

**COASTAL WATER AUTHORITY**

**Minutes of Regular Meeting**

**June 14, 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 <i>(Absent)</i>
Tony L. Council, P.E., First Vice-President	Joseph G. Soliz
Douglas E. Walker, Second Vice-President	Giti Zarinkelk, P.E. <i>(Absent)</i>
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, Director Sjolander, and Director Zarinkelk, 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 May 10, 2023.

**A. Minutes of the May 10, 2023 Board Meeting.**

**Motion approving the Minutes of the Board Meeting of May 10, 2023.**

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

**IV. EXECUTIVE DIRECTOR'S REPORT – Greg Olinger**

**A. Operations Summary Report.**

Mr. Olinger stated that during the month of May 2023, the Trinity River Pump Station (TRPS) pumped 19.4 billion gallons, with a daily average of 627 million gallons per day (MGD), and was 2% above the projected amount of 19.1 billion gallons. With a request from the City of Houston (COH) for a decrease of supply from the East Water Purification Plant, the Lake Houston Pump Station (LHPS) pumped 1.4 billion gallons, with a daily average of 46 MGD, and was 25% less than the projected amount of 1.9 billion gallons. The Capers Ridge Pump Station (CRPS) pumped 1.8 billion gallons, an average of 86 MGD, and was 69% less than the projected amount of 2.6 billion gallons. May 2023 experienced excessive wet weather and as a result, there were fourteen days of suspended operations at CRPS.

**B. Capers Ridge Pump Station – Expansion Design/Engineering Services Firm Selection.**

Mr. Olinger stated this item is related to the CRPS Expansion Project and selection of an engineering firm. The scope involves preparation of the final design for the addition of the four remaining pumps, motors, discharge piping and valves, and the related electrical controls equipment.

A solicitation for proposals was published in April 2023 and a mandatory pre-proposal meeting was conducted on April 25, 2023, at the CRPS facility. Eight proposals were received on May 11, 2023. Following thorough review and scoring of the proposals, interviews with a short list of the firms were conducted on June 1, 2023, by the interview team, which included the members of the Professional Engineering Services Review Committee (PESRC) and CWA staff. At this time Director Klotz clarified the selection process, noting that the PESRC makes the selection decisions. Director Klotz explained that Mr. Olinger puts together a technical review committee team comprised of CWA staff that makes sure the proposals are technically correct and then ranks the engineering firms. The ranking of firms is then taken to the PESRC, which is comprised of Director Council as the Chairman, Director Soliz and Director Walker, and from that point, decisions are made by the PESRC with the counsel of CWA staff. CWA staff does not make final selections for confirmation by the Board. Director Klotz noted that the selection process is a very open, transparent, and balanced process. Director Council thanked all firms that submitted Statements of Qualification and noted that it was a very competitive process and the selection was unanimous. There were no questions from the Board and Mr. Olinger recommended the motion as presented.

**Motion authorizing the Executive Director to negotiate a contract with Carollo Engineers, Inc. for Engineering Services for the Additional Pump Capacity Project at Capers Ridge Pump Station as part of the Luce Bayou Interbasin Project.**

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

**C. Bayport Waterline Replacement Phase 3 Project – Construction Management, Administration and Materials Testing.**

Mr. Olinger stated this item is related to the Bayport Waterline Replacement Project. The pipeline contractor faced a number of challenges including significant rain events and long material lead times that caused delays in its schedule of three months. Sowell Consulting Engineers (Sowells), CWA's construction, administration and inspection team, has done a good job overseeing and documenting the work. CWA is requesting a contract extension for Sowells to finish out the project. In response to a question from Director Klotz, Mr. Olinger stated that this extension is a 23% addition to the original

contract authorization. There were no further questions from the Board and Mr. Olinger recommended the motion as presented.

