

**EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT  
MINUTES FOR WEDNESDAY JANUARY 19, 2022 11:00 AM**

1. A workshop/meeting of the Board of Directors for East Cedar Creek FWSD was held at the Administration building in Gun Barrel City, Tx on January 19, 2022. The meeting convened at 11:00am, President Jim Willi presiding.

**Without objections the Board went straight into the workshop.**

2. Pledge of Allegiance. This line item was done after item #7.
3. Roll call. This line item was done after item #7
4. Establish a Quorum. This line item was done after item #7
5. Adopt the Agenda. This line item was done with item #10.
6. **WORKSHOP:**

- a. **Discuss/review the 2022/2023 budget. b. Discuss/review the water/wastewater rates for FY 2022/2023. c. Discuss/review the installation tap fees for FY 2022/2023.**

The Board discussed the proposed budget for FY 2022/2023. It was noted that the District is experiencing increased costs from vendors for materials, parts, and labor costs. The Board discussed the new wage rates going up for companies around the District noting that the local superstore is now paying \$17 an hour for night stockers, that a few fast food restaurants are paying \$12 to \$14 an hour which is the local competition for hiring applicants. The Board discussed the proposed water/wastewater rates noting that the proposed rate would be an increase of approximately \$1 for water and \$1 for sewer and an increase to water usage itself. The Board and Mr. Blodgett discussed the proposed wage increase for employees, and it was noted that it would be a \$2 an hour increase to all employees and start hiring new employees at a minimum of \$15 an hour. Mr. Blodgett explained that the proposed wage structure would also help bring in licensed applicants at a better rate giving the District a better chance of obtaining some experienced staff. The Board discussed the budget line item for septic haulers, and it was noted that the District had not increased its costs for septic haulers in many years and the District is experiencing increase costs of chemicals, maintenance, and labor. The Board and Mr. Blodgett discussed the installation tap costs for water and wastewater and it was noted that the District is currently losing money on installations due to the costs of materials, District labor costs, and outside contractors costs. The Board and Mr. Blodgett discussed some capital improvement projects that are high priority and reviewed some low priority projects that may be coming up in the future. It was noted that the ground storage tanks at the McKay plant are the same age or older than the Brookshire storage tanks that the District is having some issues with, also it was noted that the District does have water lines that are over 45 years old that need to have some maintenance in the upcoming years. Mr. Goheen advised that about eight to ten years ago when he was the General Manager that he recommended to the Board that they create an account just for depreciations of assets but that the Board did not want to do that at this time. This would have helped get assets fixed without having to bring them to the Board as unexpected or unbudgeted expenses. Mr. Lomonaco advised that he did some research and found that on "Zippa" it noted that the average for utility workers was \$29,455 annually and that Dallas has 20% of their employment at \$29,515 up to \$40,000 annually. Mr. Lomonaco stated that he would rather keep wages the same and give the General Manager the authority to increase certain employees based on license, performance, and other factors. The Board and Mr. Blodgett discussed current options and Mr. Blodgett explained that he can hire some individuals at a higher rate currently due to the vacancies but when fully staffed the current pay scale would remove his ability to bring in more experienced employees with license or increase current employees without first going to the

Board. The Board discussed the hay sales line item and noted that next year the hay contractor will be doing work at the property that the District will agree to split the costs and that is why the District budgeted half of the revenues for this line item in the proposed budget. The Board discussed the budgeted revenues for the proposed budget and Mr. Lomonaco thought that the budgeted revenues were too low based on current projected year end. Ms. Crowsey explained that the projected year end does not take in account for the upcoming winter months and that is when the District normally experiences lower usage and revenues. Mr. Bayless who sits as the head of the Finance Committee stated that he would like to compliment General Manager James Blodgett, Office Manager Angie Crowsey, and Bookkeeper Donna Wood for their hard work on this year's budget and bringing to the Board exactly what the Committee had asked for. Mr. Bayless advised that the Finance committee reviewed the budget in a committee meeting and asked for a budget that would cover salary costs, and capital improvement costs.

