

San Jacinto River Authority

Board of Directors Meeting
October 27, 2016





AGENDA

**SAN JACINTO RIVER AUTHORITY
THURSDAY, OCTOBER 27, 2016 - 7:30 A.M.
GENERAL AND ADMINISTRATION BUILDING
1577 DAM SITE ROAD, CONROE, TEXAS**

- 1. CALL TO ORDER**
- 2. PLEDGES OF ALLEGIANCE**
- 3. PUBLIC COMMENTS** (5 minutes per speaker/10 minutes per topic)
- 4. DIVISION UPDATES** - Receive updates from Operational Divisions and General & Administration Division related to ongoing projects, staff reports, or items on the consent agenda.
 - a. G & A:** Jace Houston, General Manager
 - b. G & A:** Ronda Trow, Public Relations Manager
 - c. G & A:** Tom Michel, Director of Finance and Administration
 - d. Woodlands:** Chris Meeks, Woodlands Division Manager
 - e. GRP:** Mark Smith, GRP Division Manager
 - f. Raw Water:** David Parkhill, Director of Raw Water Enterprise
- 5. CONSENT AGENDA** - This agenda consists of ministerial or "housekeeping" items required by law, such as routine bids, contracts, purchases, resolutions, and orders; items previously approved by Board action, such as adoption of items that are part of an approved budget or capital improvement projects, interlocal agreements, or action which is required by law or delegated to the General Manager; and items of a non-controversial nature. These items will be considered by a single motion unless removed and placed on the Regular Agenda for individual consideration at the request of any Director.

G&A

- a. Approval of Minutes** – Regular Meeting of September 22, 2016.

WOODLANDS

- b. Construction Contract for Elevated Storage Tank No. 3 Rehabilitation**

Consider authorizing the General Manager to execute a construction contract for Elevated Storage Tank No. 3 Rehabilitation in The Woodlands.

- c. Work Order No. 3 for Construction Phase Services - Elevated Storage Tank No. 3 Rehabilitation**

Consider authorizing the General Manager to execute Work Order No. 3 for construction phase services for Elevated Storage Tank No. 3 Rehabilitation in The Woodlands.

d. Work Order No. 4 for Construction Inspection Services - Elevated Storage Tank No. 3 Rehabilitation

Consider authorizing the General Manager to execute Work Order No. 4 for construction inspection services during construction of Elevated Storage Tank No. 3 Rehabilitation in The Woodlands.

e. Resolution Authorizing Application to the Texas Water Development Board

Consider adoption of a resolution authorizing application to the Texas Water Development Board for financial assistance from Clean Water State Revolving Fund; designating authorized representatives for such purpose; and containing other provisions relating to the subject.

GRP

f. New GRP Participants

Consider authorizing the General Manager, or his designee, to execute letter(s) of assurance to Lone Star Groundwater Conservation District for new participants in the GRP Program, as requested, and approve the GRP Contract(s) as presented and authorize the execution of same by the General Manager.

RAW WATER ENTERPRISE

g. Professional Services Agreement and Work Order No. 1 for Professional Engineering Consulting Services

Consider authorizing the General Manager to execute a Professional Services Agreement and Work Order No. 1 for professional engineering consulting services for the Highlands Division.

6. REGULAR AGENDA – This agenda consists of items requiring individual consideration by the Board of Directors.

a. G&A

1. Election of Secretary and Assistant Secretary of the Board of Directors

Consider the election of Secretary and Assistant Secretary of the Board of Directors.

b. GRP

1. Additional Expenditures for Legal Representation

Consider authorizing the General Manager to approve additional expenditures for legal representation for the GRP Division.

