

MINUTES
BEXAR METROPOLITAN WATER DISTRICT
REGULAR BOARD MEETING
2047 W. MALONE, SAN ANTONIO, TEXAS 78225
P.O. BOX 245994, SAN ANTONIO, TEXAS 78224
October 30, 2006

In accordance with Chapter 551 of the Texas Government Code, Vernon's Annotated Civil Statutes, Section 31, the Board of Directors for the BEXAR METROPOLITAN WATER DISTRICT held a **Regular Board of Directors Meeting at 4:30 p.m. on the 30th day of October, 2006**, in the Board Room of Bexar Metropolitan Water District, 2047 W. Malone, San Antonio, Texas.

BOARD MEMBERS PRESENT: Victor Villarreal; Lesley Wenger; Jim Clement; James Fenimore; Robert Morin; David Sosa; Jose Gallegos Jr.

STAFF MEMBERS PRESENT: Gil Olivares; Adolfo Ruiz; Jesse Morin; Miyong Squire; Steve Sandoval; Helen Casias; Liliana Oranday; Travis Runty; Phil Hopkins; Glenn George; Monique Quitugua; Nathan Riggs; Humberto Ramos; Gilbert Garza; Edna Wigfall Crute; Marty Martinez.

CONSULTANTS PRESENT: TJ Connolly, Matt McReynolds, Erin Klingensmith (Connolly & Co.); Russ Johnson (McGinnis, Lochridge); Tony Alfaro (Alfaro Consulting).

GUESTS PRESENT: Dina Villarreal; Richard Peacock; Sharon Neuman (Habitat for Humanity); Buck Benson (Earl & Asscts.); Charles Turner (Terramark); Joan Spears (J. Spears Realty); Ric Bunger (Merchant Multi Service); Carla Brousseau (D.R. Horton); Steve Ehr (Verizon Wireless); David Batiste (American Water); Lee Niles (Pape-Dawson); Felix Bernal (TCB); Chris Powers (SAWS).

PRESS PRESENT: Jerry Needham (*Express-News*).

MINUTES

The open session of this meeting was tape recorded. These minutes are a summary record of the Board's actions at the meeting. For a detailed record of discussions and statements made by persons speaking at the meeting, please consult the audio files at the District's office.

Item 1.

Mr. Villarreal called the meeting to order at 4:30 p.m.

Item 2. Executive Session

Upon motion by Mr. Clement, seconded by Mr. Morin and passed without opposition, the Board adjourned to Executive Session at 4:31p.m.

Item 3. Open Session

The Board reconvened in Open Session at 6:15pm and took the following actions per discussion in Executive Session.

Executive Session Items:

2a. Declaration of Surplus Land on Peaceful Lane.

Mr. Clement moved to declare surplus .248 acres located on Peaceful Lane in San Antonio, (District 5), subject to review by BexarMet staff. Ms. Wenger seconded the motion.

Mr. Villarreal called for the vote.

Motion carried unanimously.

2c. General Litigation: Settlement Offer.

Mr. Gallegos moved to authorize the General Manager to enter into negotiations with Terramark Development for the purchase of the Cassin Lake property and for a special board meeting to take place no later than November 13, 2006. Mr. Morin seconded the motion.

Mr. Villarreal called for the vote.

Motion carried unanimously.

2d. Credit Card Convenience Fee.

Mr. Gallegos moved to suspend BexarMet's convenience fee for processing credit card transactions. Mr. Sosa seconded the motion.

Mr. Villarreal called for the vote.

Motion carried unanimously.

2e. New Salary Range for BexarMet Employees in Pay Grades I & II.

Mr. Morin moved to approve a new salary range for BexarMet employees in Pay Grades I & II. Mr. Gallegos seconded the motion.

Mr. Villarreal called for the vote.

Ayes: Villarreal, Fenimore, Clement, Sosa, Morin, Gallegos

Abstained: Wenger

Motion carried.

Item 4. Citizens To Be Heard.

Richard Peacock, (7898 Broadway, S.A.) said he represented Baptist University in the purchase of 75 acres of Barrett land, which drains into 45 acres of BexarMet property, of which 41 acres is a detention pond known as "Barrett Pit". BexarMet had previously indicated an interest in transferring the Barrett Pit to the City of San Antonio, which was interested, according to Mr. Peacock, in accepting it. The property was declared surplus on May 31st, and he did not understand what was holding things up. He felt the City might lose interest and that somehow, although he said he had nothing to gain, Baptist University was going to be a loser. He offered to help facilitate the transaction.

