

CYPRESS RANCH WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1
Minutes of August 16, 2018

A regular meeting of the Board of Directors of Cypress Ranch Water Control and Improvement District No. 1, open to the public, was held outside the boundaries of the District, at the offices of Texas Engineering Solutions, LLC, Barton Creek Plaza III, Suite 300, 3815 South Capital of Texas Highway, Austin, Texas 78704, at 12:00 noon on August 16, 2018.

The roll was called of the members of the Board of Directors, to-wit:

Gene Darling	Ronald den Hoed	Joe Peeler
Joanne Molinyawe	Tony Salinas	

All of said Directors were present thus constituting a quorum. Others in attendance included Jeff Monzingo, of Montoya & Monzingo, LLP; Hank Smith, Justin Lange, and Xavier Garza of Texas Engineering Solutions, LLC; Hal Lanham and Brett Lanham, of AWR Services, Inc.; Cody Greaney, of Landscape and Business Services, LLC; Shane Potter, of Jones-Heroy & Associates, Inc.; and Richard Hamala and Jonathan Cochran, of Tiemann, Shahady & Hamala, P.C. Others in attendance included Greg Junghans and Rick Shute, residents of the District.

1. Consider and take action regarding the minutes of the previous Board meeting.

After review, Director Peeler made a motion to approve the minutes of the previous Board meeting; the motion was seconded by Director Molinyawe, and unanimously carried by the Board.

2. Receive public comments.

Mr. Junghans said that his meter reading had been fluctuating: it went from 9,000 gallons to 19,000 gallons back down to 8,000 gallons. Mr. Lanham of AWR said they would take a look at it.

3. Consider the recent discussions with AWR Services, Inc. and Texas Engineering Solutions, LLC by the board president and vice president concerning current water and wastewater capacities and any increase in capacities needed for new sections.

The Board expressed some concern regarding water capacity, and whether the District will have sufficient water with the growth of the District. The TCEQ requires the District to have 0.6 GPM. Currently, the District is out of compliance with this requirement. This morning, Mr. Smith met with the West Travis County Public Utility Agency (the "WTCPUA") regarding an emergency interconnect for the District. The WTCPUA would like some time to think about it (approximately 30 days) to make sure there are no legal issues/barriers. The WTCPUA already has three emergency interconnects, so the District would be the fourth. Director Molinyawe added that the District wants to avoid trucking in water because of the expense associated with that method. Director Salinas added that we should not grant any extra liberties to builders in regard to water usage. Another concern of the Board is that if the District has to suppress water usage it can impact the value of the District and value of homes within the District. Ultimately, the Board's main concern is, do we have enough water? The Board would like to consider drilling additional wells and/or the emergency interconnect with WTCPUA before the District finishes the build-out of West Cypress Hills, to ensure there is enough water to go around.

Mr. Lanham addressed the Board. He explained that as the District has experienced rapid growth, it's had significant difficulty at times in producing enough water to satisfy customer demand in summer months. To meet the demand for water, additional wells have been drilled and another storage tank has been constructed. Currently, storage tanks are not fully refilling after yard irrigation at night. Several existing wells have been redeveloped to increase production, often with disappointing results. At the District's July 2018, meeting, Mr. Vickers of WelSpec recommended drilling more wells.

Mr. Lanham then discussed the possible solutions for the District to increase the capacity and capability of the water system moving forward. The first is to obtain an emergency interconnect from the WTCPUA, with lines running from Sweetwater to the District. This solution is intended for temporary use when a utility fails, and will typically not solve daily water capacity, or peak daily demand issues, but can prevent the District from hauling water and prevent a water outage. The second possible solution is to obtain a water supply contract from the WTCPUA, under which the District can purchase a specific amount of water each year. This solution would increase the capacity of the system and possibly negate drilling additional wells and building additional storage. The waterline from Sweetwater would be necessary under this solution. A third possible solution is to construct the six permitted additional wells to increase current capacity. Test wells would be drilled first to locate well sites and to determine an approximate amount of water available in each well. A fourth solution is to participate in a regional surface water treatment plant project: work with area utilities, developers, the school district, and the Texas Water Development Board (the "TWDB") to construct a regional water treatment facility that would treat water from Lake Travis and transmit the treated water to the District and other customers in the area. Funding for the various solutions include utilizing reserve funds, capital improvement fees (generated by customers monthly), a long-term loan from the TWDB, and bond funds, among other possible sources of funding.