7. EXECUTIVE SESSION (if applicable)

Closed Meeting-Executive Session regarding one or more of the topics below:

- a. Consultation with attorney, pursuant to Texas Government Code 551.071*
- b. Deliberation regarding real property, pursuant to Texas Government Code 551.072*
- c. Deliberation regarding prospective gift, pursuant to Texas Government Code 551.073*
- d. Deliberation regarding personnel matters, pursuant to Texas Government Code 551.074*
- e. Deliberation regarding security devices, pursuant to Texas Government Code 551.076*

8. RECONVENE IN OPEN SESSION FOR ACTION FOLLOWING EXECUTIVE SESSION, IF NECESSARY

9. ANNOUNCEMENTS / FUTURE AGENDA

Next SJRA Board Meeting - December 8, 2016

10. ADJOURN

All items on the agenda are for discussion and/or action. The Board of Directors reserves the right to adjourn into executive session at any time during the course of this meeting to discuss any of the matters listed above, as authorized by Texas Government Code Sections 551.071 (Consultation with Attorney), 551.072 (Real Property), 551.073 (Prospective Gifts), 551.074 (Personnel Matters), and 551.076 (Security Devices).

Persons with disabilities who plan to attend this meeting and would like to request auxiliary aids or services are requested to contact Cynthia Bowman at (936) 588-3111 at least three business days prior to the meeting so that appropriate arrangements can be made.



San Jacinto River Authority

Board Communication

Item No.	Agenda Item	Date
4	Receive updates from Operational Divisions and General & Administration Division related to ongoing projects, staff reports, or items on the consent agenda.	10/27/2016

BACKGROUND INFORMATION

FUNDING SOURCE: N/A

ATTACHMENTS: N/A

RECOMMENDED ACTION

No action required.



San Jacinto River Authority

Board Communication

Item No.	Agenda Item	Date
5a	Consider approval of minutes from the Board of Directors meeting of September 22, 2016.	10/27/2016

BACKGROUND INFORMATION

FUNDING SOURCE: N/A

ATTACHMENTS: Minutes

RECOMMENDED ACTION

Approve the minutes of the September 22, 2016, Board of Directors meeting.



San Jacinto River Authority

Board Communication

Item No.	Agenda Item	Date
5b	Consider authorizing the General Manager to execute a construction contract for Elevated Storage Tank No. 3 Rehabilitation in The Woodlands.	10/27/2016

BACKGROUND INFORMATION

Firm Name:	Maguire Iron, Inc.
Project:	Elevated Storage Tank No. 3 Rehabilitation
Type of Services:	Construction
Type of Agreement:	Standard Construction Agreement (Contract No. 16-074)
Project Description:	
<p>Elevated Storage Tank (“EST”) No. 3 was placed into service in 1990 and has been recoated once. In 2013, an engineering and inspection report by Dunham Engineering concluded that EST No. 3 was in need of rehabilitation in order to protect the integrity of the metal structure from corrosion as well as extend the useful life of the tank. This construction contract provides for all of the labor, materials, and equipment required to rehabilitate EST No. 3. Rehabilitation includes recoating of the EST interior and exterior surfaces and performing miscellaneous structural repairs including sealing and screening the roof cover plates and vent, respectively.</p>	
No. Proposals Received/Proposal Receipt Date: Eight (8) / August 18, 2016	
Highest Ranked Offeror / Proposed Cost:	Maguire Iron, Inc. / \$593,500.00 (78.25 Pts.)
Second Ranked Offeror / Proposed Cost:	Gulf State Protective Coatings, Inc. / \$685,650.00 (77.46 Pts.)
Third Ranked Offeror / Proposed Cost:	Classic Protective Coatings, Inc. / \$664,350.00 (77.09 Pts.)
Engineer:	Dunham Engineering, Inc.
Proposal Amount:	\$593,500.00
Engineer’s Estimate:	\$750,000.00
Contract Days:	120 Calendar Days

FUNDING SOURCE: R&R Fund

ATTACHMENTS: Map and Summary Table

RECOMMENDED ACTION

Authorize the General Manager to execute a construction contract in the amount of \$593,500.00 with Maguire Iron, Inc., for Elevated Storage Tank No. 3 Rehabilitation in The Woodlands, and contract modifications up to \$75,000.00.



