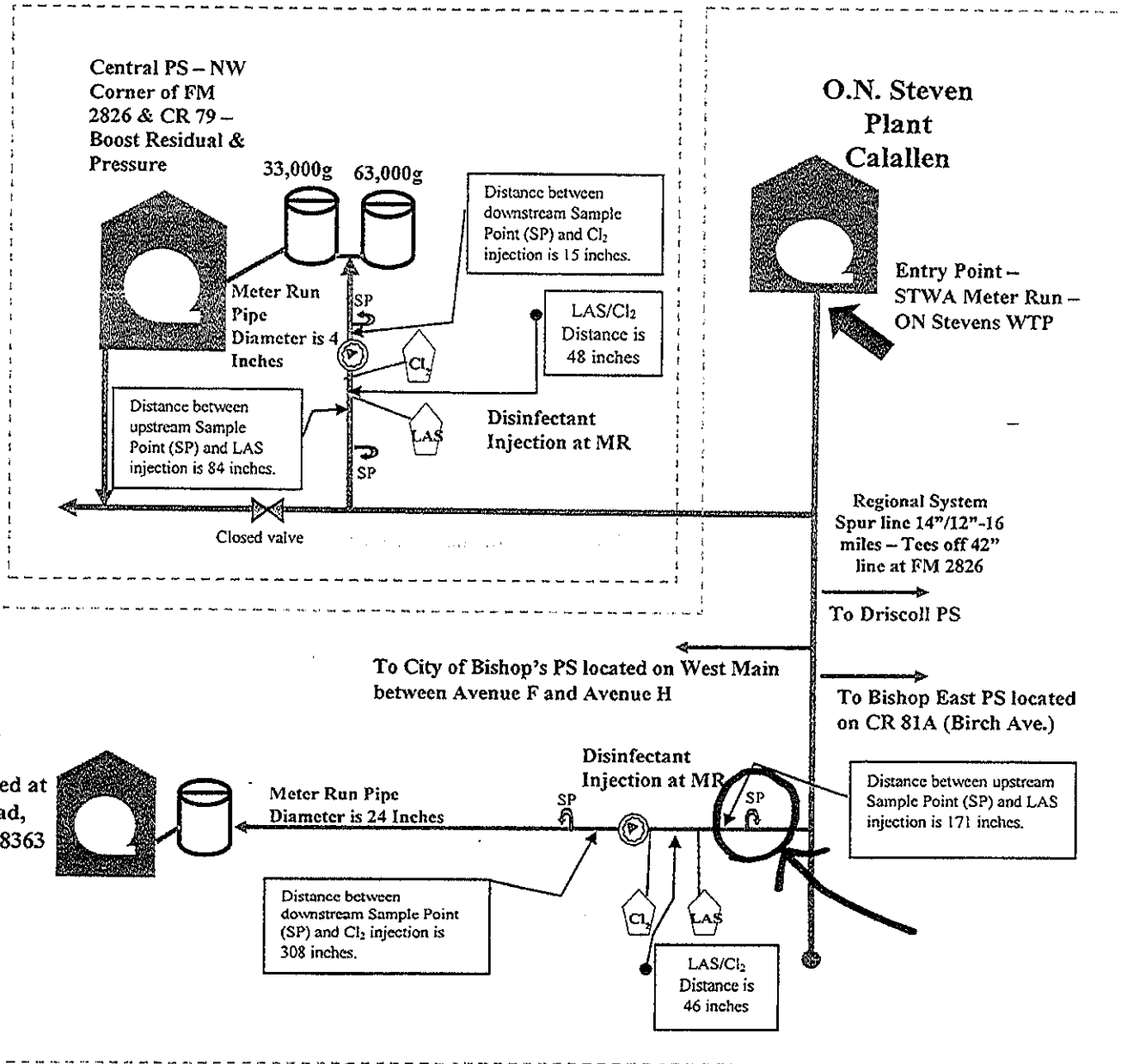
Bishop West
 → compliance sample before booster?

To City of Bishop's PS located on West Main between Avenue F and Avenue H

42" Transmission Line – Continues South paralleling US 77/ I-69 to Kingsville and Ricardo MR located at Kingsville PS



14"/12" Transmission Line continues to Banquete, Sablatura Park and Agua Dulce Pump Stations located on CR 40, US 44 and CR 38, respectively



mcserrato@stwa.org

From: mcserrato@stwa.org
Sent: Wednesday, September 19, 2018 9:19 AM
To: Aaron Archer
Cc: Bill Flickinger; 'Dony Cantu (dcantu@stwa.org)'; 'Frances Rosales'; 'Jacob Hinojosa'; 'Jo Ella Wagner'
Subject: STWA Residual Monitoring
Attachments: STWA DLQOR Apr May June.pdf

Importance: High

Aaron,

This is the information referred to in the email to Joel Klumpp. Jacob says that the 1st page is all that TCEQ sees. We think this should resolve either all or most of the problems with reconciling the number of samples. But, as alluded to in the email to Joel Klumpp, there appear to be 3 additional sites that STWA did not have before in the daily rotation. And, we are wondering why the Driscoll "before" upstream of the meter is not circled – unless TCEQ thinks the "before" sample on the 42" line Booster is close enough.