4. Consider confirming service for new sections of West Cypress Hills within the District.

The Board considered confirming service for the new sections of West Cypress Hills ("WCH") and concluded that while it is committed to the build-out of the District, it would first like to have more information regarding the current water supply and status of the existing District wells and aquifer, and potential future water supplies, such as the WTCPUA emergency interconnect and additional District wells. To that end, the Board considered hiring an outside hydrologist to evaluate the District wells and aquifers. Based on the findings of the hydrologist, the Board can then make a more informed decision with regard to confirming service for the new sections of WCH. After consideration by the Board, no formal action was taken to confirm service for new sections of WCH within the District, and the Board would like to move forward with getting quotes for a hydrologist to evaluate the District wells and aquifer.

5. Consider and take action regarding a preliminary budget for fiscal year 2018-2019.

Mr. Monzingo addressed the Board and went over his report for the preliminary budget for fiscal year 2018-2019. No formal action was taken to adopt a budget for fiscal year 2018-2019.

6. Consider and take action to propose a tax rate for tax year 2018, and to schedule and authorize notice of a public hearing on a proposed tax rate for tax year 2018.

Mr. Hamala addressed the Board and presented a tax rate proposal. The proposed tax rate of \$0.90 per \$100 of property value is the same rate that was set for 2017. The proposed tax rate includes two parts: an operations and maintenance tax rate of \$0.15 per \$100 of property value and a debt service tax rate of \$0.75 per \$100 of property value. These proposed tax rates are identical to the 2017 tax rates. The operation and maintenance tax funds a portion of administrative costs and the cost of operating and repairing the District's water, wastewater, and drainage facilities. The debt service tax funds the cost of constructing the District's water, wastewater, and drainage facilities. For 2018, the average value of homes within the District has increased by approximately 3.5%. Because of the increase in property values, the proposed tax rate would result in a 3.53% increase in taxes on a house of average value, even though the proposed tax rate is the same as the tax rate set in 2017. The proposed tax rate of \$0.90 per \$100 of property value is less than the "rollback" tax rate, which is \$0.9065 per \$100 of property value for 2018. For 2018, the highest operations and maintenance tax rate that can be set without exceeding the rollback tax rate is \$0.1565 per \$100 of property value. Director Peeler made a motion to propose a tax rate of \$0.90 per \$100 of property value, and to schedule and authorize notice of a public hearing on a proposed tax rate for tax year 2018; the motion was seconded by Director Molinyawe, and unanimously carried by the Board.

7. Consider and take action regarding a revised proposal regarding the preparation and filing of a bond application.

Mr. Potter, representing Jones-Heroy & Associates, addressed the Board. Mr. Potter said that the initial bond proposal was for \$1,000,000. The current, revised bond proposal is for \$3,000,000. Director Molinyawe made a motion to approve the revised Jones-Heroy & Associates proposal regarding the preparation and filing of a bond application; the motion was seconded by Director den Hoed, and unanimously carried by the Board.

8. Consider, discuss, and take action regarding a resolution authorizing submittal of a bond application to the Texas Commission on Environmental Quality.

Director Molinyawe made a motion to approve a resolution authorizing submittal of a bond application to the Texas Commission on Environmental Quality; the motion was seconded by Director Peeler, and unanimously carried by the Board.

9. Receive report and take action regarding the mowing schedule; the removal of dead trees and brush piles on District-owned land; and a full survey of District-owned land for dead trees and brush piles.

Mr. Greaney addressed the Board. He delivered two proposals for the Board to consider in regard to the removal of dead trees on District land. The first proposal, option A, will cost \$17,500, and the second proposal, option B, will cost \$8,750. Both proposals include the removal of dead trees within the District and hauling off of debris. LBS determined the areas to clear of dead trees based on several factors. According to Mr. Greaney, those factors include: the dead trees are directly inside of the landscaped cutting areas; the dead trees are directly adjacent (approximately ten yards) from the community trails or District well sites; the dead trees are clearly taller or more visibly intrusive than the surrounding trees; the dead trees are completely visible from common areas, such as paths and roadways; and whether the dead trees pose a danger if they fell. Mr. Greaney went on to say that the two proposals do not include any of the heavily wooded areas inside of non-landscaped areas, general pruning, or lifting of canopies, etc. Mr. Greaney estimates that for option A, it will take a full crew two weeks (ten business days) to

complete, including the hauling off of all debris. Director Salinas made a motion to approve LBS's dead tree removal option A for \$17,500; the motion was seconded by Director den Hoed, and unanimously carried by the Board. Next, Mr. Greaney inquired as to preparing for seeding this fall, if required. Director Peeler made a motion to approve LBS to prepare for and purchase seeding if required; the motion was seconded by Director den Hoed, and unanimously carried by the Board.