San Jacinto River Authority

Board Communication

Item No.	Agenda Item	Date
5c	Consider authorizing the General Manager to execute Work Order No. 3 for construction phase services for Elevated Storage Tank No. 3 Rehabilitation in The Woodlands.	10/27/2016

BACKGROUND INFORMATION

Firm Name:	Dunham Engineering, Inc.
Project:	Elevated Storage Tank No. 3 Rehabilitation
Type of Services:	Professional Engineering Services
Type of Agreement:	Professional Services Work Order Agreement (Contract No. 16-049)
Project Description:	<p>Work Order No. 3 includes all labor, materials, and expenses required to perform professional engineering construction phase services (CPS) during the Elevated Storage Tank No. 3 rehabilitation. Work Order No. 3 generally includes the review and documentation of Contractor and SJRA requests for information (RFIs), shop drawings review, claim review, submittal review, attendance at scheduled and unscheduled meetings, site visits, and preparation of record drawings.</p>
Key Deliverable(s):	Due Date(s):
Response to Submittals	14 Calendar Days After Receipt
Response to RFIs	5 Calendar Days After Receipt
Record Drawings	15 Business Days After Approval of As-Built Drawings
Type of Compensation (WO No. 3)/Amount:	Cost Plus Multiplier with Not-to-Exceed/\$9,175.00
Construction Cost:	\$593,500.00
Anticipated Completion Date:	April 06, 2017

FUNDING SOURCE: R&R Fund

ATTACHMENTS: Exhibit 1, Map, Work Order No. 3, Scope of Work, Level of Effort, and Schedule

RECOMMENDED ACTION

Authorize the General Manager to execute Work Order No. 3 in an amount not to exceed \$9,175.00 with Dunham Engineering, Inc., for construction phase services for Elevated Storage Tank No. 3 Rehabilitation in The Woodlands.



San Jacinto River Authority

Board Communication

Item No.	Agenda Item	Date
5d	Consider authorizing the General Manager to execute Work Order No. 4 for construction inspection services during construction of Elevated Storage Tank No. 3 Rehabilitation in The Woodlands.	10/27/2016

BACKGROUND INFORMATION

Firm Name:	Dunham Engineering, Inc.
Project:	Elevated Storage Tank No. 3 Rehabilitation
Type of Services:	Construction Inspection Services
Type of Agreement:	Professional Services Work Order Agreement (Contract No. 16-049)
Project Description:	<p>Rehabilitation of Elevated Storage Tank No. 3 will require special welding and coating inspection. In addition the current capacity of construction inspection services by SJRA staff is fully committed on other projects occurring during the same time frame. Therefore a third party inspection consultant is required. The consultant's inspector will report directly to SJRA construction management staff. Work Order No. 4 includes all of the labor, material and expenses required to perform Construction Inspection Services during rehabilitation of the Elevated Storage Tank No. 3. Work Order No. 4 services includes daily monitoring of the work to ensure compliance to the construction contract and quality of work, and compliance to all applicable standards. The inspector will produce daily progress reports and photographic records which will be uploaded to SJRA's SharePoint project management information system (PMIS).</p>
Key Deliverable(s):	Due Date(s):
Reports	As required
Type of Compensation/Amount:	Cost Plus Multiplier with Not-to-Exceed/\$26,000.00
Total Amount:	\$26,000.00*
Construction Cost:	\$593,500.00
Anticipated Completion Date:	April 6, 2017
*See attached Exhibit 1 for additional information on prior work orders.	

FUNDING SOURCE: R&R Fund

ATTACHMENTS: Exhibit 1, Map, Work Order No. 4, Scope, Proposal, and Level of Effort

RECOMMENDED ACTION

Authorize the General Manager to execute Work Order No. 4 in an amount not to exceed \$26,000.00 with Dunham Engineering, Inc., for construction inspection services during construction of Elevated Storage Tank No. 3 Rehabilitation in The Woodlands.