I have asked Jacob to summarize his thoughts on what needs to be done and what he recalls from the process STWA went through to get the Monitoring Plan and NAP to a point that TCEQ approved. This is his statement:

"All process control samples are listed under the Meter Reading Form (revised 03192018) as well as the Weekly NAP Form (revised 10242017). I will print out the DLQOR Reports for the time asked but those are compliance sites."

I hope this helps with revising the latest Quarterly Report by October 1st. Please let me know if we need to have a conference call between you, Jacob, Bill and me.

Thanks,
Carola

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

ATTACHMENT 12

Driscoll LAS Project

Memorandum

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

Background:

As before, staff continues to take daily samples associated with the Driscoll Disinfection Booster Station. Also, as before, staff has noticed a significant impact when water demand decreases either due to Kingsville or Bishop taking small volumes or as in recent days when rainy weather decreases demand. The system continues to operate in manual. As mentioned during the last meeting, staff has briefly discussed the option of utilizing a SCADA system to send signals from each of the downstream delivery points to “tell” the LAS Booster Station that a flow of “X” number of gallons is occurring. This subject has been discussed with Sherrel Mercer, Mercer Controls, Shay Roalson, HDR Engineering, and Aaron Archer, Walker Partners.

Analysis:

Staff would like to have the Driscoll LAS Booster Station working in automatic. The possibility of increasing the accuracy of flow information by sending signals from the downstream delivery points is an option that staff believes should be explored. Staff has been told that the flowmeter inserted into the 42” waterline at that booster station is the most accurate available; but, it still has limitations on very low flows. Staff believes gathering additional information on communications between the downstream delivery points and the Driscoll LAS Booster Station is warranted, including requesting proposals for that type of project.

Staff Recommendation:

Begin work on an alternative option to operate the Driscoll LAS Booster Station in automatic using communications with downstream delivery points.

Board Action:

Provide feedback to staff.

Summarization:

The latest conference call with TCEQ included a statement by TCEQ staff that the last quarter’s Total Chlorine residuals were actually higher than the previous quarters. As such the system is meeting the overall goal of complying with the 0.5 mg/l Total Chlorine residual; however, staff believes operational improvements are possible.

ATTACHMENT 13

Water Supply Contract – City of Bishop

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: September 20, 2018
Re: City of Bishop - Revised Wholesale Water Supply Contract

Background:

During the September 4th meeting, the Board discussed the correspondence from Mr. Gerald Benadum stating that he would be working on the contract amendments. This was contrary to City Secretary Cynthia Contreras' statement during the July 31st Board Meeting that Mr. Ken Fields would be contacted to perform those services. In light of previous delays, staff discussed this unexpected change with Mr. Flickinger. I inquired whether delays could be avoided by having him amend the contract if the Board requested such. He stated that he would be willing to provide those services.

Analysis:

Since agreements were reached on July 31st, the Board expressed a need to continue moving the process forward in order to finalize the contract. In response to Mr. Flickinger agreeing to draft the changes, the Board decided that a month would be a reasonable time for Mr. Benadum to draft the changes. Enclosed is an email to Mr. Flickinger outlining the Board's instructions.

On September 14, 2018, I contacted Ms. Contreras to inquire whether any of the Council's upcoming agendas would include an item related to the Wholesale Water Supply Contract. She indicated that Mayor Tem Miller had been indisposed until very recently. As such, the City's meeting on September 19th would not include an item pertaining to the contract. However, she stated she would notify me if the City's September 26th agenda included an item related to the Wholesale Water Supply Contract.

To date, a revised contract has not been provided by Mr. Benadum. If the information is not received by October 4th, Mr. Flickinger will begin drafting the revisions on October 5th. I spoke with Mr. Flickinger on September 14th to discuss a timeline. He believes a draft contract for us to discuss will be available the week of October 8th. Once reviewed, he would send the revised contract to Mr. Benadum copying the City by October 12th or the beginning of the next week (October 15th). This timeline was developed based on the City's anticipated workshop on October 17th and regular Council meeting on October 24th as well as STWA's meeting on October 23rd. Mr. Flickinger advised that the Board should be able to approve the contract he drafts during the October 23rd meeting regardless even if the City has not acted on the offered contract.

