

Medina Water Supply Corp
Minutes of Board of Directors Meeting on 7/8/2024
at Medina Community Center

Meeting called to order at 6:00 pm by Board President Dan Poston.

Directors present:

Dan Poston – President
Harvey Young – Vice President
Janet Miller – Treasurer
Roger Mora
Charles Anderson - Secretary
Jon Miller

Quorum present

Also present:

Emerson Arnold
Kevin Ayers – contractor
Bob Buck
Rick Randall
Michael Sowders – contractor
Elinor Vandergriff

Reading of Previous Meeting minutes

Dan asked if the directors had reviewed the previous minutes and ask if there are corrections to the minutes. Harvey Young moved to accept the minutes, Roger Mora seconded the motion, motion carried by 6 positive votes.

Public Comments (5 minutes per speaker)

Elinor Vandergriff had signed and wished to speak. Dan Poston called on Elinor for her comment. Thanked directors for volunteer work. Elinor then expressed support for the Office Manager, Kevin Ayers, to be granted more time off. She complemented the work he does calling out his dependability. She proposed an increase in time off in the amount of 5 days per year. Elinor went on to say that he deserved this consideration due to his character and honesty.

Bob Buck had signed and wished to speak. Dan Poston called on Bob Buck for his comment. Bob stated that the minutes on the website do not show all the information being presented in the meeting. Specifically, the attached reports (Treasurers reports, specific information from the accounts reports such as gallons sold). Bob acknowledges that the information is included in the physical copies of the minutes in the office. Bob

wanted the reports to be published on the web, or the report information included in the minutes document. Bob also stated that to see the information, permission must be given via a written request for the information. Jon Miller asked if this information has been in the minutes for the past few years, and why it is a problem presently. Bob acknowledged that the information was added to the minutes book but repeated that it is not on the website. Dan asked about the capacity of the website and Kevin said that it could be uploaded. Kevin asks what information specifically Bob wanted to see. Bob stated the Accounts Report and the Systems Operator Report for now, but then went on to express concerns about year-to-date information from the Treasurer's Report.

Dan issued new guidance about accessing this information. Except for Meeting Minutes and the attached reports, any other information must be requested via a written request. If anyone wants to see the minutes and the attached reports, they can come and review them at the office.

Bob then reserved the right to make comments during specific agenda items.

Treasurer's Report

See included reports Jun 2024.

Janet Miller stated we had a loss of \$5,104.36, with a year to date loss of \$35,749.32
Income: \$15,152.48 Expenses: \$20,256.84

Janet highlighted the following outgoing payments:

- Insurance Payment: \$5,639.00
- Payment to Ferguson: \$22.76
- Sawyer Tree Service: \$900.00

Janet stated that going forward the document will be sent out prior to the meeting for review.

Kevin talked to the insurance payment, saying that it was an annual expense. There was also a payment to Bill Stegemueller of \$100.00 to remove a beehive from a meter.

Michael Sowders talked about the Tree Service expenditure. He described a long running problem with some trees on Lewis St. It finally reached a point where the roots prevented normal operation of the meter box and was crushing the box. Sawyer was called out to cut the tree and grind the stump out.

Kevin stated that we had to spray weeds again at the Finch plant. This task must be done by a licensed technician.

Jon Miller moved to accept the Treasurers report, seconded by Harvey Young. Motion carried with 6 positive votes.

Accounts Report

The Accounts Report was provided in written form by Kevin Ayers. See attached report. One account was closed due to non-payment, and another was just closed, bringing the total number of accounts to 258. This should rebound to 260 once the Live Oaks meters get installs. One leak adjustments for \$191 this month. No bulk water sales due to drought. The fire department meter was leaking, it is schedule to be fixed via warranty. Kevin highlighted the percentage of loss is now 10.43%

Harvey Young moved to accept the report, seconded by Jon Miller. Motion carried with 6 positive votes.

System Operator's Report

See included reports June 2024 Field Report.

Michael expressed the need to dig around the proposed pad location to locate the lines. We do not have 100% confidence in the plans, and if the pad is placed over the lines, this will cause much trouble in the future. Michael is to go out and dig as necessary during the pad installations. The compressor breaker is operating normally after resetting the amp settings in the breaker. By July 12, the meters and hydrant for the development on Post Oak and Lenny should be installed. Harvey Young asked about the installation of the surge arrester at Finch and Stringtown plants. This was discussed in the past, but Michael was going to do it. However, this work had to be done by a licensed electrician, so Kerr pump was called into do the installation. These are the surge arresters for the pumps, not the lightning arresters. Jon Miller asked if we have lightning arresters, Michael replied that we do, but they need to be installed. Harvey, following up on another outstanding issue, asked about the meter for the Finch plant. Kevin stated that they came out and looked at it but had to order different flanges.