Joan Speer (Somerset) asked why the Minutes of the June 21, 2006 Regular Board meeting have not been approved. As a real estate broker, who has property that is dependent on the approval of the Minutes, she requested that the Board consider approving them tonight.

Item 5. Waiver of Impact and Water Development Fees: Habitat for Humanity.

Mr. Villarreal moved to waive the impact fees and water development fees applicable to certain Habitat for Humanity developments. The motion was seconded by Mr. Morin.

Mr. Olivares said he and Mr. Fenimore had met with Habitat, examined their plans in the Palo Alto subdivision, and decided rather than dealing with one year, it would be best to waive both impact and water development fees for the first year, and to lock in a waiver of impact fees for the second and third year. Therefore he recommended a 3-year agreement with Habitat, based on their proposed build-out.

Ms. Wenger said she does not believe that we can bind future boards in future years; we do not yet have budgets for those years; we have no idea of what kind of financial shape we are going to be in and whether this plan would require raising rates—which, she said, none of us is interested in doing. She moved to amend the motion to be for one year only, and to consider the second and third years when we develop budgets for those years. Mr. Villarreal rejected the amendment.

Mr. Clement asked if the figures were based on the new impact fees. Mr. Olivares said they were, so the dollar impact would likely be lower than indicated.

Mr. Villarreal said the key is that we are not committing the Board in regards to water development fees for the future, other than this year.

Mr. Gallegos requested a substitute motion—that the main motion to be done by acclamation. Mr. Morin seconded the motion.

Ms. Wenger pointed out that such a motion would deny individual members the right to vote.

Mr. Villarreal called for a vote on the substitute motion.

Ayes: Gallegos, Morin.

Nays: Villarreal, Wenger, Fenimore, Sosa, Clement.

Motion denied.

Mr. Villarreal called for the vote on the main motion.

Ayes: Villarreal, Gallegos, Morin, Fenimore, Sosa, Clement.

Nays: Wenger.

Motion carried.

Item 6. Amendment to the Agreement with River City Engineering (District 6).

Ms. Wenger moved to approve an amendment to the Contingent Engineering Services Agreement between Bexar Metropolitan Water District and River City Engineering, LTD., (approved by the Board on December 21, 2005) for engineering services related to design and construction of facilities for the production of Trinity Aquifer water from wells owned by Water Exploration Company, Ltd. on properties known as the Dym (aka Borgfeld) tract and the Rogers tract in the amount \$572,000.00; and to approve the reallocation of \$572,000.00 from Capital budget No. BP-060764 (Monte Cristo pump station; line 128, page 4) to No. BP-060757 (WECO Well Testing – Dym, Rogers and Stein tracts water development; line 119, page 4). The motion was seconded by Mr. Clement.

Mr. Albach explained that this amendment was anticipated when we entered the original agreement. We are now ready to move into the design of the facilities and the construction phase, so we immediately requested a cost proposal which we have found to be very competitive. He emphasized this expense is not just for the design but includes the active construction management by River City.

Mr. Gallegos asked what, roughly, the total cost of the facilities would be. Mr. Albach said the estimate for the facilities which would pump, collect, store, treat and deliver water from both tracts is north of \$6 million.

Mr. Villarreal called for the vote.

Ayes: Villarreal, Wenger, Clement, Fenimore, Morin, Sosa.

Nays: Gallegos.

Motion carried.

Item 7. Replacement of Water Mains: Raven Field Drive (District 2).

Mr. Sosa moved to authorize the General Manager to negotiate and approve a contract with Claunch & Miller, Inc. (CMI), the engineer selected by Bexar County, to complete the design of the replacement of water mains on Raven Field Drive for an amount not to exceed \$36,495.00. Ms. Wenger seconded the motion.

Mr. Villarreal called for the vote.

Motion carried unanimously.

Item 8. Utility Service Agreement with One Savannah Heights (District 5).

Ms. Wenger moved to authorize the General Manager to negotiate and approve a Utility Service Agreement with One Savannah Heights for the Savannah Heights Development. Mr. Clement seconded the motion.

Mr. Villarreal called for the vote.

Ayes: Villarreal, Clement, Wenger, Fenimore, Morin, Sosa

Abstained: Gallegos

Motion carried,

Item 9. Indefinite Delivery Contractors for Flatwork or Concrete Services.

