



Agenda Item #13a
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To: Aqua WSC Board of Directors

From: Dave McMurry

Subject: General Manager's Report

August 31, 2020

FINANCIAL OVERVIEW

	July			YTD		
	Budget	Actual	Diff.	Budget	Actual	Diff.
Total Revenue *	1,502,967	1,895,189	392,222	9,235,359	10,090,721	855,362
Total Expenses	993,585	1,102,995	(109,410)	7,687,006	7,274,825	412,181
Net Revenue	509,382	792,194	282,812	1,548,354	2,815,896	1,267,542

* Total Revenue includes Other Income not reflected in Water or Wastewater revenue.

Note: All Black figures in the Difference column are favorable. Red figures are unfavorable.

1. Using the **2020 Seasonally Adjusted Monthly Budget** (five years of data):
 - Total Revenues in July are **\$392,222** above budget. Year-to-date, Total Revenues are **\$855,362** above budget.
 - Total Expenses in July are **\$109,410** above budget. Year-to-date, Total Expenses are **\$412,181** below budget.
 - Net Revenue in July is **\$282,812** above budget and YTD is **\$1,267,542** above budget.
2. Using the **2020 "Straight-Line" Monthly Budget**:
 - Total Revenues in July are **\$451,756** above budget. Year-to-date, Total Revenues are **\$13,312** below budget.
 - Total Expenses in July are **\$81,240** below budget. Year-to-date, Total Expenses are **\$1,014,826** below budget.
 - Net Revenue in July is **\$532,996** above budget and YTD is **\$1,001,514** above budget.
3. DCOH at the end of July is 304 days.

MANAGEMENT OVERVIEW

1. Conference calls with NewGen Strategies to discuss valuation of Stony Point WWTP.
2. Conference call with Ty Embrey and Mike Gershon concerning strategy moving forward with LCRA permit applications after SOAH decision.
3. Conference call with Corix Utilities to review draft Teaming Agreement. We appear close to consensus on the Agreement.
4. Lost Pines Groundwater Conservation District (LPGCD) – from David Fleming's report:
 Monthly Board Meeting of 8/19/2020:
 - Thomas Turf Grass requested and was granted a permit amendment to increase their instantaneous pumping rate from 2,000 gpm to 2,450 gpm with no increase in annual production.
 - A public hearing date of September 9th was scheduled, but has since been cancelled, for the LCRA Griffith Ranch Permits. The attorneys may be able to elaborate on the reasons why. It appears the hearing will be scheduled in October.

2019 & 2020 Aquifer Levels (Source: LPGCD)				
Month	Change From Previous Month (ft.)	% Change From Previous Month	Change From Previous Year (ft.)	% Change From Previous Year
March	*	*	*	*
April	*	*	*	*
May	*	*	*	*
June	*	*	*	*
July	*	*	*	*
August	**	**	**	**

* No Data

** No Data will be reported until in-person board meetings resume.

PRODUCTION (Steve Dunn)

1. Began operating the Behrend and replacement Camp Swift #3 wells.
2. Continued the risk and resilience assessment and emergency response plan requirement under Section 2013 of America's Water Infrastructure Act of 2018 (AWIA) for drinking water utilities.
3. Completed required third quarter TCEQ compliance water sampling at distribution site for disinfection by-products.
4. Received closure letters from the TCEQ with no alleged violations for the McDade WTP discharge permit inspection and the drinking water system compliance investigation.
5. Bi-annual wastewater collection system smoking testing project found that no private customer collection system issues required repairs.
6. Received the wastewater discharge permit renewals for the Delhi WTP and McMahan WTP.
7. The average number of days of Chlorine on hand for August was 35.

Maintenance (Steve Faske)

1. Completed valve exercising and fire hydrant maintenance in Zone 1.
2. Completed the following fire hydrant repairs:
 - Rebuilt HYD #581 including the main valve.
 - Repaired HYD #1341 damaged by an automobile.
 - Installed a main valve kit on HYD #902.
3. Right of Way project - Completed shredding, installing marker stakes, asset location using GPS, and surface grading of CCL (Cross Country Line) 24 from Highway 71 west to the St. Mary's EST.
4. Installed a windsock at the Vista Ranch WTP according to Chlorine safety protocols.
5. Completed site landscape maintenance at 50 Aqua facilities.

Conservation (Chuck Kellogg)

1. Submitted second quarter Houston Toad report to the United States Fish and Wildlife Service.
2. Began creating an electronic backflow prevention assembly test (BPAT) form. The BPAT form can be completed and submitted via the Aqua website.
3. Customer Service Inspection work orders status:
 - Currently there are 134 open work orders.
 - Completed 67 CSI inspections.
4. Backflow prevention program status:
 - Issued 22 notifications for annual testing.
 - Issued 0 past due notifications for annual testing.