**Motion authorizing the Executive Director to issue a work order amendment to Sowell's Consulting Engineers in the amount of \$59,753.25 for Additional Construction Management, Administration and Materials Testing as part of the Bayport Waterline Replacement Phase 3 Project.**

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

**D. Compact Track Loader.**

Mr. Olinger stated this item is related to the purchase of a new compact track loader for CWA's Trinity River's system maintenance and operations. CWA specified four different makes for bidders to select from (John Deere 331G; Case TV450B, Bobcat T86 T4; and CAT 299D3). Additional equipment with the loader includes four attachments (bucket, grapple, mulcher, double blade grader). The equipment comes with a five-year/5,000 hour extended warranty. CWA received four bids on May 19, 2023 with the low bidder being Associated Supply Company with a Case TV450B. This item was briefed to the O&M Oversight Committee on June 6, 2023. In response to a question from Director Klotz, Mr. Olinger stated that the low bidder is located in Houston, Texas. 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 \$144,633.50 to Associated Supply Company, Inc. for the purchase of a new compact track loader.**

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

**E. Red Bluff Water Treatment Plant Pipe Painting.**

Mr. Olinger stated this item is related to the recoating for the Red Bluff Water Treatment Plant piping and tank system. The scope includes surface preparation, application of a three coat system by Sherwin Williams, including a two coat macropoxy and one coat of hi-solids polyurethane. A mandatory site visit was conducted on May 9, 2023. CWA received four bids on May 19, 2023. The low bid was received from C&M Contractors, LLC. There were no 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 \$128,352.25 to C&M Contractors, LLC for the coating services of the piping systems at CWA's Red Bluff Water Treatment Plant.**

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

**F. Amended and Restated Resolution (2023) Delegating Authority to Executive Officers.**

Mr. Olinger stated this item is an update to the Board Resolution that delegates certain authorities to Executive Officers. The last version was adopted by the Board in 2011. CWA's general legal counsel, Bracewell, LLP, reviewed and provided recommendations for revisions to bring the document into compliance with state statutes, including the Texas Water Code. Mr. Olinger noted that there were two provisions most affected. The first was that the Resolution raises the contracting and expenditure authority from \$25,000 to \$75,000, but requires the Executive Director to report these expenditures exceeding \$25,000 to the Board for ratification at the next scheduled Board Meeting. The second is that the revisions streamline and clarify the procurement authorities and reporting responsibilities when responding to a bona fide emergency situation. Mr. Barron Wallace briefed the Board on recent state legislative updates. Mr. Wallace stated that the 88<sup>th</sup> Regular Session of the Texas Legislature ended May 31, 2023. Governor Abbott signed a bill recently that changed the change order

threshold from \$50,000 to \$150,000 as of September 1, 2023. Director Klotz recommended that the Board consider the Resolution as currently presented and noted that staff could come back in September 2023 and request the Board to amend the Resolution if needed. Mr. Wallace stated that a legislative summary could be presented at that time. There were no questions from the Board and Mr. Olinger recommended the motion as presented.

**Motion to adopt an Amended and Restated Resolution Delegating Authority to Executive Officers.**

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

**G. SCADA Presentation Update.**

Mr. Olinger stated this item is a discussion of CWA's SCADA systems. The overall CWA SCADA system consists of a main system at the Lynchburg Pump Station (LPS) and subsystems at the other pump stations and remote sites. The LPS site serves as the central operations SCADA monitoring location, but CWA also maintains a monitoring station at its downtown office. In response to a question from Director Klotz, Mr. Olinger noted that LPS provides both operational control and monitoring. Mr. Olinger stated that the current SCADA system at CWA's facilities is a mixed bag of different hardware and software that vary in age. Some systems are proprietary that are limited to one manufacturer for support, maintenance, and spare parts. However, CWA's instrumentation teams have worked hard to ensure reliable data feeds into the control rooms and that information is displayed in a way that CWA's operators can make timely and informed decisions. Mr. Olinger then presented the Board with CWA's objectives and goals in upgrading the SCADA systems and developing a request for qualifications for development of a SCADA Master Plan. Director Klotz and Director Council expressed their support of this approach.

**H. Capers Ridge Pump Station Dredge Update.**

Mr. Olinger stated this item is an update on the dredge equipment purchased for dredging at CRPS. The purchase of the horizontal cutterhead dredge was authorized by the Board in January 2021 through VMI, Inc., located in Cushing, Oklahoma. CWA operators visited the manufacturer last month for training and performing functions testing. The dredge was later transported and received at the CRPS sedimentation basin on June 6, 2023. CWA anticipates the initial need to start dredging sometime next year.

