

**MINUTES OF SPECIAL MEETING AND
WORKSHOP OF THE BOARD OF DIRECTORS OF
THE WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY**

March 11, 2021

The March 11, 2021 Board of Directors special meeting and workshop was held with limited attendance and via remote access in accordance with the Governor’s March 16, 2020 proclamation, as extended, suspending certain open meetings statutes in response to the current COVID-19 pandemic and statewide disaster declaration. The public was provided a toll-free number and free videoconference link to participate in the meeting.

Present:

Walt Smith, Secretary
Jason Bethke, Director
Jack Creveling, Director
Clint Garza, Director

Staff and Consultants:

Jennifer Riechers, Agency General Manager
Jennifer Smith, Agency Controller
Stefanie Albright, (Lloyd Gosselink Rochelle & Townsend, P.C.), Agency General Counsel
David Klein, (Lloyd Gosselink Rochelle & Townsend, P.C.), Agency General Counsel
George Murfee, (Murfee Engineering Company, Inc.), District Engineer
Nelisa Heddin, Agency Rate Consultant

I. CALL TO ORDER

Director Creveling called the meeting to order at 1:02 p.m.

II. ESTABLISH QUORUM

A quorum was established with the above-referenced Directors present.

III. PUBLIC COMMENT

No public comment on non-agenda items was provided.

IV. CONSENT AGENDA

A. Approve Contractor Pay Requests including:

- 1. Austin Engineering Company, Inc., Pay Application No. 2, \$25,982.50 Lift Station 9 Rehab.**

MOTION: A motion was made by Director Garza to approve the Consent Agenda, provided as Exhibit A. The motion was seconded by Director Smith.

The vote was taken with the following result:

Voting Aye: Directors Smith, Bethke, Creveling and Garza
Voting Nay: None
Abstained: None
Absent: Director Roberts

V. NEW BUSINESS

At 1:11 p.m., Director Creveling announced that the Board would convene in executive session to consult with its attorney pursuant to Texas Government Code § 551.071 regarding Item V. B.

At 1:32 p.m., Director Creveling announced that the Board would reconvene in open session and that no action had been taken in executive session.

A. Discuss, consider and take action on FY 2020 Audit by Maxwell, Locke, and Ritter, LLP.

Ms. Smith introduced Tara Mackey with Maxwell Locke and Ritter who presented the audit, provided as Exhibit B. Ms. Mackey stated that the auditors were recommending an unmodified and clean opinion. She stated that there was overall positive variance against the budget.

Ms. Smith flagged that the fund balance seems higher because funds are combined with this report and any transfers between the funds are eliminated so it overall increases the fund balance.

In response to a question from Director Smith, Ms. Smith stated that they have used Maxwell, Locke, and Ritter since the beginning of the PUA, but this year there was new staff involved.

MOTION: A motion was made by Director Creveling to approve the FY 2020 audit by Maxwell, Locke, and Ritter, LLP, provided as Exhibit B. The motion was seconded by Director Garza.

The vote was taken with the following result:

Voting Aye: Directors Smith, Bethke, Creveling and Garza
Voting Nay: None
Abstained: None
Absent: Director Roberts

B. Discuss, consider and take action regarding 87th Regular Session of the Texas Legislature, including HB 2805.

This item was discussed in executive session.

MOTION: A motion was made by Director Smith to authorize the legislative subcommittee to draft a resolution in opposition to HB 2805 based on lack of consultation and impact to current ratepayers. The motion was seconded by Director Creveling.

The vote was taken with the following result:

Voting Aye: Directors Smith, Bethke, Creveling and Garza
Voting Nay: None
Abstained: None
Absent: Director Roberts

C. Discuss, consider and take action regarding employee bonuses.

Director Creveling addressed this item and stated this item was proposed related to tremendous response by staff undertaken during the February 2021 winter storm.

MOTION: A motion was made by Director Creveling to approve employee bonuses under the discretion of the General Manager. The motion was seconded by Director Smith.

The vote was taken with the following result:

Voting Aye: Directors Smith, Bethke, Creveling and Garza
Voting Nay: None
Abstained: None
Absent: Director Roberts

VI. WORKSHOP ITEMS

A. Discuss, consider and take action on CIP planning, including:

- 1. Water Service Area Planning and System Capacities;**
- 2. Wastewater Service Area Planning and System Capacities.**

Ms. Riechers stated that the PUA's rate consultant is going to need input on growth, and the workshop today is generally for discussion purposes.

