

COASTAL WATER AUTHORITY

Minutes of Regular Meeting

March 8, 2023

The Board of Directors (the “Board”) of Coastal Water Authority (“CWA”) convened its Regular Meeting, open to the public, at the CWA Conference Room, 1801 Main Street, Suite 800, Houston, Texas, with the following in attendance:

Directors

D. Wayne Klotz, P.E., President	Jon M. Sjolander
Tony L. Council, P.E., First Vice-President	Joseph G. Soliz
Douglas E. Walker, Second Vice-President	Giti Zarinkelk, P.E.
Thomas A. Reiser, Secretary-Treasurer (<i>Absent</i>)	

CWA Staff

Greg Olinger
John Baldwin
David Miller
James Lewis
Mary Caballero
Todd Vu

City of Houston Staff

(*Absent*)

General Legal Counsel

Barron Wallace and Mary Buzak, Bracewell LLP

With the exception of Director Reiser, all Members of the Board were present thus constituting a quorum.

Copies of the agenda materials were included in the Board Members’ packets.

I. CALL TO ORDER – Wayne Klotz

A. Welcome.

Director Klotz opened the meeting at 10:00 A.M. and welcomed all guests to the meeting. (The sign-in sheets for those in attendance at the meeting are attached hereto.)

B. Pledge of Allegiance.

C. Salute to the Texas Flag.

D. Moment of Silence.

II. PUBLIC COMMENTS

There were no public comments.

III. ITEMS FOR CONSIDERATION – Wayne Klotz

Director Klotz stated that the first item of business was the approval of the Minutes of the Board Meeting of February 8, 2023 (which included suggested revisions by Director Zarinkelk).

A. Minutes of the February 8, 2023 Board Meeting.

Motion approving the Minutes of the Board Meeting of February 8, 2023.

Motion made by Director Council, Seconded by Director Walker. The Motion carried unanimously.

IV. EXECUTIVE DIRECTOR'S REPORT – Greg Olinger

A. Operations Summary Report.

Mr. Olinger stated that during the month of February 2023, the Trinity River Pump Station (TRPS) pumped 16.5 billion gallons, with a daily average of 590 million gallons per day (MGD), and was 6% above the projected amount of 16.5 billion gallons. The Lake Houston Pump Station (LHPS) pumped 1.5 billion gallons, an average of 53 MGD, and was 6% less than the projected amount of 1.6 billion gallons. The Capers Ridge Pump Station (CRPS) pumped 1.9 billion gallons, an average of 87 MGD, and was 17% below the projected amount of 2.3 billion gallons due to wet weather and gate openings at the Lake Houston Dam, which resulted in the suspension of pumping at CRPS for ten days during the month. There were no questions from the Board.

B. Lynchburg Pump Station – Pump 202 Rehabilitation.

Mr. Olinger stated this item is related to the rehabilitation of Pump P-202 at the LPS. The scope includes removal, cleaning, inspection, repair, reassembly, reinstallation of the pump per the contract documents, and replacement of the three bearing assemblies with original equipment manufacturer (OEM) parts. CWA received four bids on February 17, 2023. The low bidder was Total Industrial Services Specialties, located in Houston off the South Beltway. Mr. Olinger noted that this item was briefed to the O&M Oversight Committee on February 28, 2022. There were no further questions from the Board and Mr. Olinger recommended the motion as presented.

Motion authorizing the Executive Director to accept a bid in the amount of \$327,000.00 to Total Industrial Services Specialties for the rehabilitation of Lynchburg Pump Station Pump P-202.

Motion made by Director Zarinkelk, Seconded by Director Walker. The Motion carried unanimously.

C. Annual Electrical Substation/Switchgear Testing.

Mr. Olinger stated this item is related to the annual electrical substation/switchgear testing. The scope includes inspection and testing of electrical equipment at CWA's five pump stations facilities which are the LPS, TRPS, LHPS, Bayport Pump Station (BPS), and CRPS. Mr. Olinger noted that all of the testing work will be completed in accordance with American National Standards Institute/National Electric Testing Association standards. The equipment testing includes transformers, circuit breakers, main tie breakers, line terminal equipment, line capacitors, substation protective relays, switchgear, and 138 KV air switches. CWA received three bids on February 17, 2023. The low bidder was National Field Services located in Alvin, Texas. Mr. Olinger noted that National Field Services provided this service last year and did a good job. This item was briefed to the O&M Oversight Committee on February 28, 2023. Director Klotz asked if there was a regulation or rule that requires CWA to perform this testing annually. Mr. Olinger confirmed that this testing is a regulatory-driven annual requirement. There were no further questions from the Board and Mr. Olinger recommended the motion as presented.

Motion authorizing the Executive Director to accept a bid in the amount of \$68,641.00 to National Field Services for Electrical Substation/Switchgear Testing at five CWA facilities.