**Without objections the Board took a break.** The Board took a break at 12:20p.m.

7. **CALL REGULAR MEETING TO ORDER:** The Board reconvened into the regular meeting at 12:30pm, President Jim Willi presiding.
  - Pledge of Allegiance.
  - Roll call: Members present in person were President Jim Willi, Vice-President Bill Goheen, Treasurer Ted Bayless, Secretary Joe Lomonaco, Director Larry Bratton and Director Rob Rea. Other members by telephone/video conference were Director Jan Wynn. Other attendees in person were General Manager James Blodgett, Office Manager Angie Crowsey, Charlie McDonald, and Chad McDonald. Other attendees by telephone/video conference were Russel Slayton/The Monitor, Steve Farabaugh/KSA Engineers, Danny Hayes/KSA Engineers, and Elaine McDonald.
  - A quorum was established.
  - Motion was made by Mr. Bratton and seconded to adopt the agenda. Motion carried unanimously.
8. **Discuss and/or take action to approve the minutes from the regular meeting on December 15, 2021.** Motion was made by Mr. Rea and seconded to approve the minutes from the regular meeting on December 15, 2021. Motion carried unanimously.
9. **Public Comments.**
  - Mr. Chad McDonald told the Board that he had a grievance that he wanted to bring to the Board. Mr. McDonald stated that he went from having around 25 work orders a month to only getting a few in a couple of months' time frame and started figuring out that there were other companies working for the District. He pointed out that one of the companies is owned by an employee of the District and that the other company had an employee of the District working for them. Mr. Chad McDonald stated that he wanted fair trade practices by the District. Mr. Willi advised that he has been made aware of this and that the General Manager James Blodgett was in the process of setting up meetings with them and others to discuss this issue. Mr. McDonald stated that he had met with and talked with Mr. Blodgett and hadn't heard anything about a meeting. Mr. Willi advised that Mr. Blodgett had recently returned this week after an illness.
  - Mr. Goheen advised that he like to commend Rusty Cox and Frank Kosior II, District employees, who completed a service ticket at his location recently and did a good job.
10. **Consent agenda.** The Board requested that all items under the General Managers' report be removed for discussion.
  - a. KSA Engineer's Report
    - i. Task Order #24 General Services

- ii. 2017-2018 Bond Projects. 1) Task Order #31 300K Gal Storage Tank **COMPLETED**. 2) Task Order #32 SWWTP Improvements (**COMPLETED**). 3) Task Order #33 BWTP Raw Water Pump Station Improvement (**COMPLETED**). 4) Task Order #34 Lift Station #19 (**COMPLETED**). 5) Task Order #35 Meter Replacement (AMR).
- iii. Task Order #39 Brookshire GST project.
- iv. Task Order #40 NWWTP Permit Renewal.
- b. General Manager's Monthly Report.
  - i. Key Monthly Activities. ii. Staff Changes. iii. Work Orders. iv. Project Status. v. Operations Report.

**Without objections the Board discussed the following consent agenda items.**

**10. bi. Key Monthly Activities.** The Board and Mr. Blodgett discussed the NWWTP motor issue where a new motor was ordered for the plant. Mr. Blodgett gave an overview of the issues and what the staff has done for a temporary fix until new motor arrives.

**10. bii. Staff Changes.** The Board and Mr. Blodgett discussed the recent staff separations from the District and asked if Mr. Blodgett would have kept these two individuals if he could have negotiated more money and would they have stayed. Mr. Blodgett advised that he would have kept one of the individuals but the money he was making at his new job would be way out of the pay scale and he would have let the other employee go without negotiating.

**10. biii. Work Orders.** The Board reviewed the Work order status, and it was noted that the notes added to the outside of the report for the new water/wastewater tap inspections and make water/wastewater taps looked good.

**10. biv. Project Status.** The Board and Mr. Blodgett discussed a few of the projects ongoing on his General Manager's report. The Board asked that Mr. Blodgett remove the projects for the 300k Elevated Tower and the SWWTP treatment plant since both projects are completed and up and running.