Janet Miller moved to accept the Operators report, seconded by Roger Mora. Motion carried with 6 positive votes.

Old Business

Texas Power Controls Generator Inspection – Roger followed up; Jon was able to show Brice the generators to collect information (pictures, model numbers, serial numbers) for the service contract. Roger thanks Jon for being available. The first service will be in October.

Stringtown Tank Repair – Kevin added this agenda item, this is the roof repair for the bolted tank. The repair is scheduled for the week of Labor Day, but to prepare for it, they are going to need to setup the temporary pressure tank first. This involves the installation of taps in several places in the lines before the distribution lines and before the existing pressure tank. These taps are to isolate the tank for repair. Kevin expresses

concerns that the new operator may not have enough plant knowledge for this project and suggests maybe asking Mike to continue cross training Emerson through September. Dan Poston asks how long it will take. Kevin stated that it should take 2 days to install the temporary pressure tank. Kevin also raised another issue, that while the temporary tank is installed, we need to plumb in the tie in for the new pressure tank.

Tax Exemption – TCEQ accepted our regional water provider application and now the application is going through the approval process which could take up to six weeks. Kevin's contact at the TCEQ said that at initial glance it looks like we have all we need to qualify for the exemption. Upon approval, TCEQ will add MWSC to a list on the website and send us a tax exemption letter. Kevin has also secured the form from Secretary of State that we provide to our suppliers to take off state sales tax.

New Business

Inspection Violations – TCEQ Exit Interview Form.

Violation 1: Required us to relocate the bottle of ammonia solution to a location outside of the chlorinator room. Previously this bottle was stored inside the room. This issue was addressed by sending photographic evidence to the TCEQ. The correction was accepted, and the issue is considered closed.

Violation 2: Currently daily chlorine residual samples are collected at the well site. The requirement is that these samples be collected at rotational locations throughout the distribution network. Kevin updated the monitoring plan with new locations chosen for accessibility, updated the map, the new plan, and the new sampling log, were submitted to the TCEQ and accepted. After we complete monitoring using the new plan, map, and form, for July and August, this violation will be considered closed.

Violation 3: We did not notify TCEQ of our over 85% utilization issue. Their evaluation of our utilization was 89.5%. A potential fix when we get the revolving fund money to put the PRV valves in, at \$35,000 each. Kevin contacted William White and Greg Howard in a conference call. William White said that he has never seen a system our size delivers .6 GPM, more likely we are at .25 - .3 GPM per connection. TCEQ is basing their calculations on .6 GPM per connection. William White suggests that we engage Johnathon to file for an exemption for the .6 GPM per connection based on 3 years of historical well usage data from the Finch. Once Johnathon gets the data from Greg, he will draft a letter and submit for the exemption. It is important that this letter comes from an Engineering firm to insure a response within 60 days. If no response is received, it will be automatically closed.

Kevin, after reviewing usage data, speculates that we are currently at .35 - .4 GPM per

connection.

Harvey Young asked when the method used to measure / monitor Chlorine residual levels changed. Kevin stated that he didn't know that, nor why this hadn't been flagged in prior inspections. Greg Howard didn't know either, but most of the systems he works on are smaller than 250 connections. More than 250 connections have more stringent requirements.

Commercial Rates – In a meeting with Johnathon an issue came up about commercial accounts. Kevin compared Commercial Rates in Kerrville, Bandera (chosen for proximity), and Somerville (chosen because it is the same relative size as Medina). Analyzing these cities rates, the rates are essentially the same between commercial and residential, maybe 10% delta.

Paid Personal Days for the Office Manager - Kevin has asked the board to add 5 days of discretionary Paid Time Off (PTO). Currently he has 7 holidays. When he started the office hours were only 3 days per week. The shift to a 5-day work week causes a hardship in the way that Kevin cannot take a day for his family business or take a trip out of town longer than the 2 weekend days. These days are considered use or lose, without an annual roll-over. Roger Mora asked about how the recordkeeping for partial days off, for example a 2-hour errand. This record keeping would be on the accounts report where absences would be annotated as either holidays, PTO, or other. Since this is starting midway through the calendar year, 3 paid days will be added now.

Harvey Young made a motion to approve 5 paid days (22.5 hours) as PTO that Kevin Ayers can use at his discretion per calendar year. Dan Poston seconds the motion. The motion was carried with 6 positive votes.

Tariff Review – Impact/Equity Buy-In Fees & Rate Structure

Kevin Ayers printed the tariff as a convenience for review, then directed us to review Section E, Page 10, Item 22, the Prohibition of Multiple Connections to a single tap. Regarding our RV parks. The State Legislature defines an RV as 1/8 of a standard connection, so an RV park with less than 8 spaces would not violate this ordinance.

Jon Miller asked about the new Live Oak development. Kevin said those were non-standard connections and we are good on those, but we would discuss them later.

