



## NORTH TEXAS MUNICIPAL WATER DISTRICT

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### EXECUTIVE COMMITTEE MEETING MINUTES JANUARY 11, 2023

The Presiding Officer was present at the meeting location, the NTMWD Administrative Offices, 501 E. Brown Street, Wylie, Texas 75098, with two-way video and audio communication between Board members participating by videoconference, establishing a quorum. The public was invited to attend the meeting in person at the meeting location and offer Public Comments. Board Members participating by videoconference were visible to members of the public in attendance at the meeting location. Members of the public who wished to listen to live audio from the meeting were able to do so by calling (469) 210-7159 or toll free (844) 621-3956 and entering the following access code: 928 587 040. This line did not provide two-way communication. The audio recording of the meeting is available on the NTMWD website.

#### I. CALL TO ORDER

President Jack May served as Presiding Officer and called the meeting to order at approximately 1:00 p.m. on Wednesday, January 11, 2023.

The following Executive Committee members were present; therefore, a quorum was present.

Executive Committee Members		
1	May, Jack (President)	In Person
2	Peasley, Richard (Vice-President)	Remote
3	Crump, George (Secretary)	Remote
4	Dyer, Phil (Past President)	Remote

Other Directors were in attendance along with Executive Director Jenna Covington and members of the NTMWD management team.

The following consultants participated by videoconference:

- Lauren Kalisek – Lloyd Gosselink Rochelle & Townsend

#### II. PUBLIC COMMENTS

Prior to the start of the meeting, speakers must complete and submit a "Public Comment Registration Form." During the public comment portion of the meeting, speakers will be

recognized by name and asked to provide their comments. The time limit is three (3) minutes per speaker, not to exceed a total of thirty (30) minutes for all speakers. The Committee may not discuss these items but may respond with factual or policy information.

There were no requests for public comments.

### III. OPENING REMARKS

- A. Chairman/Executive Director's Status Report concerning legislation and regulatory matters, budgets, current projects and ongoing programs of the District including the Regional Water System, Regional Wastewater System, Regional Solid Waste System, Watershed Protection, and Water Conservation

Executive Director Jenna Covington reviewed the following:

#### Wylie Plant Tours

The District announced on Friday the 2023 Wylie Water Treatment Plant Tours for Member Cities and Customer Cities. This is a great opportunity for staff to showcase water plant operations and answer questions. The next tour is set for April 21<sup>st</sup>.

#### Dallas Irrigation Association

Staff will be presenting at the 2023 Dallas Irrigation Expo on Thursday, January 19<sup>th</sup>. Public Education Manager, Helen Dulac and Assistant Deputy of Water Resources, Galen Roberts will share information on the state of water in terms of supply, demand, and hydrology as well as on water conservation topics. This is another example of the District's leadership on connecting with the community on stewardship issues and the availability of natural resources.

### IV. ACTION ITEMS

- A. Consider approval of Executive Committee meeting minutes – November 2, 2022

Upon a motion by Director Richard Peasley and a second by Director George Crump, the Executive Committee voted unanimously to approve the meeting minutes for November 2, 2022.

### V. DISCUSSION ITEMS

- A. Energy Update

Scott Puckett, Energy Program Manager presented this item. He advised that the District spends \$25 million to \$30 million per year on energy costs. Due to this an Energy Program was created approximately eight years ago. The Goals of the Energy Program include:

- Maximize Predictability
- Minimize Volatility
- Achieve the best practical rates

Mr. Puckett reviewed the efforts of the District to achieve these goals on the demand side. He advised that efforts coincide with ERCOT's four coincident summer peak measurements and include reduced pumping at the main Wylie Treatment Plant during the months of June through September during the hours of 3-6 p.m., Monday through Friday. Mr. Puckett advised that for 2022 these efforts resulted in approximately \$1.4 million in avoided costs (actual usage and rates.)

In regard to demand, Mr. Puckett explained that the District utilizes two retail electric providers, Calpine and Direct Energy. The energy is sourced through fixed price power blocks and a fixed solar position (Direct Energy.) Mr. Puckett advised that the long-term power supply approach is targeted at fixed rates through April 2036. He added that the NTMWD future fixed power prices are 20-25 percent lower than the current long-term fixed market for power.

Brief discussion followed regarding nighttime water delivery to the Member Cities, the state's potential of a new gas turbine plant, and the solar power component of the District's resources.