Mr. Villarreal moved to approve contracts with Indefinite Delivery Contractors for labor, equipment and materials costs associated with flatwork or concrete services in order to fix prices for the cost of these services for a three-year period [*Tabled September 5 and 25, 2006 Regular Board Meetings*] Mr. Clement seconded the motion.

Mr. Villarreal inquired, for clarification, if we are talking about the same three (3) contractors who have been providing services to BexarMet in the past. Mr. Olivares confirmed.

Mr. Villarreal called for the vote.

Ayes: Villarreal, Clement, Wenger, Sosa, Morin, Gallegos

Abstained: Fenimore

Motion carried.

Item 10. Indefinite Delivery Contracts for Asphalt, Mill and Overlay Services.

Mr. Sosa moved to approve contracts with Indefinite Delivery Contractors for labor, equipment and materials costs associated with asphalt mill and overlay services in order to fix prices for the cost of these services for a three-year period [*Tabled September 5 and 25, 2006 Regular Board Meetings*]. Mr. Villarreal seconded the motion.

Mr. Villarreal called for the vote.

Motion carried unanimously.

Item 11. Elevated Storage Tank: Stevens Ranch (District 2).

Mr. Sosa moved to authorize the General Manager to contract with Landmark Structures I, L.P. for construction of a 2.5 million gallon composite elevated storage tank for the Stevens Ranch production facility #178 for a budgeted amount not to exceed \$3,090,000.00. The motion was seconded by Mr. Morin.

Mr. Villarreal called for the vote.

Motion carried unanimously.

Item 12. Consent Items.

Mr. Villarreal announced that Items a, c, d, f and m had been pulled

Mr. Sosa moved to approve items 12 b, e, g, h, i, j, k, l and n. The motion was seconded by Mr. Villarreal.

Mr. Villarreal called for the vote.

Motion carried.

Item 12 a. Parking Lease Agreement at 2026 W. Malone.

Mr. Villarreal moved to ratify a Parking Lease Agreement with Lange Management Company, LLC for 37 parking spaces located at 2026 W. Malone, San Antonio, Texas 78225. Mr. Clement seconded the motion.

Ms. Wenger asked why, when we currently have excess acreage, we are not using on our own property for employee parking? Mr. Olivares said that was correct, we have property immediately outside the Board Room, as well as in back and immediately to the west. So we went to the City and said we'd like to put a parking lot in, but nothing is ever simple—they want a landscape design and a flood design. Rather than wait for the design and approval process which can be very lengthy, the owner of the property across the street indicated that they have a parking lot which is ready to be utilized, and we needed the space immediately to free up our spaces in front of the building where our visitors park. Ms. Wenger said the agreement allows us to terminate with a 90-day notice. She asked if that could be shortened. Mr. Olivares said it could not. Ms. Wenger suggested there might be a way to move faster on our own lot, but Mr. Olivares said it was not just a paving issue; we have a plugged Artesian well on the property which, during heavy rains, begins to flow.

Mr. Sosa said his question was a safety issue. Since the employees are crossing a major intersection--are the security guards helping them to cross over? Mr. Olivares indicated yes.

Mr. Clement, noting that the lease cost came out to \$20/space/month, asked for the cost of the fees: engineering, permits, etc for the parking lot to be done on our property. Mr. Olivares responded with he does not have those fees at this time and he can research them and get those fees back to him.

Mr. Villarreal called for the vote.

Motion carried unanimously.

Item 12c. Leak Detection Network Unit .

Mr. Clement moved to authorize the General Manager to approve the purchase of a Leak Detection Network Unit from Fluid Conservation Systems (FCS) in the amount of \$53,460.00 Ms. Wenger seconded the motion.

Mr. Olivares explained that the system we currently have is outdated, and requires us to do a lot of digging to locate a leak. With this new system, which is a type of ultrasound, the latest technology, we will be able to locate leaks faster and more accurately and will save a lot of labor. Mr. George pointed out that it also integrates with our system software, so we do not have to start from scratch which would be much more costly. What staff is asking for, he clarified, are three pieces of equipment; also our current equipment needs to be calibrated.

Mr. Villarreal asked if this system is top of the line, and Mr. George said we have tried to do some research on the best technology, and this is the system that matches our current equipment and will help us accurately record our water usage to the Edwards Aquifer Authority. Mr. Villarreal asked if we would also be able to tell the difference between sewer and water main leaks, because even though we don't have sewer service, there are times when the lines are over each other. Mr. George said it would not detect sewer leaks unless we're allowed to put the equipment over manholes.