Mr. Murfee provided a presentation on CIP, provided as **Exhibit C**. Mr. Murfee detailed the planning areas of the PUA and the process to develop CIP recommendations. Mr. Murfee stated that the current water treatment plant can be expanded to 40 MGD from the current capacity, and that growth is tracking consistently with that project in the land use assumptions (LUA). He stated that the expansion needs to be done prior to 2028 to maintain estimated peak flows.

Mr. Murfee next detailed wastewater average daily flow and demonstrated that when the PUA meets 90% of permitted capacity, planning would need to begin on expansion of wastewater capacity. He stated that a beneficial reuse program and aquifer source recovery have been discussed regarding effluent management.

Mr. Murfee next detailed the water system and ongoing projects, stating that the 1080 Transmission Main is the most important project that is ongoing right now. Discussion ensued regarding existing facilities on Hamilton Pool Road and planned and current usage. He flagged Deer Creek Ranch development as a potential additional user, stating that in the past they had requested more water and may want more in the future. Mr. Murfee stated that Provence is responsible for acquiring easement rights and commencing construction on a parallel line on Hamilton Pool Road, and that at this time the PUA is still discussing alignment and plans to meet with TxDOT regarding expansion plans. Additional capacity will depend on the size of the parallel line, and there will be impacts and additional improvements needed in the system resulting from this parallel line.

Regarding the 290 System, Mr. Murfee stated that the City of Dripping Springs has requested the remaining 1.5 MGD left in the 290 Transmission Line. Currently, there is no capacity left in the 1420 pressure plane without additional improvements. Mr. Murfee generally detailed the service needs and anticipated growth within the 290 System. He stated that it is also an option for the PUA to provide direct retail service to customers within the 290 System.

Director Creveling confirmed that the LCRA, prior to selling the system to the PUA, had planned to close the loop on the system and construct a new water intake structure on Lake Travis. Mr. Murfee stated that the LCRA estimated the cost of the new intake structure would have been \$125 million. Discussion ensued regarding possible development in Hays County. Director Smith stated that he is concerned that there are 15,000 -17,000 homes that are in the platting or planning process, and this does not include infill. He stated that there are many smaller tracts that are now looking to subdivide and will be requesting service.

Mr. Murfee detailed the commitments made by DSWSC and their current capacity, and that they are likely overcommitted. Director Smith stated that at this time, the PUA doesn't have infrastructure to get the water to this portion of the 290 System.

In response to a question from Director Creveling, Mr. Murfee stated that the current raw water pumps and lines could send up to 44 MGD to the water treatment plant, with 36 MGD strongly recommended. He confirmed that the water treatment plant can produce up to 40 MGD, with the proposed expansion.

Director Bethke stated that as the only source of surface water, the PUA should be maximizing staying off of groundwater and use of surface water. However, he wanted to ensure that this growth is paying for itself. Director Smith flagged that there are some existing customers that are receiving service, but still anticipating some growth. Director Bethke stated that he wants to ensure that costs related to growth be assessed on new development and not existing ratepayers. Director Garza stated that he agreed with Director Bethke, and that new infrastructure should be funded with a combination of funding options, including rates and impact fees.

Discussion ensued regarding potential growth in the Highway 71 system, including large tracts such as Peacock Ranch. Director Smith stated that he thought there would be a significant amount of LUEs with these new developments. Director Garza stated that in looking at LTISD's demographic study, he believed there would be a future need for more than 40 MGD. The Board discussed reaching out to other entities with water intake facilities that may be interested in providing additional water to the WTCPUA.

Director Garza asked about groundwater east of Bee Cave, to which Mr. Murfee stated that there are two potential suppliers and detailed past discussions relating to additional water supply.

Mr. Murfee stated that as another option, the PUA could connect Hamilton Pool Road to the 290 System and run water in two different directions. Ms. Riechers asked if all of the projects in the discussion are within the existing service area, to which Mr. Murfee stated that this is all within the planning area that would require additional CIP. Discussion ensued regarding potential planning and what can be served with the 40 MGD and how long that would serve.