Staff Recommendation:

Keep the Board updated on matters related to the contract. Utilize the described timeline contingent on not receiving a revised contract from Mr. Benadum by October 4th.

Board Action:

Board action should be the same as last month. Provide feedback to staff and legal counsel. Should an acceptable agreement be available by the meeting, consider approving the contract.

Summarization:

Staff believes this matter is nearing completion. Staff also believes the above-described timeline should keep the process moving forward.

mcserrato@stwa.org

From: mcserrato@stwa.org
Sent: Wednesday, September 5, 2018 11:11 AM
To: Bill Flickinger
Cc: 'Dony Cantu (dcantu@stwa.org)'; 'Frances Rosales'; 'Jacob Hinojosa'; 'Jo Ella Wagner'
Subject: City of Bishop - Contract Amendments - October 4 Timeframe

Importance: High

Tracking:	Recipient	Read
	Bill Flickinger	
	'Dony Cantu (dcantu@stwa.org)'	
	'Frances Rosales'	
	'Jacob Hinojosa'	
	'Jo Ella Wagner'	
	Joella Wagner	Read: 9/5/2018 12:14 PM
	Jacob Hinojosa	Read: 9/7/2018 8:36 AM

Bill,

As a follow-up to my voice mail message this morning, the STWA Board decided by motion, second and a unanimous vote to authorize you to make the necessary changes to the Bishop Water Supply Contract subject to an October 4th timeframe.

The changes to the contract are those agreed upon during the July 31st Board meeting as witnessed by Mayor Tem Miller and City Secretary Cynthia Contreras. During the July 31st meeting, Ms. Contreras indicated Mr. Ken Fields would be contacted to make those changes. However, Mr. Gerald Benadum's recent email to you indicates otherwise.

The timing of your work should occur after October 4th allowing a second month for the information to be received from the City. The Board felt that was sufficient time for Mr. Benadum to provide the amended contract.

With regards to the July 31st action, you will recall that the STWA Board agreed to a 46% of the City's needs (as compared to self-produced groundwater) being the beginning contractual volume and increasing by 1% each year until reaching 50% by the fifth year. The Board also stated that agreeing to these percentages was based on using the same term language as that in the City of Kingsville's contract and the City of Bishop agreeing to delete their added language pertaining to purchasing water from a more economical source.

Please let me know if you have any questions regarding these instructions.

Thanks,
Carola

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

ATTACHMENT 14

Water Supply Contract – City of Driscoll

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: September 20, 2018
Re: City of Driscoll – 20-Year Wholesale Water Supply Contract

Background:

During the last meeting, staff reported that recent changes in the Driscoll City Council could prevent negotiations occurring on the Wholesale Water Supply Contract. Bill Flickinger, Willatt and Flickinger, was contacted when the mayor's position was vacated. Mr. Flickinger indicated that the City may hesitate to execute a long-term contract with only two (2) of the three (3) voting Council members. Mr. John Valls, the previous interim City administrator that staff believes may once again be working for the City, indicated that the City had not yet determined how to replace the Mayor – by appointment or a special election.

Analysis:

Per staff's report during the September 4th meeting, a follow-up contact was made. Enclosed is a September 5th email to Mr. Valls. Additionally, on September 14th I spoke with Mr. Valls to confirm that he had received the information, which he had. We did not discuss any particulars regarding the contract. However, he stated that the Council would be meeting on October 3rd and the contract would be a discussion only agenda item. He stated that my attendance was not necessary. However, he anticipated some type of workshop would be arranged after the Council meeting between City and STWA representatives to discuss the contract. Following the workshop, he thought the contract would be posted on another City Council agenda.

Staff Recommendation:

Keep the Board updated on this matter.

Board Action:

Provide feedback to staff and legal counsel.

Summarization:

Staff's assessment of the situation has not changed. Entering into a contract would be mutually beneficial to the City and STWA. Additionally, with an executed long-term contract, the City would no longer pay the Incremental Fee of \$0.426386/1000g.

mcserrato@stwa.org

From: mcserrato@stwa.org
Sent: Wednesday, September 5, 2018 10:44 AM
To: John Valls (jvalls@cityofdriscoll.com)
Cc: Bill Flickinger; 'Dony Cantu (dcantu@stwa.org)'; 'Frances Rosales'; 'Jacob Hinojosa'; 'Jo Ella Wagner'
Subject: FW: City of Driscoll - STWA Water Supply Contract
Attachments: City of Driscoll M Zavala Letter and Water Supply Contract of 08032018.pdf

Importance: High

Tracking:	Recipient	Read
	John Valls (jvalls@cityofdriscoll.com)	
	Bill Flickinger	
	'Dony Cantu (dcantu@stwa.org)'	
	'Frances Rosales'	
	'Jacob Hinojosa'	
	'Jo Ella Wagner'	
	John Valls	Read: 9/5/2018 11:33 AM
	Joella Wagner	Read: 9/5/2018 12:13 PM
	Jacob Hinojosa	Read: 9/7/2018 8:36 AM

Good Morning John,

Just a quick follow-up on the email below. The STWA Board met yesterday. I reported that I would continue to touch base with you about a meeting between Driscoll representatives and STWA. STWA's legal counsel, Bill Flickinger, and I met several times with City of Kingsville representatives including the City Attorney prior to that contract being executed. We believe this would be very helpful in advancing this matter.