Mr. Clement wondered if we had looked into hiring a leak detection company. He noted that Dallas and El Paso do that, they don't own the equipment; the company comes in and maps the water system. Mr. George said we had looked into that, but found out that for just 4 to 5 miles of pipe it would cost around \$15,000/month. He did not think it was cost effective. Mr. Clement said one of the companies had offered to come down and give us a free demonstration, and he did not understand why we had rejected that offer. Mr. George replied that the service only works for mains that are 12 inches or more. Mr. Clement pointed out that he would like us to do some far-reaching planning to be able to determine the age and location of all our mains.

Mr. Villarreal called for the vote.

Motion carried.

Mr. Villarreal noted that Mr. Gallegos had left the room and did not vote on this item.

Item 12f. Modification of the Switch and Save Toilet Program.

Mr. Gallegos moved to approve the modification of the Switch and Save Toilet Rebate program from one of offering rebates to one of distributing high quality, low flow toilets to qualified residential ratepayers in all BexarMet service areas. Mr. Villarreal seconded the motion.

Ms. Wenger asked what proof we would have that the toilets were installed. Mr. Albach responded there would be no more proof then there is currently, but we do have the opportunity to inspect. Mr. Albach said that rather having the customer purchase a toilet and get a credit, this program would allow customers to get a voucher to pick up a toilet from one of the wholesale providers with whom we have an agreement. The customer would install or pay a plumber to install the toilet. Ms. Wenger asked if the voucher could be used toward a

more expensive toilet, such as an ADA toilet—she did not want to take that option away from customers. Mr. Ramos, who recommended this program, explained that the option to receive a set credit, and apply that toward any low flow toilet will still exist. This is a program for homes built before 1992, and the plan is to distribute low flow toilets to customers who can't afford to pay \$150.00 to \$300.00 and wait for a credit.

Mr. Villarreal called for the vote.

Motion carried unanimously.

Item 12m. Amendment to R.L. Wilson's Engagement for Legal Services.

Mr. Villarreal moved to table this item. Mr. Morin seconded the motion.

Mr. Villarreal called for the vote.

Motion carried unanimously.

Item 13a. Action Items Administration: Board Minutes.

Mr. Clement moved to approve Items a, c, d, and e. Mr. Morin seconded the motion.

Mr. Villarreal called for the vote.

Ayes: Gallegos, Villarreal, Clement, Fenimore, Sosa, Morin.

Nays: Wenger.

Motion carried.

Item 13b. June 21, 2006 Regular Board Meeting [Tabled September 25, 2006 Regular Board Meeting].

Ms. Wenger moved to approve June 21, 2006 Regular Board Meeting [Tabled September 25, 2006 Regular Board Meeting]. Mr. Villarreal seconded the motion.

Mr. Villarreal called for the vote.

Motion carried.

Items 14a and b: No discussion.

Item 14c. Top 25 Delinquent Accounts.

Mr. Villarreal asked that Mr. Olivares, Mr. Jesse Morin and Mr. Gallegos meet and come up with a new policy or a change to current policy regarding commercial due dates on payment of bills and present this to the Board at a future meeting.

Mr. Olivares said that the way the system is structured, we are unable to separate residential accounts from commercial, so if we're going to treat collection of commercial accounts differently, they would have to be hand-processed, which would be very cumbersome.

Mr. Gallegos said he found it objectionable that so many ratepayers pay their bills on time, with no reward, whereas we have commercial accounts that are taking 60 to 300 days to pay their bills. We do not give this kind of leeway to small residential users. Mr. Olivares said we are complying with the policy set by the Board giving everyone the same number of days to pay

Ms. Wenger said this was an issue on which she and Mr. Gallegos have always agreed. She suggested that we change the policy for commercial accounts and add this item to the next Agenda. She said it could not be that difficult to program the system to distinguish between two types of accounts, particularly since we are able to separate them for the purpose of monthly reports to the Board. She also noted that Jesse Morin had previously brought to the Board's attention that the commercial accounts that routinely owe large amounts get hit with a really big late fee each time, so we end up making money on that delay. Jesse Morin concurred

Item 14d. General Manager's Report:

(i) Status of the Pay Station.

Tony Alfaro, consulting project manager on the Pay Station, reported that all plans have been completed and posted; there was a walk-through, pre-bid meeting at the job site, the bidding process has commenced and bids are due back on November 7, after which the contractor will be selected and we should have a groundbreaking in early December. We hope to start construction on or about January 2007.