San Jacinto River Authority

Board Communication

Item No.	Agenda Item	Date
5e	Consider adoption of a resolution authorizing application to the Texas Water Development Board for financial assistance from Clean Water State Revolving Fund; designating authorized representatives for such purpose; and containing other provisions relating to the subject.	10/27/2016
BACKGROUND INFORMATION		
<p>The Authority owns and operates the regional water supply and collection and treatment systems that provide wholesale service to the 11 Municipal Utility Districts in The Woodlands (the "Customers").</p> <p>The service contracts between the Authority and each of the Customers provide that operation and maintenance expenses of the systems are to be funded out of water and sewer revenues paid by the Customers to the Authority. The water and sewer rates that generate such revenues are adjusted by the Authority from time to time (typically before each Fiscal Year) and reviewed and approved by the Customers or their designees.</p> <p>The Authority and the Customers have agreed that approximately \$40 million in major repair and rehabilitation work must be performed on the following wastewater collection and treatment system components: the Bear Brach Gravity Sanitary Sewer Line, the Wastewater Treatment Plant No. 1 Aeration Basin, and the Wastewater Treatment Plant No. 1 Solids Processing Facilities (collectively, the "Major Repair and Rehabilitation Projects").</p> <p>Funding the Major Repair and Rehabilitation Projects with a water and sewer rate increase would result in a significant, short-term rate increase to the Customers. Therefore, each of the Customers has authorized the execution of an agreement with the Authority, wherein the Customer and the Authority agree that the Authority will issue bonds in an amount not to exceed \$45,000,000, payable from net water and sewer revenue payments from the Customers, to fund the Major Repair and Rehabilitation Projects. The Authority's Board of Directors approved the agreements with the Customers on August 25, 2016. The agreements are now in the process of being executed.</p> <p>The proposed Resolution will authorize and direct the Authority's officers, management, staff and consultants to prepare an application to the Texas Water Development Board ("TWDB") for financial assistance from the Clean Water State Revolving Fund ("CWSRF"), in an amount not to exceed \$45,000,000, to finance the Major Repair and Rehabilitation Projects through the TWDB's purchase of bonds to be issued by the Authority. The CWSRF program administered by the TWDB uses federal funds (derived from the Clean Water Act) to lower interest rates on the Authority's bonds, which results in debt service savings to the Authority and, ultimately, to the Customers that will pay the debt service through water and sewer rates.</p>		
FUNDING SOURCE: N/A		
ATTACHMENTS: Resolution		
RECOMMENDED ACTION		
<p>Adopt a resolution authorizing application to the Texas Water Development Board for financial assistance from Clean Water State Revolving Fund; designating authorized representatives for such purpose; and containing other provisions relating to the subject.</p>		



San Jacinto River Authority

Board Communication

Item No.	Agenda Item	Date
5f	Consider authorizing the General Manager, or his designee, to execute letter(s) of assurance to Lone Star Groundwater Conservation District for new participants in the GRP Program, as requested, and approve the GRP Contract(s) as presented and authorize the execution of same by the General Manager.	10/27/2016

BACKGROUND INFORMATION

If Lone Star Groundwater Conservation District (“Lone Star”) receives an application for a groundwater well that will withdraw more than 10 million gallons of water per year, the applicant is subject to Lone Star’s groundwater reduction rules. When such an application is filed, Lone Star staff requires documentation demonstrating that the applicant will implement a groundwater reduction plan (“GRP”) or join an existing joint GRP. Each of the following has filed such an application with Lone Star and requested that SJRA issue a letter to Lone Star confirming that a contract will be prepared and completed such that the applicant will join SJRA’s GRP.

- N/A

In addition, a contract to join SJRA’s GRP (a “GRP Contract”) has been prepared for each of the following and Board approval is now requested. Each GRP Contract is provided as backup.

- N/A

FUNDING SOURCE: N/A

ATTACHMENTS: N/A

RECOMMENDED ACTION

Authorize the General Manager, or his designee, to execute letter(s) of assurance to Lone Star Groundwater Conservation District, as requested, and approve the GRP Contract(s) as presented and authorize the execution of same by the General Manager.