Please let me know if you need any additional information. I look forward to hearing from you.

Carola

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

From: mcserrato@stwa.org <mcserrato@stwa.org>
Sent: Monday, August 27, 2018 11:52 AM
To: John Valls (jvalls@cityofdriscoll.com) <jvalls@cityofdriscoll.com>
Cc: Jo Ella Wagner <jwagner@stwa.org>; Frances Rosales <fvrosales@stwa.org>
Subject: City of Driscoll - STWA Water Supply Contract

John,

Per our conversation this morning, attached is the cover letter to Mayor Zavala with enclosures. My recollection was correct that the letter with the contract was copied to the other two council persons. Please let me know if you need any additional information. The STWA Board will be meeting next week on Tuesday, September 4th. The contract will be an item on the agenda.

Have a good day,

Carola

Carola G. Serrato
Executive Director

South Texas Water Authority

PO Box 1701

Kingsville, Texas 78364

361-592-9323 x112

ATTACHMENT 15

Bids – FY 2019 Pickup Truck

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: September 20, 2018
Re: FY 2019 - Purchase of ½ Ton 4x4 Truck

Background:

Per the Board's authorization, staff delivered bid packets for the purchase of a ½ ton 4x4 pickup truck. An alternative 4x2 bid was also solicited. The budgeted amount for the purchase of the vehicle is \$32,500. The packets were delivered to Access Ford, AutoNation Chevy and Toyota, AutoNation Ford Mazda, Beck and Masten GMC, Caldwell Country Chevrolet, Hick's Family Nissan, Lithia Dodge, Neesen Chevy/GMC, Neesen Dodge, Sames Ford Kingsville, and Mike Shaw Toyota.

Analysis:

As reported last month, staff confirmed with STWA's outside auditor that a bid could be awarded during the September 25th meeting with the cost paid on or after October 1st to be a FY 19 expense. The bids were accepted through 2 p.m. today. Reminder phone calls were made and/or messages left on Tuesday, September 18, 2018. Eight (8) of the eleven (11) dealerships responded as follows:

Dealership	Model	Delivery Days	Price
Access Ford	4x2	10	\$40,232.20
Access Ford	4x4	10	\$40,232.20
AutoNation Ford	4x2	90	\$25,400.00
AutoNation Ford	4x4	90	\$28,500.00
Beck and Masten GMC	4x2	5	\$36,296.95
Beck and Masten GMC	4x4	5	\$38,302.00
Caldwell Country Chevrolet	4x2	90 - 120	\$26,889.00
Caldwell Country Chevrolet	4x4	90 - 120	\$29,175.00
Lithia Dodge Disqualified - 2018	4x2	Immediate	\$42,770.00
Neesen Chevy/GMC	4x2	2	\$35,234.00
Neesen Chevy/GMC	4x4	2	\$38,400.00
Sames Ford Kingsville	4x2	75 - 80	\$26,421.75
Sames Ford Kingsville	4x4	75 - 80	\$29,521.75
Mike Shaw Toyota	4x2	15 - 30	\$30,774.90
Mike Shaw Toyota	4x4	15 - 30	\$34,834.90

Staff Recommendation:

Adopt Resolution 18-19 awarding the bid for a ½ ton 4x4 pick-up to AutoNation Ford, Corpus Christi in the amount of \$28,500.

Board Action:

Determine whether to adopt Resolution 18-19 awarding the bid for a ½ ton 4x4 pick-up to AutoNation Ford, Corpus Christi in the amount of \$28,500.

Summarization:

This unit will replace a 2009 truck with more than 230,000 miles and a problem of burning oil.

SOUTH TEXAS WATER AUTHORITY BID FORM

THIS FORM MUST BE COMPLETED AND RETURNED AS PART OF YOUR BID

Do not include Federal Tax or State Sales Tax. The necessary exemption certificate will be issued upon request.

One (1) 2019 Work Truck – ½ Ton 4x2 Full Size 4 door Cab \$ 40232.20
Short Bed Pickup Truck with Gas Engine

One (1) 2019 Work Truck – ½ Ton 4x4 Full Size 4 door Cab \$ 40232.20
Short Bed Pickup Truck with Gas Engine

Time needed for delivery from date of award: 10 days.