10. Receive report regarding an estimate and location details for a West Cypress Hills brush round-up.

Mr. Greaney addressed the Board with a proposal for community brush pile collection and chipping. Mr. Greaney estimates that to chip all brush collected and haul off all chipped debris will cost \$800 a day, with a two-day minimum, plus \$120 per chipped load. No action was taken by the Board on this item.

11. Receive report and consider access to irrigation fields within the District.

Members of the Board suggest that more than one access to the irrigation fields is needed. Mr. Smith and Mr. Lange will look at irrigation field access and report back to the Board next month.

12. General Manager's Report.

Mr. Lanham delivered the General Manager report, covering AWR operations, maintenance, and repairs. A water leak adjustment was authorized for 5304 Cypress Ranch Boulevard in accordance with the District's Leak Adjustment Policy, due to a malfunctioning irrigation controller, which was repaired by a licensed irrigator. The credit amount was applied to the customer account. Forty-nine customers were considered "high water users" and were mailed notices under the District's policy. AWR met with a subcommittee of the Directors (Darling and den Hoed) regarding operations of the District. Discussions were focused on maintenance and the usable life of District facilities, water system capacity, and necessary improvements. One of the discussion items related to the maintenance plans for the District's emergency generators. The District currently engages HOLT Power Systems, the District's chosen vendor for generator maintenance and repair, utilizing the most economical maintenance program. At the request of Director Darling, AWR obtained proposals from HOLT which contain more service and equipment testing. The HOLT proposals were provided at the Board meeting for consideration.

In regard to Lift Station No. 2, the pump would not reset and a wastewater hauling contractor pumped down the station and hauled off the wastewater. Once all repairs and improvements are made the station will be operating with three pumps instead of two. The new pump and related equipment has been installed; repairs to the gate-valve are underway; once completed the pump rotation equipment will be installed, and all three pumps placed in rotation. In regard to grinder pumps, AWR prepared and mailed out the approved annual grinder pump letter to all residents who have a grinder pump at their home. In regard to electronic meters, a total of 161 electronic meters are active in WCH and Sola Vista. AWR is assembling a complete system conversion program estimate to electronic meters for the Board to consider.

13. Consider and take action regarding facility operation and maintenance, utility service, billing, and collections.

No action.

14. Engineering Report.

Mr. Smith and Mr. Lange delivered the Engineering report. In regard to District wells, the average cost of a new well is estimated at \$250,000 with an average well flow of 20 GPM, or \$12,500 GPM for a new well. Well No. 5 is back in operation and producing 10-13 GPM, however, it pumps down and shuts off intermittently. AWR is working to fine-tune the flow out of the well so it will stay on all the time. On Well No. 4, the pump went down in late July and has been replaced and is back in operation. TES, AWR, and Joe Vickers are producing a Well O&M document that will be followed for all wells moving forward, and will include a regular maintenance schedule.

In regard to water use and capacity, TES has been coordinating with the WTCPUA regarding the potential construction of an emergency interconnect to their water system. This would include the construction of a 6" to 12" line approximately four miles from Sweetwater, Mr. Smith reports. From a TES memo handed out to the Board: currently, there are about 512 water customers served by the existing water system. At full build-out, the District will have approximately 717 water system connections. The water demand is dependent on seasonal variations: summer months put additional demand on the system. In winter months the District consumes about 6,000 gallons per connection; in the summer months the District consumes about 16,000 gallons per connection, per month. This translates into a peak demand of about 220,000 gallons per day on the water system. With thirteen wells, the District can produce a peak flow of around 410,000 gallons per day, but for design purposes we use about 330,000 gallons per day, at an 80% efficiency level. The District has about 600,000 gallons of storage (three-day supply). TCEQ requires a minimum of 200 gallons of storage per connection and currently we have 1,171 gallons per connection. At full build-out we will have 836 gallons per connection. At any given moment the system demand can exceed production capacity of District wells but this only lasts for a few hours and it is during that time that our storage tanks provide the balance of the water. On two occasions in the last two years the storage has dropped to 40% for a few hours before recovering to a full condition within a few days. The District has five well sites selected and approved by TCEQ and the county and ready for construction at any time. Based on system performance this summer they are not needed at this time. There is also an additional five well sites approved by TCEQ that can be brought online with minimal engineering. TES says the best option for future water supply will be to the emergency interconnect with the WTCPUA, which will provide a certain amount of water each month, potentially the equivalent of several wells, and would allow us to pump as much as we needed when our wells are not keeping up with demand. If we assume an 8" line for the interconnect we would need to keep that water fresh so we would need to pump an amount equivalent to the amount of water stored in the pipe each day, to ensure the water does not stay in the pipe more than 24 hours and that volume would be about one million gallons a month, with a capacity of fifty million gallons a month. TES concluded its report saying, in summary, the water system has served the District fine this past summer, despite the unusual hot and dry conditions, and with the minimal increase in demand for the next year, the system will operate next year much the same as this year. Beyond the next couple of years we may need to look at expanding our water system and the best option for that would be an emergency interconnect into the WTCPUA, which would provide a constant and reliable water source into the system.