**V. 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 May 31, 2023. Mr. Baldwin noted that at the end of the fifth month of the budget year CWA is within budget on all five Operating Funds and the revenue stream from CWA's two customers at the Water Treatment Plant and at the Bayport Treatment Plant is steady. Mr. Baldwin noted that the Red Bluff Treatment Plant, operated by Chevron producing gasoline and diesel fuel, is starting to demand less water. CWA will be contacting them to determine if that is the result of maintenance or market conditions. The COH payments have been made on a timely basis. There were no questions from the Board.

**B. Business Insurance Policy Renewal.**

Mr. Baldwin stated that this item is CWA's Business Insurance Renewal. In 2016 CWA began utilizing the Risk Management Fund of the Texas Water Conservation Association (TWCA) for the renewal of certain business insurance policies including General and Excess Liability, Errors and Omissions Liability, Property, Automobile and Workers Compensation. Mr. Baldwin noted that the TWCA renewal team contacted him earlier this morning with the renewal rate at about \$875,000. The reason for the significant increase was due to property

insurance replacement cost, and claims from other TWCA members. Similar reasons contributed to Workers Compensation rates. Mr. Baldwin stated that this amount was higher than forecasted. However, due to the lower cost achieved in Group Medical and Dental Insurance Policy Renewal, CWA is still within the overall insurance category budget. Director Klotz noted that should this amount increase again next year, CWA may have to look for other business insurance policies. Mr. Baldwin concurred and then recommended the motion as presented.

**Motion approving an Interlocal Agreement as amended with the Texas Water Conservation Association Risk Management Fund for Certain Liability, Property and Worker's Compensation Coverage, effective July 1, 2023, in an amount not to exceed \$875,000.00.**

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

#### **C. Group Medical and Dental Insurance Policy Renewal.**

Mr. Baldwin stated that this item is the annual renewal of group medical and dental insurance for CWA employees. CWA has been working with representatives of Marsh Wortham Insurance Company (Marsh Wortham) with the renewing of the CWA Employees Group Medical Insurance Policy. The current group medical policy is with Cigna. Mr. Baldwin noted that the initial renewal proposal received from Cigna was a 7.9% increase in the medical policy premiums and a 2% increase in the dental policy premiums. Cigna cited the high claims to premium ratio. A discussion was held to negotiate a best and final proposal from Cigna. Most of the high claims and Cigna's forecast of continuing to pay these high claims was mitigated by the fact that most of those employees and/or their dependents will no longer be generating claims due to their work status changing to retiree, utilizing Medicare or other insurance providers. Also, several more current employees are scheduling to retire within the next year and will also be moving off the Cigna Plan. CWA also discussed the fact that the average age of the current work force is getting lower since the recent new hires are much younger than the employees leaving. Cigna returned with a final proposal of a 2.5% increase for medical renewal and no change to dental renewal rates. The representative from Marsh, citing other renewals they are experiencing with other clients, stated this last offer from Cigna would be advantageous to CWA. Mr. Baldwin recommended the Board approve the renewal of the Group Medical Policy bundled with the Dental Policy Proposal with Cigna. Mr. Baldwin also recommended the employee contribution amounts for the cost of the monthly premiums be increased by the same percentage to share in the additional cost of the total monthly premiums and the contribution rates of the Medicare Advantage Insurance Program for CWA's eligible retired employees and their spouses remain at the existing rates due to no increase in cost of this program at this time. There were no questions from the Board and Mr. Baldwin recommended the motion as presented.

**Motion approving a Group Medical and Dental Insurance Policy with Cigna and continue the Medicare Advantage Program for CWA eligible retirees meeting the minimum combination of age and years of service with Aetna Medicare Advantage beginning July 1, 2023 with employee/employer contribution rates as presented by the Chief Financial Officer.**

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

#### **VI. 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 \$408,743.65; the Special Project Equity Fund – in the amount of \$74,690.65; and the Construction Fund – Series 2017 Loan (Luce Bayou Project) – in the amount of \$430,884.46. 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 Walker, Seconded by Director Council. The Motion carried unanimously.

**VII. OLD BUSINESS – Greg Olinger**

No items to discuss.

**VIII. NEW BUSINESS – Greg Olinger**

No items to discuss.

**IX. EXECUTIVE SESSION – Wayne Klotz**

There was no executive session.

**X. ADJOURNMENT – Wayne Klotz**

The meeting was adjourned at 10:50 A.M.



---

Joseph G. Soliz, Assistant Secretary-Treasurer