Bid includes the following additional incentives:

LITHIA DISCOUNT OF \$2196.00

FACTORY REBATES \$4500.00

I certify that the Pickup Truck to be delivered under this proposal will meet or exceed all of the minimum specifications and conditions set forth by the South Texas Water Authority, Kingsville, Texas.

Dated this 19 day of SEPT., 2018.

ACCESS FORD CORPUS CHRISTI
BIDDING FIRM

By: BERT LOPEZ 3

SOUTH TEXAS WATER AUTHORITY BID FORM

THIS FORM MUST BE COMPLETED AND RETURNED AS PART OF YOUR BID

Do not include Federal Tax or State Sales Tax. The necessary exemption certificate will be issued upon request.

One (1) 2019 Work Truck – ½ Ton 4x2 Full Size 4 door Cab
Short Bed Pickup Truck with Gas Engine \$ 25,400

One (1) 2019 Work Truck – ½ Ton 4x4 Full Size 4 door Cab
Short Bed Pickup Truck with Gas Engine \$ 28,500

Time needed for delivery from date of award: Approx 90 days.

Bid includes the following additional incentives:

Gov - Fleet

I certify that the Pickup Truck to be delivered under this proposal will meet or exceed all of the minimum specifications and conditions set forth by the South Texas Water Authority, Kingsville, Texas.

Dated this 18 day of September, 2018.

AutoNation Ford
BIDDING FIRM

By: Bill Johnson

SOUTH TEXAS WATER AUTHORITY BID FORM

THIS FORM MUST BE COMPLETED AND RETURNED AS PART OF YOUR BID

Do not include Federal Tax or State Sales Tax. The necessary exemption certificate will be issued upon request.

One (1) 2019 Work Truck – ½ Ton 4x2 Full Size 4 door Cab
Short Bed Pickup Truck with Gas Engine

\$30,294.95 D.O.

One (1) 2019 Work Truck – ½ Ton 4x4 Full Size 4 door Cab
Short Bed Pickup Truck with Gas Engine

\$38302 D.O.

Time needed for delivery from date of award: ^{at most} 5 Business days.

^{does not}
Bid includes the following additional incentives:

not included: additional \$1000 rebate if financed
with Gm Financial

I certify that the Pickup Truck to be delivered under this proposal will meet or exceed all of the minimum specifications and conditions set forth by the South Texas Water Authority, Kingsville, Texas.

Dated this 20th day of September, 2018.

Beck & Masten Buick GMC
BIDDING FIRM

By: Melynda Lewis

SOUTH TEXAS WATER AUTHORITY BID FORM

THIS FORM MUST BE COMPLETED AND RETURNED AS PART OF YOUR BID

Do not include Federal Tax or State Sales Tax. The necessary exemption certificate will be issued upon request.

One (1) 2019 Work Truck - 1/2 Ton 4x2 Full Size 4 door Cab Short Bed Pickup Truck with Gas Engine \$ 26,889 (4x2)

One (1) 2019 Work Truck - 1/2 Ton 4x4 Full Size 4 door Cab Short Bed Pickup Truck with Gas Engine \$ 29,195 (4x4)

Time needed for delivery from date of award: 90-120 days.

Bid includes the following additional incentives:
2019 Chevrolet 1500 Silverado 4x2 + 4x4 crew cab 5MB

I certify that the Pickup Truck to be delivered under this proposal will meet or exceed all of the minimum specifications and conditions set forth by the South Texas Water Authority, Kingsville, Texas.

Dated this 19th day of September, 2018.

Caldwell Country Chevrolet
PO Box 27
Caldwell, TX 77836

Caldwell Country Chevrolet
BIDDING FIRM

By: Averyt Knapp
A Knapp

0-979-567-6116
7-979-567-0853

AKnapp@caldwellcountry.com

*if metal exempt tags needed, add \$150, per unit



2018 MODEL YEAR
RAM 1500 LONE STAR CREW CAB 4X2

For more information visit: www.ramtrucks.com
or call 1-866-RAMINFO

FCA US LLC

THIS VEHICLE IS MANUFACTURED TO MEET SPECIFIC UNITED STATES REQUIREMENTS. THIS VEHICLE IS NOT MANUFACTURED FOR SALE OR REGISTRATION OUTSIDE OF THE UNITED STATES.