Lab (John Grohman, Josie Longoria, Linda Nietsche, & Mo Olivieri)

1. Completed and submitted annual sludge reports for the Blue, C, Camp Swift, McDade, Stony Point wastewater discharge permits.
2. Issued required public notice to Waters of Vista Ranch customers and submitted delivery certification to the TCEQ for two chlorine monitoring compliance violations. The violations occurred prior to Aqua taking over operation of the water system.

3. Completed annual service maintenance of the auto-titrator and ion chromatography laboratory instruments.
4. Analyzed 583 water and wastewater samples using chemistry and biological test methods.

DISTRIBUTION and FIELD OPERATIONS (Frank Pacheco)

1. Repaired multiple leaks on 12” waterline at Loop 150 between Highway 21 East and SH 71.
2. Completed construction on Travis County Littig Road Bridge Replacement Project. Project required relocation of the existing 3.5” waterline located within the Travis County ROW. Extended job to include installing approximately 5,200 feet of 4” waterline onto private easement and abandoning the 3.5” waterline located at the edge of the pavement.
3. Repaired leak on 10” waterline at Old Potato Road.
4. Completed construction on waterline extension to set water meter for Maria Vences on Lariat Court in Circle D.
5. Removed trees and completed repairs on discharge pond at Camp Swift Production Plant.
6. Obtained fill dirt from local job site and hauled approximately two dozen loads of material to stockpile at Camp Swift Production Plant.
7. Installed electrical conduit for upcoming security project at Camp Swift Production Plant.
8. Changed out 3” water meter at stadium on State Highway 21 West.
9. Completed construction on county road bore to set water meter for Upton Cemetery Association on Easley Road.

Leaks (Joey Adams)

1. Repaired 203 water leaks this month.

Fleet Operations (Mike Kirby, Cheri Hilbig, and Donovan Moffett)

1. Vehicle Operations

	March	April	May	June	July
Fuel Expense	\$16,270.94	\$11,872.19	\$14,708.48	\$18,672.61	\$18,744.16
Maintenance Cost	\$4984.71	\$7907.26	\$11,935.61	\$5852.49	\$6600.30
Fleet Miles	60,089	51,740	63,323	74,049	76,065
Fuel Cost Per Mile	\$0.270	\$0.229	\$0.232	\$0.252	\$0.246
Maintenance Cost Per Mile	\$0.08	\$0.15	\$0.19	\$0.08	\$0.09

2. Inventory level is \$454,275.

ENGINEERING (David Fleming)

1. Coordinating the transfer of the Wild Bird Loop HOA customers and meters to Aqua (30 lots/11 meters) with Frank Pacheco, Angie Nunez, and Jennifer Petty.
2. Attended a conference call with NewGen Strategies regarding the valuation of the Stony Point WWTP. Valuation was right where we expected it to be.
3. Attended a conference call regarding the path forward on the LCRA LPGCD permits. Public Hearing dates have been set.
4. Met with Peter Alonzo regarding his desire not to grant Aqua an easement across the frontage of his property as is required as a condition of service. This item is included on the September 14th agenda.
5. Held a progress meeting for 2020 “S” Pump Station Improvements project. Now that CV-19 has become “manageable” and summer peak is diminishing, this project will be picking up steam. Due to increasing peak demands, it must be substantially complete by summer 2021.
6. Average Water Produced in August – 12.4 MGD

SCADA (Geno Abshier)

1. Vista Ranch Station – Installed SCADA for monitoring.
2. Highview EST – Drained and off-line for painting.
3. Carters Grove Pump Station – On-line and installing SCADA for monitoring.

Construction (Rory Marrs)

1. Twin Creeks Estates – Under Construction
2. Majestic Hills Subdivision – Under Construction
3. Eldorado Estates – Under Construction
4. Los Senderos Subdivision – Substantially Complete
5. Lanzola Subdivision – Complete
6. Carter's Grove Subdivision – Under Construction
7. Carter's Grove Pump Station – Substantially Complete
8. Pope Bend Road Phase III – Under Construction
9. The Homestead Subdivision Ph I & II – Under Construction
10. Arroyo Vista Subdivision – Complete
11. Los Milagros Subdivision – Under Construction
12. Los Milagros Approach Main – Under Construction
13. 2020 Tank Painting – Watts & Highview ESTs – Under Construction
14. 2020 "S" Pump Station Improvements – Under Construction
15. 2020 TxDOT SH 304 Relocations Phase II – Complete
16. Summer Moon Subdivision – Under Construction
17. Loya Ranches – Under Construction
18. Camp Swift Well 3 Wellhead – Substantially Complete
19. St. Mary's Subdivision – Under Construction
20. Alviter Subdivision – Under Construction