**10. bv. Operations Report.** The Board reviewed the high-water loss on Southside which has been ongoing and also noted that there were 0 water leaks reported on the southside this month. Mr. Blodgett gave the Board an overview of how the District's Water Operators are checking usage totals on the meters and the plants for accuracy.

Mr. Rea advised the Board that he did speak to a Commercial Land broker as the Board asked him to in last month's meeting and he advised that the only plans that are known are for 7 acres on the northside near the funeral home where they are considering putting in some apartments. The project hasn't gone forward yet as they have had some zoning issues with the City of Gun Barrel.

Motion was made by Mr. Rea and seconded to approve the consent agenda. Motion carried unanimously.

**11. Discuss and/or take action to approve the FY 2022/2023 Budget including the pay scale and organization chart for FY 2022/2023.** Motion was made by Mr. Rea and seconded to approve the FY 2022/2023 Budget including the pay scale and organization chart for FY 2022/2023. Ms. Crowsey pointed out the pay scale and organization chart that was printed out for them to review. Ms. Crowsey explained the public notice and filing requirements for the new water/wastewater rates and taps. There were five votes for the motion and one vote against by Mr. Lomonaco. Motion carried with majority vote.

**12. Discuss and/or take action to approve Resolution #2022-001 for the revised Customer Service Policy Resolution that also includes revised water and wastewater rates and revised installation/tap costs.** Motion was made by Mr. Goheen and seconded to approve Resolution #2022-001 for the revised Customer Service Policy Resolution that also includes revised water and wastewater rates and revised installation/tap costs. There were five votes for the motion and one vote against by Mr. Lomonaco. Motion carried with majority vote.

**13. Discuss and/or take action to approve to purchase a rotor #1 shaft for the NWWTP in the amount of \$12,229.81 to be paid out of Operating Reserves for a budgeted**

**expenditure for the 2021/2022 Capital Improvement. (Originally budgeted \$11,700).**

Motion was made by Mr. Lomonaco and seconded to approve to purchase a rotor #1 shaft for the NWWTP in the amount of \$12,229.81 to be paid out of Operating Reserves for a budgeted expenditure for the 2021/2022 Capital Improvement. (Originally budgeted \$11,700). It was noted that this item was originally budgeted for \$11,700 last year but costs have increased since budget was approved. Motion carried unanimously.

14. **Discuss and/or take action to approve an additional \$5,550.00 to replace the heaters at the Brookshire WTP building to be paid out of Operating Reserves for an unexpected expenditure for the 2021/2022 Capital Improvement. (Originally approved \$16,000 and this would be \$5,5550.00 additional).** Motion was made by Mr. Lomonaco to approve an additional \$5,550.00 to replace the heaters at the Brookshire WTP building to be paid out of Operating Reserves for an unexpected expenditure for the 2021/2022 Capital Improvement. (Originally approved \$16,000 and this would be \$5,5550.00 additional). Mr. Blodgett explained that when the contractor went to reuse the old heaters as first planned they didn't work and noted that the old heaters can still be used at other locations or resold. Motion carried unanimously.
15. **Discuss and/or take action to approve to pay Sluder Emergency Power Services to repair the Automatic Transfer Switch at the Brookshire WTP in the amount of \$5,963.00 to be paid out of Operating Reserves for an unexpected expenditure for the 2021/2022 Capital Improvement.** Motion was made by Mr. Lomonaco and seconded to approve to pay Sluder Emergency Power Services to repair the Automatic Transfer Switch at the Brookshire WTP in the amount of \$5,963.00 to be paid out of Operating Reserves for an unexpected expenditure for the 2021/2022 Capital Improvement. Mr. Blodgett explained that when the staff did a check on the Automatic transfer switch (ATS) they found that it was not operational. The Board discussed Mr. Blodgett's five-year plan with the ATS but Mr. Blodgett explained that was upgrading the ATS at both water plants and adding ATS to intakes. Motion carried unanimously.
16. **Discuss and/or take action to discuss and approve KSA Engineering's recommendations for Task order #35 Meter Replacement (AMR) project.** Motion was made by Mr. Lomonaco and seconded to approve KSA Engineering's recommendation for Task Order #35 Meter Replacement (AMR) project. Mr. Farabaugh advised the Board that he had spoken on multiple phone conferences with the contractor, Ferguson Enterprises, LLC (Ferguson), its representatives, and East Cedar Creek's attorney about issues with the contract and the contractor's requested exceptions. Mr. Farabaugh reported that Ferguson's exceptions are not resolved. Additionally, Ferguson and its approved meter contractor, Mueller Systems, LLC, are splitting ways and there is some question as to how that may affect future service with the meter contractor and level of service by Ferguson. There is a bid bond insurance that must be paid by Ferguson if it cannot provide the service Ferguson bid on to provide. Mr. Farabaugh advised that KSA Engineers have asked Ferguson to move forward without exceptions and Ferguson has refused to do so. Motion was amended by Mr. Lomonaco and seconded to cancel agreement/contract with the AMR project contractor Ferguson unless Ferguson agrees to move forward without exceptions immediately. Motion carried unanimously.
17. **Discuss and/or take action to approve to implement a loan program in the District's retirement plan for eligible vested employees to have the ability to borrow money from their accounts.** Motion was made by Mr. Bratton and seconded to approve to implement a loan program in the District's retirement plan for eligible vested employees to have the ability to borrow money from their accounts. The Board and Ms. Crowsey discussed the loan program and what it would mean. Ms. Crowsey explained that the only reason that employees don't