MANUFACTURER'S SUGGESTED RETAIL PRICE OF THIS MODEL INCLUDING DEALER PREPARATION

Base Price: **\$37,795**

RAM 1500 SLT CREW CAB 4X2
Exterior Color: Bright White Clear Coat Exterior Paint
Interior Color: Black / Diesel Gray Interior Colors
Interior: Premium Cloth Bucket Seats
Engine: 5.7-Liter V8 HEMI® MDS VVT Engine
Transmission: 8-Speed Automatic 8HP70 Transmission
STANDARD EQUIPMENT (UNLESS REPLACED BY OPTIONAL EQUIPMENT)

FUNCTIONAL/SAFETY FEATURES

Advanced Multistage Front Airbags
Supplemental Side-Curtain Front and Rear Airbags
Supplemental Front Seat-Mounted Side Airbags
Supplemental Side-Curtain Airbags
ParkView® Rear Back Up Camera
3.21 Rear Axle Ratio
Trailer Tow with 4-Pin Connector Wiring
7-Pin Wiring Harness
Remote Keyless Entry with All-Secure Locking Tailgate
Anti-Lock 4-Wheel Disc Brakes
Electronic Stability Control
Spool Control
Sentry Key® Theft Deterrent System

INTERIOR FEATURES

Uconnect® 3 with 5-inch Display
Integrated Voice Command with Bluetooth®
SiriusXM® Sat Radio w/ 1-Yr Radio Subscription
For More Information, Call 800-643-2112
6-Speakers
Media Hub (USB, Aux)
12-Volt Auxiliary Power Outlet
Tilt Steering Column
Black Rotary Shifter
Instrument Cluster with Display Screen
Electronic Vehicle Information Center
Rearview Day / Night Mirror
Power Front Windows w/ 1-Touch Up and Down Feature
Overhead Console
Passenger-Side Sun Visor with Mirror
Premium Door Trim with Map Pocket
Front Armrest with Three Cup Holders

OPTIONAL EQUIPMENT (May Replace Standard Equipment)

Premium Cloth Bucket Seats **\$495**
Full Length Upgraded Floor Console (NA Bench Seat)
Custom: 1 Preferred Package 27R **\$700**
Rear Power Sliding Window
Apple CarPlay® Capable
Google Android Auto™ Capable
Media Hub (2 USB, Aux)
Rear Floor Mats
1-Year SiriusXM® Guardian Service
Uconnect® 4C with 8.4-inch Display
USB Host Fit
P275/POR20 All Season Tires
LED Bed Lighting
A/C Auto Temperature Control with Dual Zone Control
20-inch x 8.0-inch Aluminum Chrome Clad Wheels

Class IV Receiver Hitch
Front Fog Lamps
Cloth 40/20/40 Premium Bench Seat
Power 10-Way Driver Seat
Rear 60/40 Split Folding Seat
Folding Flat Load Floor Storage
7-Inch Multi-View Cluster
Leather-Wrapped Steering Wheel
Steering Wheel Mounted Audio Controls
Power Heated Mirrors with Power Fold-Away
Exterior Mirrors with Courtesy Lamps
Sun Visors with Illuminated Vanity Mirrors
Overhead Console with Garage Door Opener
115-Volt Auxiliary Power Outlet
ParkSense® Front / Rear Park-Assist System
Remote-Start System (N/A Manual Transmission)
Security Alarm
Front and Rear Rubber Floor Mats **\$195**
8-Speed Automatic 8HP70 Transmission **\$500**
5.7-Liter V8 HEMI® MDS VVT Engine **\$1,450**
17-inch Steel Spare Wheel

Destination Charge **\$1,695**

Package Value Savings of \$5,000
Included in Lone Star Price

TOTAL PRICE: * \$42,770

WARRANTY COVERAGE
5-year or 60,000-mile Powertrain Limited Warranty.
3-year or 36,000-mile Basic Limited Warranty.
Ask Dealer for a copy of the limited warranties or see your owner's manual for details.

**5 YEAR / 60,000 MILE
POWERTRAIN WARRANTY**

**EPA
DOT**

Fuel Economy and Environment

Gasoline Vehicle

Fuel Economy These estimates reflect new EPA methods beginning with 2017 models.

17 MPG
combined city/hwy
15 city
22 highway
5.9 gallons per 100 miles

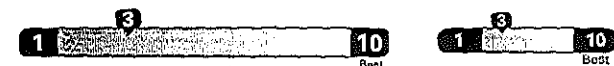
Standard pickups range from 14 to 22 MPG.
The best vehicle rates 136 MPG.

**You spend
\$4,750**
in fuel costs
over 5 years
compared to the
average new vehicle.

**Annual fuel cost
\$2,300**

Fuel Economy & Greenhouse Gas Rating (tailpipe only)

Smog Rating (tailpipe only)



This vehicle emits 513 grams CO2 per mile. The best emits 0 grams per mile (tailpipe only). Producing and distributing fuel also creates emissions; learn more at fuelconomy.gov.