B. Agendas for January Board meeting and Committee meetings

Executive Director Covington reviewed the following:

1. Finance Committee meeting - The Finance Committee meeting starts at 3:00 p.m. today. The Draft 2021-2022 Financial Audit and the Fiscal Year 2022 End of Year Actuals compared to Fund Balance Policy will be reviewed. The Procurement Department will present their Annual Update.
2. Real Estate Committee meeting - The Real Estate Committee will meet Wednesday, January 25th at 1:00 p.m. and the agenda is being developed.
3. Water Committee meeting - The Water Committee will meet Wednesday, January 25th at 3:00 p.m. and the agenda is being developed.
4. Regular Board meeting - The Regular Board meeting is Thursday, January 26th at 2:30 p.m. The Bois d'Arc Celebration dinner for the Directors and their guests will follow the Board meeting.

C. Departmental updates

1. Administrative Services

Deputy Director Jeanne Chipperfield reviewed the following:

- Staff have been making progress on the Regional Water System Customer Premium and Buy-in Charge Study. A Board Workshop on this is scheduled for Thursday, February 16th. The consultants will be on site to provide their preliminary calculations and rationale for the premium calculation. The Board will have the opportunity to review, discuss, and provide comments.
- The District received notice from the IRS that they will be conducting an examination of the 2015 Regional Water System's Revenue Refunding and

Improvement Bonds. These examinations are considered routine and the selection is random. The purpose is to examine the uses of the bond proceeds. It is a routine activity for the IRS to examine tax-advantaged (tax-exempt) bonds to ensure the proceeds were used appropriately. The District's bond counsel, McCall Parkhurst, who also has tax attorneys, will represent the District with the IRS on this matter. The process should take about six months.

- The District received four (4) proposals for bank depository services. Those are being evaluated with the goal of a March Finance Committee presentation and contract award at the March Board meeting. This contract does require Board approval per the enabling legislation.

## 2. Engineering and Capital Improvement Program –

Deputy Director Cesar Baptista reviewed the following:

- Staff are working on submitting an abridged application to the Texas Water Development Board (TWDB) for Phase 2 of the Leonard Water Plant Expansion to 140 MGD (million gallons per day.) Along with the expansion, the project includes the second terminal storage reservoir at Leonard and the addition of pumps at the Raw Water Pump Station. The estimated project cost is \$500 million. The abridged application is due by February 1, 2023. If selected, the TWDB will request the District submit a full application in the spring (typically April timeframe). Approval of the applications come in the summer to be followed by the bond sale in fall/winter timeframe. The TWDB has a 42-page guidance document that the applicants must follow to obtain funding. The Water Committee will be briefed if the District is invited to submit for a full application in April.
- Last Friday, January 6th, Lewis Isaacks and Cesar Baptista attended the mediation in connection with the lawsuit with the City Heath on the Buffalo Creel Parallel Interceptor project. No progress was made so the District's legal team will be going through the deposition process this week. It is anticipated that the trial will be in April but the exact date has not been set. An update will be provided to the full Board should there be changes in position prior to the trial.
- Interviews were conducted and two internal candidates were promoted within the Engineering Department.
  - Congratulations to Aliza Caraballo who is now the Program Manager for the North System. Aliza served as the Project Manager delivering several of the Bois d'Arc Lake projects. In her new role, she will be responsible for projects associated with the Leonard Plant, raw water pump station and high service pump station expansions, the second terminal storage reservoir, work at the Bonham Water Treatment Plant, and all pipelines coming into and out of the Leonard Water Treatment Plant.
  - Also, congratulations to David Clisch, who is now the Program Manager for Wastewater Treatment. David will be responsible for all of the

wastewater plant capital projects at Wilson Creek, Floyd Branch, Rowlett Creek, Stewart Creek West, Panther Creek, South Mesquite, and Sister Grove, and all other plant projects. This is a double fill position so David will have an opportunity to work with Donna Long, the current Program Manager, who will be retiring from the District in June.

### 3. Solid Waste and Integrated Services

Deputy Director Jeff Mayfield reviewed the following:

- An update on the Parkway Transfer Station permit amendment process was provided. Technical comments on the application were received early last month and responses were recently submitted. It is anticipated that the application will be approved by March with the permit received by June. Construction is scheduled to be awarded near the end of this calendar year.
- As part of the Defend Your Drains North Texas campaign, the District's Cease the Grease holiday grease round up just ended on Monday. This program is designed to allow residents to drop off used cooking oil and grease at more than 50 participating North Texas collection locations including at the Environmental Services building so it does not go down the drain clogging pipes in homes. These products were collected from November 14<sup>th</sup> through January 9<sup>th</sup>, resulting in the collection of the most ever, bringing in 113 gallons. Last year, 55 gallons were collected and 56 gallons two years ago. Collected oils and grease are converted to biodiesel.