GIS & IT (Jason Kennedy)

1. Worked with partners to kick-off Cityworks deployment. There will be a nine month time frame to get all software elements into place.
2. Migrated remote applications to a new map pulling directly from Aqua's GIS editing database. This allows field users to view edits as they happen rather than viewing older data.
3. Installed new PCs for the Stony Point WWTP facility. The existing computers are reaching end of life. Made the decision to proactively install new hardware to prevent an outage due to equipment failure.

Development Services & Right-of-Way (Patricia Hernandez)

1. TxDOT FM 535 @ Cedar Creek Bridge Replacement – Contacted TxDOT about additional 10% owed to Aqua, waiting on response.

Title Examiner, New Meter Sets, & Negotiations (Brenda Kohlert, Angie Nunez, & Zach Merino)

1. Ella Lane & VFW Rd. Capacity Improvement Project (3 tracts) – Bastrop County research is pending.
2. Behrend Well Water Line Improvements Phase I – Awaiting alignment.
3. Denny Winkler Extension for meter (2 tracts) – Completed Caldwell County research.
4. Jose Ramirez Extension for meter (2 tracts) – Completed Bastrop County research.
5. Polonia Wholesale Approach Main (Tie-On tract) – Double checking for existing easement on 16" waterline installed along frontage in 1985. Bastrop County research in progress.
6. Received 96 new meter set applicant files for research on easements, compliance for service, cost estimates for extension, etc.
7. Worked on 315 meter-set/extension files – Last Deed forward (LDF) title research, prepared documents (Easements, Easement Amendments, Release PA, Subordinations), sent for estimate, permits, etc. Completed and closed 50 meter-set/extension files.
8. Sent 76 new meter-set/extension files to Distribution Manager for cost estimates. Distribution Manager completed cost estimates and returned 60 files.
9. Reviewed 60 files with Distribution Manager for capacity, construction route, tie-on tracts, etc.
10. Created eight (8) construction work orders for line extensions.
11. Wild Bird Loop Project (42 Lots) – Preparing route for construction.
12. Frank Pacheco Improvements (Line Relocate Linden Road) – In negotiations for the easement.

FINANCE (Christie Nutt)

1. Initiated installation and implementation of the new Quickbooks General Ledger software.
2. Compared to July 2019, Aqua billed 1,101 more meters in July 2020.

ADMINISTRATIVE SERVICES (Lisa Wachsmann)

Administration (Lisa Wachsmann)

1. Harmony meter reading software upgrade on August 25th & 26th.
2. Created 337 work orders to check/change non-reading meter registers.
3. Issued six (6) work orders for change-out of meters with over two million gallons.
4. Performed 34 Data Log Work Orders from July 24 – Aug 27.
5. Changed 156 meters and made 1 register change this month. For 2020, made a total of 719 meter changes not including register changes.
6. Collected GPS data on 479 meters this month for a total of 3,371 meters year to date.

Security (Richard Reyes)

1. Hired Convergent Technologies, a new and additional security vendor, for the Verkada camera project.
2. Installed the Verkada cameras on 8/20/2020 to test a cloud-based camera solution for 30 days.

Safety (Debra McCullough)

1. Customer Mr. David Goedrich was again harassing the Customer Service Manager and Custom Service representatives. He refused to leave the Customer Service reception area when ordered to do so by General Manager. Customer Service called police and the General Manager requested a “no trespass” order which the police completed and sign. Mr. Goedrich is no longer allowed on the Main Office property at any time including to pay a bill or attend a board meeting.
2. Inspections:
 - Completed Main Office facility inspection.
 - Completed AED monthly inspections.
3. Training:
 - Aqua Policy & Procedures for COVID-19 and regulation requirements.
 - Conducted a Manager and Supervisor briefing on Aqua Policy & Procedures for COVID-19 and regulatory requirements.