have the ability to loan against their retirement money is because the District chose not to do that but it can be implemented by the Board and added. Ms. Crowsey explained that the Board will need to decide how many loans to allow which she thought was up to four at a time, and the maximum repayment period if the loan was for a primary residential loan. It was noted that employees are not vested until after their 5-year anniversary. Ms. Crowsey noted that other non-residential loans are required to be paid back within a five-year period. Motion was amended by Mr. Bratton and seconded to approve to implement a loan program in the District's retirement plan for eligible vested employees to have the ability to borrow money from their accounts, to give the option for up to four loans at a time and to allow 30 years repayment period if the loan is for an authorized primary residential home loan. Motion carried unanimously.

18. **Discuss and/or take action to approve to update all bank accounts and CDs for the District to add new Board members and remove any Board members no longer on the Board.** Motion was made by Mr. Lomonaco and seconded to approve to update all bank accounts and CDs for the District to add new Board members and remove any Board members no longer on the Board. A list of these changes is provided in the Board packet for the Board's review. Motion carried unanimously.

19. **Committee Reports.**

- a. **Personnel Committee.** Mr. Bratton advised that the Personnel Committee had met to review proposed employee wages approved today for the FY 2022-2023 budget. Mr. Bratton advised that the goal was to provide the General Manager with the opportunity to employ and to keep good employees. Mr. Bratton advised that the Personnel Committee also discussed the implementation of loans on the employee's retirement plan.
- b. **Operations Committee.** Mr. Lomonaco advised that the Operations Committee had met to review the proposed budget for FY 2022-2023.
- c. **Finance Committee.** Mr. Bayless advised that the Finance Committee had met to review the proposed budget for FY 2022-2023. Mr. Bayless advised that the committee had asked management for two basic things be covered in the upcoming budget which were employee wages and capital project costs. Mr. Bayless and the Board discussed the costs of the ground storage tanks and other projects that the District will have to consider going out for bonds for. It was noted that a meeting with the District's Financial Advisors with Hilltop Securities be set up with the Finance Committee to help get started on going forward with bonds for this project and some others.

Mr. Blodgett asked that the Personnel Committee meet with management to review the current Covid-19 policies set for District employees.

20. **Review and discuss the December 2021 financial reports.** Mr. Bayless noted that the debt ratio was good this month and noted that there are still some outstanding costs for installs. The Board asked that the Administration runs some data reports for water and wastewater installations and maybe pull those out to see what the financials look like.

21. **Discuss and/or take action to approve the payment of bills.** Motion was made by Mr. Bayless and seconded to approve the payment of bills. Motion carried unanimously.

22. Motion was made by Mr. Bratton and seconded to adjourn. Motion carried unanimously.

  
Jim Willi  
Board President

02/16/2022  
Date