Actual results will vary for many reasons, including driving conditions and how you drive and maintain your vehicle. The average new vehicle gets 27 MPG and cost \$6,750 in fuel over 5 years. Cost estimates are based on 15,000 miles per year at \$2.60 per gallon. MPG is miles per gasoline gallon equivalent. Vehicle emissions are a significant cause of climate change and smog.

fuelconomy.gov

Calculate personalized estimates and compare vehicles



GOVERNMENT 5-STAR SAFETY RATINGS

Overall Vehicle Score Not Rated

Based on the combined ratings of frontal, side, and rollover.
Should ONLY be compared to other vehicles of similar size and weight.

Frontal Crash	Driver	★★★★
	Passenger	★★★★

Based on the risk of injury in a frontal impact.
Should ONLY be compared to other vehicles of similar size and weight.

Side Crash	Front seat	★★★★★
	Rear seat	★★★★★

Based on the risk of injury in a side impact.

Rollover	★★★★
-----------------	------

Based on the risk of rollover in a single-vehicle crash.

Star ratings range from 1 to 5 stars (★★★★★) with 5 being the highest.
Source: National Highway Traffic Safety Administration (NHTSA)
www.safercar.gov or 1-888-327-4236

The safety ratings above are based on Federal Government tests of particular vehicles equipped with certain features and options. The performance of this vehicle may differ.

PARTS CONTENT INFORMATION

FOR VEHICLES IN THIS CARLINE:
U.S./CANADIAN PARTS CONTENT: 57%

MAJOR SOURCES OF FOREIGN PARTS CONTENT:

MEXICO : 27%

NOTE: PARTS CONTENT DOES NOT INCLUDE FINAL ASSEMBLY, DISTRIBUTION, OR OTHER NON-PARTS COSTS.

FOR THIS VEHICLE:
FINAL ASSEMBLY POINT:
WARREN, MICHIGAN, U.S.A.

COUNTRY OF ORIGIN:
ENGINE: MEXICO
TRANSMISSION: GERMANY



Ask for Mopar Vehicle Protection for your vehicle. We Built It. We Back It.

Assembly Plant/Part of Entry: WARREN, MICHIGAN, U.S.A.

VIN: 1C6-RR6L7J5-340768

L4-VALVE 8035

0762

THIS LABEL IS ADDED TO THIS VEHICLE TO COMPLY WITH FEDERAL LAW. THE LABEL CANNOT BE REMOVED OR ALTERED PRIOR TO DELIVERY TO THE ULTIMATE PURCHASER.

* STATE AND/OR LOCAL TAXES IF ANY, LICENSE AND TITLE FEES AND DEALER SUPPLIED AND INSTALLED OPTIONS AND ACCESSORIES ARE NOT INCLUDED IN THIS PRICE. DISCOUNT, IF ANY, IS BASED ON PRICE OF OPTIONS IF PURCHASED SEPARATELY.

SOUTH TEXAS WATER AUTHORITY BID FORM

THIS FORM MUST BE COMPLETED AND RETURNED AS PART OF YOUR BID

Do not include Federal Tax or State Sales Tax. The necessary exemption certificate will be issued upon request.

One (1) 2019 Work Truck – ½ Ton 4x2 Full Size 4 door Cab
Short Bed Pickup Truck with Gas Engine \$ 35,234⁰⁰

One (1) 2019 Work Truck – ½ Ton 4x4 Full Size 4 door Cab
Short Bed Pickup Truck with Gas Engine \$ 38,400⁰⁰

Time needed for delivery from date of award: 2 days.

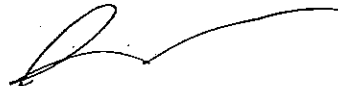
Bid includes the following additional incentives:

I certify that the Pickup Truck to be delivered under this proposal will meet or exceed all of the minimum specifications and conditions set forth by the South Texas Water Authority, Kingsville, Texas.

Dated this 18TH day of September, 2018.

Neessen CDJR
BIDDING FIRM

By: Paul Bluntzer, GSM



SOUTH TEXAS WATER AUTHORITY BID FORM

THIS FORM MUST BE COMPLETED AND RETURNED AS PART OF YOUR BID

Do not include Federal Tax or State Sales Tax. The necessary exemption certificate will be issued upon request.

One (1) 2019 Work Truck – ½ Ton 4x2 Full Size 4 door Cab Short Bed Pickup Truck with Gas Engine \$ 86,421.75

One (1) 2019 Work Truck – ½ Ton 4x4 Full Size 4 door Cab Short Bed Pickup Truck with Gas Engine \$ 29,521.75

Time needed for delivery from date of award: 75-80 days.

Bid includes the following additional incentives:

3YR 36000 BUMPER TO BUMPER FACTORY WARRANTY

I certify that the Pickup Truck to be delivered under this proposal will meet or exceed all of the minimum specifications and conditions set forth by the South Texas Water Authority, Kingsville, Texas.