CUSTOMER SERVICE (Jennifer Petty)

1. Sent 543 high usage IVR alert calls to customers.
2. Opened 1557 work orders and closed 1034.
3. Opened 462 disconnects for non-payment (Cycle 1 and Cycle 4). Locked 74 in Cycle 1 (Zones 1, 4, 5, & 8) and 33 in Cycle 4 (Zones 2, 3, 6, & 7).
4. Meters:
 - Meter Sets – 115
 - Temporary Emergency Meter sets – 1
5. Complaints/Kudos:
 - Opened complaints - 0
 - Closed complaints - 0
 - Kudos – 1

HUMAN RESOURCES (Cynthia Braendle)

1. Attorney edited and returned draft Employee Handbook.
2. As of August 31, 2020
 - 76 full time employees
 - No part time employees

3. Openings – None
4. Covid-19 Monthly Exposures – As of July 24th, twelve secondhand exposures due to a vendor. Vendor’s test was negative. Currently have one whose spouse was secondhand exposure which we are watching.
5. Employee Recognition:
Mark Tiner – Customer Nancy Vasquez was very appreciative of Mark helping her find a leak on the customer side of her service line. She also said he was very knowledgeable.

GOVERNMENT RELATIONS (Joe Morris)

As you might imagine, there was little activity inside the Capitol during the month of August, but the speculation/rumor mills continue to work overtime. There are still no firm plans regarding what the upcoming session will look like in terms of legislation considered and the manner in which it will be considered.

1. In early August, the Sunset Commission (Chaired by Representative Cyrier) met to adopt rules to allow them to meet virtually to take action on staff reports of the agencies up for review during the next session. What was anticipated to be a ten minute meeting to adopt rules turned into a 2.5 hour meeting when Senator Hall announced that he had the votes to block consideration of the rules, even though those rules had been approved by the Speaker and Lieutenant Governor. Subsequently, Chairman Cyrier announced a plan to meet in person, but the social distancing/mask requirements stipulated were also refused, so no further meetings are planned. I mention this because I believe this could be a peek at what the legislative session could look like.
2. In addition, I heard of an internal democratic party poll that indicates 18 House seats currently held by Republicans could turn Democrat in November. Suburban areas, recently a Republican stronghold, have trended Democratic in the last few election cycles and many believe this trend will continue in the foreseeable future. If the Democratic polls are accurate, the Texas House will have a Democratic majority, resulting in a Democratic speaker being elected on the first day of session, and legislative gridlock. Legislators will have to balance a budget with reduced revenue, redraw legislative district maps, address issues brought about with Covid-19, and consider legislation to address police/civil unrest issues. Some legislators predict we will be in session for most of, if not all of 2021.
3. On the water front, several industry groups that I participate in met recently to discuss various topics in anticipation of the upcoming session.

TWCA

The Texas Water Conservation Association Groundwater Committee met virtually to take up an agenda of 16 topics for consideration and possible recommendation for legislation. Most consisted of legislation that has been filed in previous sessions but failed to pass for various reasons. Several ideas were withdrawn from consideration based on the realization that the “bandwidth” and time will simply not exist this session for complicated and contentious groundwater legislation, but other items will be pursued to try to reach our 90% consensus requirement for TWCA legislation.

One item that we will not pursue this session but will address for 2023 is the historical use of groundwater versus correlative rights argument for groundwater management. You may recall that I co-chaired a TWCA subcommittee on the matter last interim, and although we did not reach 90% consensus, we did agree that although there may be imperfections in the current regulatory options for groundwater districts, the current system works, and requiring districts to change their management methods would cause wholesale upheaval of water supply and financial markets.

I do not believe there is a real threat that all districts would be required to abandon historical use, but certain legislators will continue to file legislation on the topic. With that in mind, I believe that continued discussions among interested parties prior to 2023 will prove beneficial.

TAGD

Just last week, the Texas Alliance of Groundwater Districts held their annual conference online and I was privileged to be able to participate. Of all of the panels, the legislative update provided by Chairman Lyle Larson, Representatives Andrew Murr, Eddie Lucio, and Cody Harris. While panel members agreed that it is likely that little will get done on issues beyond budget, redistricting, and Covid-19 issues, other bills will get filed to encourage discussion on issues. In particular, Representative Harris indicated he will again file legislation relating to the manner in which a GCD regulates wells belonging to a retail public water utility. Once again, I don’t believe it will pass, but neither will it go away.

PERFORMANCE METRICS for 2020

1. **Budget** – Total Expenses year-to-date are 5.17% under budget (based on a five-year historical average). Goal is at least 8% under budget.
2. **Debt Service Coverage Ratio** – DSC for twelve-month roll ending in July is 2.37, not including tap fees. Debt Service Ratio year-to-date is 1.89. Goal is DSC of at least 1.30.
3. **Work Orders** – Processed 1694 work orders to this point in 2020. 0.29% of the work orders exceeded 30 days to complete. Goal is less than 1%.
4. **Meter Sets** – Average days YTD to complete meter installation is 5.67 days. Goal is to average less than 8 workdays.
5. **Annual Inventory Turnover** – Inventory turnover YTD is 5.2. Goal is 3.0.