San Jacinto River Authority

Board Communication

Item No.	Agenda Item	Date
5g	Consider authorizing the General Manager to execute a Professional Services Agreement and Work Order No. 1 for professional engineering consulting services for the Highlands Division.	10/27/2016

BACKGROUND INFORMATION

Firm Name:	Texas Water Engineering, PLLC
Project:	Highlands Capacity Improvements Program
Type of Services:	Professional Engineering Services
Type of Agreement:	Professional Services Work Order Agreement (Contract No. 17-041)
Project Description:	

Texas Water Engineering, PLLC (“TWE”) currently provides professional engineering consulting services for Capital Improvement Projects (CIP) and non-CIP efforts to the Highlands Division. For approximately the past six years, TWE has lead the SJRA in-house design team performing preliminary engineering projects in the Highlands as an extension of SJRA staff. This partnership provides benefit to the SJRA in that it allows for greater efficiency and lower cost preliminary design than a traditional consultant relationship in which the consultant performs the design with significantly less involvement by SJRA staff. In order to continue this relationship and take advantage of TWE’s expertise and knowledge of SJRA’s ongoing projects, it is proposed to enter into a new work order with TWE for limited professional engineering consulting services through the remainder of SJRA’s Fiscal Year 2017. Once actual construction costs for SJRA’s major South Canal Improvements projects have been obtained in early 2017 and budget status determined, it is anticipated that additional efforts could be assigned to TWE via an additional work order under this contract.

Work is anticipated to include, but is not necessarily limited to, review of design deliverables prepared and submitted by third party consultants/entities, and engineering design of improvements to various components of the Highlands Canal System.

Key Deliverable(s):	Due Date(s):
TBD	As Requested by SJRA
Type of Compensation/Amount:	Cost Plus Multiplier with Not-to-Exceed/\$75,000.00
Total Amount:	\$75,000.00
Anticipated Completion Date:	August 31, 2017

FUNDING SOURCE: Bond Funds

ATTACHMENTS: Map, PSA, Work Order, Scope, Level of Effort, Schedule

RECOMMENDED ACTION

Authorize the General Manager to execute a Professional Services Agreement and Work Order No. 1 in an amount not to exceed \$75,000.00 with Texas Water Engineering, PLLC, for professional engineering consulting services for the Highlands Division.



San Jacinto River Authority

Board Communication

Item No.	Agenda Item	Date
6a1	Consider the election of Secretary and Assistant Secretary of the Board of Directors.	10/27/2016

BACKGROUND INFORMATION

FUNDING SOURCE: N/A

ATTACHMENTS: N/A

RECOMMENDED ACTION

Approve the election of Secretary and Assistant Secretary of the Board of Directors.



San Jacinto River Authority

Board Communication

Item No.	Agenda Item	Date
6b1	Consider authorizing the General Manager to approve additional expenditures for legal representation for the GRP Division.	10/27/2016

BACKGROUND INFORMATION

Firm Name:	Yetter Coleman LLP
Project:	GRP
Type of Services:	Legal Representation
Type of Agreement:	Engagement Letter
Purpose and General Description of Services:	
<p>The Board of Directors has delegated authority to the General Manager to enforce the GRP Contracts between SJRA and the various GRP Participants. Based on such delegation, the General Manager executed an Engagement Letter, dated August 10, 2016, with Yetter Coleman LLP for legal representation of the GRP Division related to actions taken by the City of Conroe and certain other GRP Participants. The General Manager executed an Addendum to the original Engagement Letter, dated August 26, 2016. The Engagement Letter and the Addendum provide an initial limit of fees and expenses of \$75,000.00 absent Board approval.</p> <p>Significant effort is ongoing and additional effort will be required of Yetter Coleman LLP to bring pending litigation matters to a conclusion. At this time the Board is requested to provide the General Manager authorization to approve up to an additional \$250,000.00 for legal representation of the GRP Division by Yetter Coleman LLP.</p>	
Fees: Initial and Addendum:	\$ 75,000.00
This Request:	<u>\$250,000.00</u>
Total:	\$325,000.00

FUNDING SOURCE: Current Revenue and/or Reserves

ATTACHMENTS: None

RECOMMENDED ACTION

Authorize the General Manager to approve additional expenditures in the amount of \$250,000.00 for legal representation for the GRP Division.