15. Consider and take action to authorize the District's Engineer to request the West Travis County Public Utility Agency to consider providing the District a water supply interconnection.

Director Peeler made a motion to authorize the District's Engineer to request the West Travis County Public Utility Agency to consider providing the District a water supply interconnection; the motion was seconded by Director Molinyawe, and unanimously carried by the Board.

16. Receive update regarding the wastewater treatment plant rehabilitation plans.

TRC, one of the District's consultant companies, has provided the District with its findings and recommendations for the wastewater treatment plant rehabilitation plans. In regard to the clarifier floor, TRC says the floor and collector arm were not installed correctly and therefore do not provide effective sludge removal, which degrades the effluent quality. The estimated cost is \$40,000. In regard to the digester decant, the old mechanism is no longer operational and must be replaced. The estimated cost is \$29,000. In regard to the chlorine line to return activated sludge (RAS), a chlorine line needs to be routed through the RAS to limit bacteria that cause solids settling problems in the clarifier. The estimated cost is \$1,000. In regard to the effluent pumps valves replacement, the existing valves slam shut when the pumps stop operation, which will eventually cause them to fail. Slow-closing hydraulic check-valves are recommended. The estimated cost is \$30,000. In regard to air supply piping, the existing piping was installed too close to the liquid level, which has caused deterioration. The piping needs to be replaced and rerouted. The estimated cost is \$36,000. In regard to cleaning and painting, some components have exposed steel that needs to be cleaned and painted to prevent corrosion. The estimated cost is \$15,000. In regard to the existing chlorine contact and digester basin reconfigurations, these basins were undersized based on the design flows and need to be reconfigured. The estimated cost is \$88,000. The estimated subtotal for all wastewater treatment plant repairs is \$239,000, which includes 3% for bonds and insurance and 20% for engineering and contingency. The cost for hauling wastewater in the plant downtime has not been included in the estimate. A final meeting with TES, AWR and the consultant was held at the site in August the day before the Board meeting, and it is expected that the plans and specs will be completed early next week. Advertising for bids will begin as soon as plans and specs are complete and will commence for fourteen days. Due to the lengthy construction schedule, interim repairs to the air-line are recommended by TES and AWR. The consultant is working with AWR to provide bids for the interim repairs. Director den Hoed made a motion to approve advertising for bids for the wastewater treatment plant; the motion was seconded by Director Molinyawe, and unanimously carried by the Board.

17. Receive update regarding the removal of silt fencing from District property.

Mr. Lange reports that the silt fence in the District has been removed. However, Director Darling spotted a bit more, in a field near the intersection of Green Thread Trail and Rock Wren. TES will investigate.

18. Consider and take action as necessary to accept facilities for operation and maintenance and to authorize permit applications, and trail, drainage, and facility maintenance and construction projects as recommended by the District's Engineer.

No action.

19. Consider and take action to ratify and/or approve pay estimates and change orders for construction projects as recommended by the District's Engineer.

No action.

20. Consider and take action as necessary regarding a review of the rates and charges for service provided by the District including water supply, water conservation surcharges, sewer and wastewater treatment, storm water and drainage, maintenance of trails and green space, and service to out-of-district customers.

It was reported that Director Darling and Director Molinyawe plan to meet with Mr. Smith as a rate review subcommittee. No action was taken.

21. Receive a report from the District's accountant and consider and act on approval of bills and invoices, ratification of payments, and funding of Manager's account.


Director den Hoed made a motion to approve the District's bills and invoices, ratification of payments, and funding of Manager's account; the motion was seconded by Director Salinas, and unanimously carried by the Board.

22. Discuss and take action regarding future meeting dates, and such other matters as may come before the Board.

The next regular Board meeting will be September 20, 2018. September 20, 2018 will also be the date for the public hearing on the District's tax rate.

23. Adjournment.

APPROVED September 20, 2018



Joanne Molinyawe, Secretary