Motion made by Director Walker, Seconded by Director Zarinkelk. The Motion carried unanimously.

D. Trinity River Pump Station – Pump 8 Rehabilitation.

Mr. Olinger stated this item is a project update on the repair and reconditioning of Pump 8 at the TRPS. As briefed previously, the Board approved contractor for the rebuild, Conhagen, identified additional items requiring replacement that were not part of the original scope of work. These components include a stainless steel impeller, cast iron suction bell, and a bronze aluminum suction bell liner. The Conhagen estimate for fabrication of these components was \$175,000. CWA reviewed the inspection report, completed its own inspection and concurs with the need to replace the components. CWA staff obtained a quote for these OEM replacement parts from the pump manufacturer for a price of \$117,000. Mr. Olinger noted that this items was briefed to the O&M Oversight Committee on February 28, 2023. Director Sjolander asked if this item had been discussed previously. Director Klotz confirmed that the Board has discussed this item and noted that the Board was made aware that there was greater wear than expected. Director Klotz asked where the pump is currently located. Mr. Olinger stated that it is with Conhagen and that normally these parts are repaired rather than replaced. Since there was more than typical wear and tear on these components, it is necessary to replace these components rather than making repairs. Responding to a question from Director Klotz, Mr. Olinger responded that Conhagen will charge a nominal storage fee while awaiting delivery of the parts. Mr. Olinger also responded that use of OEM-ordered parts is standard practice. There were no further questions from the Board and Mr. Olinger recommended the motion as presented.

Motion authorizing the Executive Director to issue a purchase order in the amount of \$117,338.00 to Precision Pump Systems for replacement parts for Trinity River Pump Station Pump P-8.

Motion made by Director Walker, Seconded by Director Zarinkelk. The Motion carried unanimously.

E. Capers Ridge Pump Station Additional Pump Capacity Project Update.

Mr. Olinger stated this item is a project update on the additional pump capacity at the CRPS. As previously briefed, there has been interest expressed in building out the CRPS to its ultimate capacity of 500 MGD. This increase in capacity will result in added drought resiliency and increased flexibility to meet the Regions drinking water demands. Last week, the City of Houston's Houston Public Works provided CWA with its consent to proceed with this additional capacity project using remaining Texas Water Development Board (TWDB) financing. CWA is in the process of preparing a Request for Qualifications to procure a design engineering firm to complete the design of the additional pump capacity project and will be prepared to bring this project forward to the Committee and the Board next month. In response to a question from Director Klotz, Mr. Baldwin confirmed that he is comfortable with the availability of the TWDB funds for this project and the TWDB's support for this project. There were no further questions from the Board.

F. CWA Professional Services Procurement Policy Update.

Mr. Olinger stated this item is an update on CWA's Professional Services Procurement Policy (Policy). The current Policy, in place since 2012, outlines CWA's process for selecting and awarding contracts for professional services. Given the length of time between updates and possible legislative changes to the statutes governing the Policy, it is a good time to complete a comprehensive review and make any necessary updates. Mr. Olinger stated that he asked CWA's general legal counsel, Bracewell, to initiate the review and provide any recommended revisions. Mr. Olinger noted that the Texas Legislature is currently in session and CWA and Bracewell will monitor those activities and proposed bills that may affect this Policy, as well as those that may impact CWA's other policies and general operations. Mr. Olinger noted that monitoring legislation is an ongoing activity when the Legislature is in session. CWA plans to bring this Policy to the Board at next month's Board meeting for adoption. Director Klotz noted that CWA has shown a willingness to use as many qualified

companies as possible to provide professional services and that the Board intends to continue this practice. Director Klotz further observed that CWA is a public entity that spends public money and procures professional services in accordance with applicable laws, and all qualified firms should have the opportunity to work with CWA.

V. ONGOING PROJECTS REPORT – David Miller

A. Lynchburg Pump Station – B-System Expansion.

Mr. Miller stated that as presented at last month's Board meeting, CWA, BGE and Kalluri Group (Kalluri), BGE's electrical instrumentation and control design subconsultant, determined an Arc Flash Study was needed for the LPS's electrical system to calculate the incident energy levels during a short circuit event that can be used to establish flash protection boundaries, personal protective equipment for CWA electricians and safety labels for electrical cabinets. CWA and BGE completed negotiation of the scope and fee for these services last month and reviewed the information with the Professional Engineering Services Review Committee (PESRC) on February 28, 2023. Director Klotz asked if there are any plans in the future to do similar studies at CWA's other pump stations. Mr. Miller responded that similar studies will be necessary for pump stations with medium voltage electrical service, including the TRPS, the BPS, and the LHPS. There were no further questions from the Board and Mr. Miller recommended the motion as presented.

Motion authorizing the Executive Director to issue a Work Order Amendment in the amount of \$48,923.00 to BGE Inc. for an Arc Flash Study associated with the Lynchburg Pump Station B-System Improvement Project.