### 4. Water and Wastewater

Deputy Director Billy George reviewed the following:

#### Water

- There are positive signs in the chemical market with the start of the new year while some chemical prices are continuing to increase. The most encouraging indication is an actual 10 percent decrease in the price of ferric sulfate from one vendor in the most recent quarterly price adjustment. The price of chlorine did increase during the fall but is staying level during the first quarter of 2023. Finally, the market for caustic has not shown signs of leveling off or declining. Caustic prices rose during the 3rd and 4th quarter of calendar year 2022 and have increased slightly again in 2023. The Purchasing and Operations teams are continuing to monitor the markets closely and working with vendors on the best pricing.
- The water conservation and water resource teams will be meeting with the City of Bonham tomorrow as part of the 5-Year Water Conservation and Water Resource & Emergency Management Plan. Bonham is solely supplied water by NTWMD from Lake Bonham and has a separate set of response trigger criteria.

- It is the time of year to ramp up coordination and communications for the annual temporary change in disinfectant. During this time, the District temporarily transitions secondary disinfectant from chloramines to free chlorine. This year, the change will take place from March 6th through April 3rd. Member City Managers were informed of these dates in December and staff will also communicate these dates at next week's Partnering and Communicators' Meetings.
  - Additional important coordination topics will be included in those meetings including the ongoing update of NTMWD's Water Conservation Plan. The District continues to be collaborative regional leaders in water conservation and staff are excited about continuing that regional journey of success.

#### Wastewater

- In an effort to bolster recruitment, Wastewater, Communications and HR departments worked together to develop a recruitment postcard that will be mailed to all licensed operators within the state of Texas. There is a very competitive jobs market, and many departments are struggling to fill open positions. This is just one example of the innovative thinking department leaders are implementing to enhance recruitment.
- On December 15, 2022, TCEQ conducted a Comprehensive Compliance Investigation (CCI) at the South Mesquite Regional Wastewater Treatment Plant. The inspector noted no violations during the plant walkthrough, and the final report is expected within the next couple of months.
- TCEQ notified the Wastewater Team of a pending CCI for the Panther Creek Wastewater Treatment Plant (one of two plants providing service to the City of Frisco). The inspection is tentatively scheduled for January 19th, 2023.

D. Discuss appointing Special Working Group to review policies related to Executive Director Evaluation Process and Executive Compensation

President May advised that one of the goals he had when becoming President was to address a couple issues in the Board Policies Manual. The first is to find a way to simplify and streamline the Executive Director's evaluation process. As it is written now, it requires extensive interviews, prep time, coordination, and legal assistance. The second is the policy related to Executive Compensation. Currently, the Board sets the salary of the Deputy Directors even though they work at the discretion of the Executive Director. President May will contact Board members for assignments.

E. Discuss Interim Policy regarding Annexation Petitions

Lauren Kalisek, Legal Counsel provided an overview of the current process related to petitions for annexation of new Members for the District. Attorney Kalisek advised that in 2016 a Resolution was adopted by the Board as an interim policy on the matter. She advised that Resolution states that until Bois d'Arc Lake is completed and the District is able to deliver water from that Lake, no new

annexations will be considered. The District is currently operating under this interim policy.

Attorney Kalisek advised that the City of Rowlett has submitted a formal petition to begin the annexation process. She advised that Executive Director Covington will send a letter to the Rowlett City Manager informing him of the current status of the petition due to the 2016 Resolution. Attorney Kalisek added that the matter of the moratorium on annexations and the 2016 Resolution will be open for discussion on the next Board agenda.

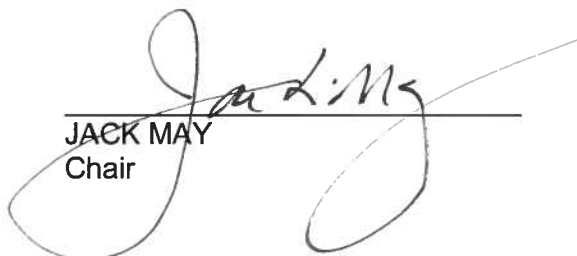
- F. Opportunity for Committee members to provide feedback on Executive Committee meeting or request potential future committee agenda items

There were no comments and no requests for potential future agenda items.

VI. ADJOURNMENT

There being no further business, the meeting was adjourned at approximately 2:00 p.m.

APPROVED:

  
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JACK MAY  
Chair