Dated this 18 day of SEPTEMBER, 2018.

SAMES KINGSVILLE FORD
BIDDING FIRM

By: 

SOUTH TEXAS WATER AUTHORITY BID FORM

THIS FORM MUST BE COMPLETED AND RETURNED AS PART OF YOUR BID

Do not include Federal Tax or State Sales Tax. The necessary exemption certificate will be issued upon request.

One (1) 2019 Work Truck – ½ Ton 4x2 Full Size 4 door Cab
Short Bed Pickup Truck with Gas Engine \$30,774.90

One (1) 2019 Work Truck – ½ Ton 4x4 Full Size 4 door Cab
Short Bed Pickup Truck with Gas Engine \$34,834.90

Time needed for delivery from date of award: 15 to 30 days.

Bid includes the following additional incentives:

Bid includes \$750. Rebate

I certify that the Pickup Truck to be delivered under this proposal will meet or exceed all of the minimum specifications and conditions set forth by the South Texas Water Authority, Kingsville, Texas.

Dated this 019 day of Sept., 2018.

Mike Shaw Toyota
BIDDING FIRM

By: Kenneth Stoney

ATTACHMENT 16

Resolution 18-19

SOUTH TEXAS WATER AUTHORITY

RESOLUTION 18-19

RESOLUTION AWARDING THE BID FOR THE PURCHASE OF ONE (1) ½ TON
4x4 4-DOOR SHORT BED PICKUP TRUCK.

WHEREAS, the South Texas Water Authority solicited bids to acquire one (1) ½ ton 4x2
or 4x4 4-door short bed pickup truck for the Authority's use, and

WHEREAS, the Board of Directors of the South Texas Water Authority has reviewed the
bids and finds that _____ has submitted the lowest responsible bid.

NOW, THEREFORE, BE IT RESOLVED that the South Texas Water Authority Board
of Directors awards the bid for one (1) ½ ton 4x4 4-door short bed pickup truck to _____
_____.

Duly adopted this 25th day of September, 2018.

KATHLEEN LOWMAN, PRESIDENT

ATTEST:

RUDY GALVAN, SECRETARY/TREASURER

ATTACHMENT 17

Purchase of Conference Room Chairs

Memorandum

To: South Texas Water Authority Board of Directors
From: Carola G. Serrato, Executive Director
Date: September 19, 2018
Re: Purchase of Replacement Conference Room Chairs

Background:

As mentioned in a recent Weekly Update, staff thought the Board may want to consider replacing the conference room chairs. The current chairs were purchased with original 1981 Bond Funds as part of the start-up of the Regional Water System. Archived files show that the chairs were purchased in June of 1984 at a cost of \$333.03 each. A total of ten (10) conference chairs were purchased and ten (10) chairs remain in service – although one chair has a “broken” back that releases unexpectedly. These chairs are used for STWA, RWSC, and NWSC Board meetings. When not in use in the conference room, they are used for visitors in other offices. Finally, they are used for all staff meetings.

Analysis:

The chairs are thirty-four years old. The chairs have been professionally cleaned periodically. However, these efforts cannot restore the worn fabric and padding that has lost much of its cushion. The brand of chair is Steelcase. Staff believes the \$3,330.30 cost and 34 years of service has been a good return on the original investment.

In hopes of finding chairs that will last another thirty years, staff researched the Steelcase brand. Other important characteristics considered was the weight capacity of the chair and a cover other than fabric which is more difficult to keep clean. Commercial chairs will have a weight capacity with the most common weight of 250 pounds. But, sturdier chairs can be purchased with 275-, 300-, 400-, 450- and 500-pound capacities. Unfortunately, the research into the Steelcase brand with a heavier weight capacity and leather cover results in a cost per chair in the \$900 to \$1,000 range.

Staff researched another well-known brand with a limited lifetime warranty called HON. This brand makes chairs with varying lengths of warranty, finishes, types of material, and special features. For example, chairs can have all adjustable arms, fixed arms, height/width adjustable arms or armless. Staff believes a sturdy, long-lasting chair with a durable cover will likely cost at least \$500 - \$600 at today's prices. This does not include “open box” chairs that have been repaired or refinished and do not usually carry the full warranty.

Staff Recommendation:

Provided the Board feels funds are available, consider authorizing staff to purchase ten (10) replacement chairs at a not to exceed price that the Board feels is warranted. The chairs would be ordered after October 1, 2018 and the purchase would likely require an amendment to the FY 2019 Budget in April of 2019.

Board Action:

Determine whether to authorize staff to purchase ten (10) replacement chairs at a not to exceed price.

Summarization:

Staff believes the current chairs have served their purpose and are ready for retirement.