Motion made by Director Sjolander, Seconded by Director Council. The Motion carried unanimously.

Mr. Miller stated in the month of February 2023, BGE incorporated final CWA and technical advisor comments into the Pumps P-201 and P-206 Procurement Package. In summary, the Pump Procurement Package will be for two 50,000 GPM Vertical Centrifugal Dry Pit Pumps with 4,000 HP Synchronous Motors. The advertisement will begin on Thursday, March 16, 2023, and bids will be due April 19, 2023. As mentioned at the previous Board meeting, CWA has three pump manufacturers that have been engaged through the design process: Xylem, Flowserve, and Patterson. CWA expects to receive bids from those three manufacturers. This information was reviewed with the PESRC on February 28, 2023. There were no questions from the Board and Mr. Miller recommended the motion as presented.

Motion authorizing the Executive Director to issue an invitation to bid for Pumps and Motors P-201 and P-206 as part of the Lynchburg Pump Station B-System Improvement Project.

Motion made by Director Walker, Seconded by Director Council. The Motion carried unanimously.

Mr. Miller then provided the Board an update on BGE's MWDBE utilization on the B-System Expansion Project. The total contract value on Phase I and Phase II is \$2.2 Million, including the Arc Flash Study authorized by the Board at this meeting. The overall MWDBE utilization plan is approximately \$1 Million, which is 45% of the contract amount. Mr. Miller stated that BGE is currently at \$1.48 Million billed to date with an actual MWDBE utilization of \$600,000 (41%). Mr. Miller stated BGE expects to meet or exceed the 45% goal by the end of the project. Director Klotz thanked Mr. Miller for the report. There were no further questions from the Board.

VI. BUSINESS REVIEW – John Baldwin

A. Monthly Financial Statements for the Previous Month.

Mr. Baldwin stated that this item is the Financial Statements for the month ending February 28, 2023. All five of the Operating Funds are reflecting expenditures and revenues as anticipated for the first two months of the budget year. There were no questions from the Board.

B. Internal Management Quarterly Report – December 31, 2022.

Mr. Baldwin stated that this item is the Internal Management Report (Report) for the quarter ending December 31, 2022, which details the investment activities on all of CWA's funds as required by the Texas Public Funds Investment Act. The Report reflects the investment yields available in the market place during that time frame. All investments were held to maturity and there were no losses on CWA's investments. Mr. Baldwin stated that as the Federal Reserve has adjusted its rates, the interest rates gradually increased during the three month period. According to the Federal Reserve Chairman's talk yesterday, the Federal Reserve will continue increasing the base interest rate. Mr. Baldwin stated that there will be an investment to the Pension Fund coming up and CWA expects to get 5% plus for a one year investment time frame. There were no questions from the Board and Mr. Baldwin recommended the motion as presented.

Motion approving the Coastal Water Authority's Internal Management Report for the Quarter ending December 31, 2022.

Motion made by Director Sjolander, Seconded by Director Council. The Motion carried unanimously.

VII. DISBURSEMENTS – John Baldwin

Mr. Baldwin stated that this item is the disbursements for the month on the various construction funds. The disbursements to be approved by the Board included the Bayport Capital Improvement Fund – in the amount of \$34,911.20; the Special Project Equity Fund – in the amount of \$230,936.36; the Construction Fund – Series 2013 (Luce Bayou Project) – in the amount of \$439.00; and the Construction Fund – Series 2017 Loan (Luce Bayou Project) – in the amount of \$16,320.00. There were no questions from the Board and Mr. Baldwin recommended the motion as presented.

Motion approving the Disbursement of Funds as presented.

Motion made by Director Sjolander, Seconded by Director Council. The Motion carried unanimously.

VIII. OLD BUSINESS – Greg Olinger

No items to discuss.

IX. NEW BUSINESS – Greg Olinger

No items to discuss.

X. EXECUTIVE SESSION – Wayne Klotz

A. Executive Officers Compensation.

Director Klotz noted the time at 10:25 A.M. and stated that the Board would at this time convene in Executive Session pursuant to the provisions of Sections 551.071-551.084 of the Texas Government Code. No action would be taken in Executive Session.

XI. RECONVENE – OPEN SESSION

Open session was reconvened at 10:28 A.M. Director Klotz stated that no action was taken in Executive Session.

After discussion, in connection with Item X.A., Executive Officers Compensation, Director Walker recommended the motion as presented.

Motion approving the salary increases from March 8, 2023, for the Executive Director and the Chief Financial Officer in accordance with the “Schedule of Salary Increases.”

Motion made by Director Sjolander, Seconded by Director Zarinkelk. The Motion carried unanimously.

XII. ADJOURNMENT – Wayne Klotz

The meeting was adjourned at 10:30 A.M.

[Signature page follows]



Thomas A. Reiser, Secretary-Treasurer