Mr. Morin noted that at the last committee meeting he had proposed a couple of ideas, and was disappointed that he had never heard back from anyone. He felt the bids, which he had to find online, were submitted without any recommendation or approval from the committee, and he asked, as a member of the committee, if he could please be included in the future. Mr. Sosa, as Chairman, indicated he also had not gotten an update. Mr. Garza responded that while recommendations from the last committee meeting were noted, they were going to let the contractor address them. In accordance with Mr. Morin's suggestions, they had moved the driveway to the side of the building. The other suggestion related to additional parking spaces, which were not included because they would add to the cost. Mr. Morin asked if that additional cost had been determined and Mr. Alfaro responded it had not been because the number of parking spaces met code.

Mr. Olivares asked if we are still on budget and within the set time-frame. Mr. Alfaro responded that to this point we were on budget, but were behind schedule by two to three weeks. Mr. Olivares asked if the Board had been made aware of the plans that we submitted to the city, Mr. Alfaro noted that the last Pay Station committee meeting, where a 90% plan was to be presented, was cancelled; but those plans included restrooms, a break room and a lunchroom

Mr. Gallegos complained that it sounded like staff was working in a vacuum. He felt that the plan, where the lunchroom, consisting of one table with chairs, served as a walkthrough to the restroom, was not the best plan. He asked for better communication; however he appreciated that finally a sign was put up on the site, indicating a new building was coming.

(ii) Update on Emergency Resolution to Expedite Construction of Facilities and Infrastructure.

Mr. Olivares indicated that the two memorandums included in the board packets are justification and background for the Emergency Resolution. Since that time we have moved forward with project identification. He confirmed we would be meeting with TCEQ this week to push the process forward.

Item 14e. Professional Services Report.

After reading a lobbyist report on meetings with public officials from Harold Oliver, Mr. Sosa requested feed back concerning what these officials are saying.

Mr. Oliver was not present, so lobbyist Russ Johnson responded that this is a question that varies from one official to the other. They have met with Representatives Menendez, Ruth Jones McClendon, Joe Strauss, Frank Corte and Robert Puente. While there are various concerns, all are receptive to information about what BexarMet is doing proactively to address things they have read about in the newspaper. With Chairman Puente, we have addressed all the issues that he raised at the Joint House and Senate Natural Resource Committee hearing in San Antonio. With everyone else we are communicating what this Board has done, is doing, and will do in the future to address infrastructure improvements both in the Northside and Southside service areas, as well as water supply, litigation and cost issues. Additionally we have taken information from the auditors' report that indicates improvement of our financial position over the last eighteen months. Mr. Johnson said the reaction has been positive.

Mr. Sosa asked if the meeting with Judge Nelson Wolff occurred before or after his comments to the Greater Chamber. Mr. Johnson said it was before. Mr. Sosa asked what concerns the Judge had expressed and what his plans were. Mr. Johnson replied that he expressed two basic concerns: one was that having one major water utility rather than two was a better situation. We responded by explaining how in this area ratepayers benefit from two or more separate utilities. Then he expressed his concern about the operation of a utility by an elected board. We responded that we think that this is actually a better model for a ratepayer-driven Board. Mr. Johnson said they departed with a disagreement on those two fundamental issues without any clear definition of what Judge Wolff was going to ask for regarding future legislation.

Mr. Gallegos inquired if a meeting was scheduled with Rep. Castro and Mr. Johnson said that Mr. Oliver was responsible for setting the meetings, but the intention was to meet with all House and Senate representatives from Bexar County and ultimately with each member of House and Senate Natural Resource Committees. He explained that those committees have yet to be set for the next legislative session.

Item 15. Date and Time of Next Board Meeting.

Mr. Villarreal moved to hold the next Regular Board Meeting on Monday November 27, 2006 at 4:30 p.m. for Executive Session and 6:00 p.m. for Open Session. Motion was seconded Mr. Gallegos.

Mr. Villarreal called for the vote.

Motion carried unanimously.

Item 17. Adjournment.

Mr. Clement moved to adjourn. Mr. Villarreal seconded the motion.

Motion carried unanimously.

The meeting was adjourned at 7:55 p.m.

Minutes approved this 18 day of December, 2006.



**Victor V. Villarreal, President
BexarMet Water District**

**Jim Clement, Secretary
BexarMet Water District**