Turning to Section F, Page 3, Section 6c Equity Buy-In Fee. Live Oak development is using 1.5-inch meters which are 5 standard connections. Our tariff says we can charge an Equity Buy-In Fee, but after conferring with TRWA, these fees must be calculated and listed in the Tarriff to be able to charge it. After calculating the value of the total

assets and dividing it by the number of connections this fee would be \$604 for a standard connection. This number would be added to the tariff and submitted to the PUC. Once the PUC accepts it, we can start charging for it, though not retroactively. As the fee changes due to additions or depreciation, we can update it with PUC. Decreases can happen without resubmission, but Increases must be resubmitted with the PUC.

Dan Poston asked if this Buy-In applies to a new residential connection. It does apply because the connection is not new. If the home is then sold, the connection would be a standard connection because it is an existing connection. Larger meters are billed according to the AWWA chart for meter equivalency. Dan then asks what you get when you pay this fee, Kevin answered that you are buying into the asset equity that is shared by the members of the Cooperative. Roger Mora added that some subdivisions charge double or more than this. Kevin re-stated that this applies to any new tap, including residential.

Dan Poston makes a motion to amend the current tariff to specify the current Equity Buy-In amount and provide for future adjustments as required. This fee will be for standard meters and for larger meters as required fees will be based on the appropriate table. The motion was seconded by Jon Miller and carried with 6 positive votes.

Turning to Section G, Page 2, Section a, our monthly rate schedule. The chart reflects a monthly rate of \$35, Kevin states he missed the last rate increase, next month this chart needs to be increased to \$45 this can be done without approval.

Kevin then points out Section A, 1 the chart is based on a standard meter, bigger meters will be charged more (as per the chart), in the service charge. In June of 2022, the board discussed and decided to charge the same based on the gas pump analogy. This is true for usage but not for our TCEQ requirements for well gallons per minute and storage. For example, the school has 2 - 2" meters which, via the chart means 8 connections. The TCEQ requires us to maintain 16 connections worth of capacity for those two meters, which are being billed at 2 times the base rate. While they are paying for the usage, they are not paying for the maintenance required to deliver this capacity. If this stays the same, Live Oaks will be charged for 2 meters but we will be required to maintain capacity for 10.

Dan Poston asks what this is costing us. Kevin stated that for just the service charges, it comes out to \$1,750 per month for our oversized meters. But after adjusting for usage, it comes out to \$900 - \$1000. Dan then asks what this is costing us to maintain this capacity. Kevin and Michael explain that the oversize meter equivalency is driving up the required capacity, and this requires capital improvements like the PRVs that we aren't getting any money for. Kevin added that over time, this money will add up and

can be used for future system improvements. William White says most small systems charge for meter equivalency. Most users will opt to change to a standard or smaller size, but users with sprinkler systems will stay the same. This billing change would not be retroactive, newly published rates approved by the PUC, would be charged going forward.

Dan Poston recommends we table this discussion until the next meeting. Kevin will send the updated rates of \$45 across the board. Kevin will research neighboring communities as well.

Bob Buck makes a public comment. This was discussed during the last time we discussed rate increases and at that time it was decided not to charge by meter equivalency issue. If you change it now, we will be changing the previous board decision.

New Hire – Field Operations Manager – Dan Poston had a discussion with Michael Sowders wherein Michael expressed that at some point he was wanting to give up his duties as system operator due to some personal considerations. About that same time Emerson Arnold expressed an interest in the position should it come open. Dan met with Michael and they mutually agreed, and agreed with Emerson Arnold on a transition plan, starting July 29, 2024. Just as we did last time, the proposal is to pay Michael 4 weeks, Emerson will come on board as the replacement and during that month they will conduct the transition. Michael pointed out that the job has expanded since he took it over, and there are many more details to be learned. If at the end of the 4-week transition period, more time is needed, there is an option for an additional 2 weeks wherein both operators would be paid. Roger Mora asked about the contract and timeframes. Emerson's contract will be the same as Michael's contract and will run until termination of the contract. Contract will be revisited in a year.

Kevin expressed concern that due to the number of meters, if the transition plan runs for the max 6 weeks, Emerson will only get 1 pass through the meter reads.

Dan Poston moves that we accept the resignation of Michael Sowders, we accept Emerson Arnold's application for the contract as presented to the board this week Janet Miller seconded the motion and the motion carried with 6 positive votes.

Dan Poston goes on to discuss with Michael Sowders in a free form way the possibility of contracting work to Michael on an ad-hoc basis. Nothing was decided.

Emerson, congratulations.

Harvey Young advised Michael to work Brian Cope to coordinate the pipe location.

Roger Mora moves to adjourn the meeting, seconded by Harvey Young. Motion carried by 6 positive votes.

Meeting Adjourned at 7:40 PM.

Minutes approved as _____distributed_____amended.