Discussion ensued regarding expanding the existing plant to the maximum extent, and potential for looking into additional water treatment facilities and exploring all potential options. Director Bethke stated that reliability and sustainability are the investments that make sense, to which Director Smith stated that this is a very timely discussion.

Next, Ms. Heddin addressed the Board stating that she would be happy to answer any questions but wanted to address some key areas of the discussion. She stated that there is nothing wrong with looking at and planning for all potential growth, but any projects in CIP anticipate completion of the project. She stated that the challenge becomes meeting stepped increases in infrastructure balanced with impacts to the customer. She stated that the funding options for the PUA are impact fees, retail rates, and wholesale rates, and that impact fees relate to growth in the next 10 years in the fee analysis. Further, an impact fee cannot include rehabilitation or replacement costs.

Relating to wholesale rates, Ms. Heddin stated that these customers pay for their pro rata portion of the capacity. She stated that the capital costs are allocated on a pro rata basis, currently using a 27 MGD denominator. Costs unallocated to impact fees or wholesale customers would go into retail rates. Additionally, debt is the other tool to fund projects with the potential for upfront capitalized interest.

Director Creveling next addressed wastewater, stating that 90% treatment capacity is around the corner, including with beneficial reuse. Discussions ensued regarding effluent disposal options. Mr. Murfee stated that he liked the idea of injecting near Central Park where the water would be used for irrigation. Director Creveling flagged that the biggest issue is effluent storage. Discussion ensued regarding beneficial reuse and the use of the produced water. Mr. Murfee stated that given the wastewater projections, there will be a few years before a final decision needs to be made, but there are some projects recommended in the CIP relating to wastewater.

Director Bethke clarified that the next step will be to building the direct potable reuse facility, then looking into options for disposal of this water that will be treated to potable standards. Director

Creveling asked about growth projections to 90%, to which Mr. Murfee stated this is anticipated somewhere beyond 2023, and the PUA would have to look at where the growth in the system will actually impact wastewater.

Ms. Riechers asked Mr. Murfee when the projects need to be selected for the completion of the CIP. Mr. Murfee stated that he has a list of potential projects that he would like to include in CIP. He stated that the Board needs to make a decision as to what to do about service on Hamilton Pool Road. He stated that the five-year projections are clear, but beyond this five-year timeline is where he would like the Board to give additional direction on alternatives.

Mr. Murfee addressed service on Hamilton Pool Road and stated that the items that need additional direction are the size of the parallel line and the routing of the line. Discussion ensued regarding the potential needs for service on Hamilton Pool Road. Director Bethke stated he recommended putting these projects into the CIP and then determining what the project needs will be.

Director Bethke asked Mr. Murfee to look at the following projects: decommissioning the Lake Pointe wastewater plant and sludge removal options; storage relating to water and demands based on peak day storage and whether the PUA should have more storage or communicate regarding irrigation demand, and look into additional storage; look at gas chlorine feeds in and around residential neighborhoods including Lake Pointe to see if there are other disinfection options; and technology options relating to communication.

Mr. Murfee replied that there is a storage calculation that is determined by capacity. Mr. Bethke stated that moving forward he would like to look at additional capacity so there would not have to be irrigation restrictions beyond what is required by LCRA.

Director Garza asked if Curtis Jeffrey had any recommendations relating to projects. Ms. Riechers stated that she would inquire and follow up with the Board.

Director Garza stated that he thinks that development would pay for an additional water intake structure or groundwater option given the future demands that are anticipated. Director Bethke stated that he would prefer additional surface water to groundwater.

B. Discuss, consider and take action regarding planning for growth in the water system and implementation of tools to manage water capacity.

This item was discussed with Item VI. A.

VII. ADJOURNMENT

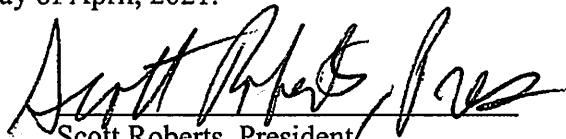
MOTION: A motion was made by Director Bethke to adjourn the meeting. The motion was seconded by Director Garza.

The vote was taken with the following result:

Voting Aye: Directors Smith, Bethke, Creveling, and Garza
Voting Nay: None
Abstained: None
Absent: Director Roberts

The meeting adjourned at 3:44 p.m.

PASSED AND APPROVED this 15th day of April, 2021.


Scott Roberts, President
Board of Directors