

City of Wimberley
City Hall, 221 Stillwater
Wimberley, Texas
Minutes of Special Meeting of City Council
July 5, 2016 at 2:00 p.m.

City Council meeting called to order at 2:00 p.m. by Mayor Mac McCullough

Councilmembers Present: Mayor Mac McCullough; Councilmembers Bob Dussler, Craig Fore, Sally Gibson Trapp, Gary Barchfeld, and John White.

Staff Present: City Administrator Don Ferguson

Workshop Session

Discuss and consider issues relating to the Central Wimberley Wastewater Project

Mayor McCullough outlined the format and procedures for this meeting. He asked each Council member to express thoughts and concerns on the sewer project.

Councilmember Dussler stated that he is ready to move forward. Mayor McCullough agreed with Councilmember Dussler.

Councilmember Fore said it depends on how “sewer” is defined. He stated he wants a solution to the downtown wastewater problem but is unsure as to what direction to take until we figure out what is affordable.

Councilmember Trapp agreed with Councilmember Fore and had many questions on the current proposed system and associated data. She stated she is “pro-solution” but is not ready to say “yes” to the wastewater system as proposed.

Councilmember Barchfeld reiterated Councilmember Fore’s and Councilmember Trapp’s comments and said he favors a solution to the downtown sewage problem, whether it’s “sewer, Aqua Texas, or some component parts of both of those things.” He stated he needs extra time to run numbers to address affordability and pollution concerns. He said the Ad Hoc Wastewater Review Committee’s explanation of the City’s \$200,000 contribution toward purchase of effluent and infrastructure costs made the project much more palatable. He stated that he wanted to help out Blue Hole, if possible, and is looking for a solution for everybody.

Councilmember White favored moving forward with the project as swiftly as possible and getting it done.

Mayor McCullough stressed the importance of making decisions in a timely manner so as not to jeopardize all of the work that has gone into this project.

City Administrator Ferguson stated that the City faces critical timelines, commended the Ad Hoc Wastewater Review Committee (the "Committee") for its work, and provided historical information on the project. He detailed specific stages of the project, including the Texas Water Development Board (TWDB) loan application process and feasibility study, which looked at existing customer base and made basic land use assumptions about the future. He stated that total consumption is more important than total number of users. He stated that professional rate analysts have identified major users in rate projection studies. City Administrator Ferguson reminded that volume and customer numbers are going to change throughout the life of the project. He noted that at the time of the feasibility study, the City faced extreme drought conditions, but said the City will continue to drill down numbers, as assumptions have to be made in this process. He spoke on varying projections on downtown development and said there is a high likelihood that major users will increase water usage when wastewater service becomes available. He said rates would be established after a rate study is conducted and would be updated on an annual basis.

City Administrator Ferguson advised that the TWDB has stated there is not a requirement to submit updated Committee report data and TWDB questioned the need to do so, given that the City has a loan commitment and an obligation to set rates that will cover that debt. He noted that if the City changes the scope of the project, such as pulling the "purple pipe" out of the project, TWDB advised there is a high likelihood of losing the \$240,000 loan forgiveness. While pulling out the "purple pipe" costs would save money, the City would not meet the reuse threshold to get the green subsidy. He stated that ultimately it is Council's decision to make on these issues. Regarding alternative designs, he said that the TWDB would likely revisit the loan commitment if the City changes the scope of the project. He provided examples of scope versus design changes. He noted that design changes, such as changing the type of collection system, may delay review time by 30-60 days. He said that if the TWDB had to revisit the loan commitment, there will probably be a 120-160 day waiting period, based on past dealings. He noted that the City will have to spend more money if the collection system needs to be redesigned and said the City cannot bid the project without a design plan in hand.

Discussion established that the gravity collection system plans and specifications are being finalized. Mayor McCullough provided background information on Council's process of selecting an engineering firm (and eventual selection of Alan Plummer Associates, Inc.) for the project and considering types of collection systems. City Administrator Ferguson said there is approximately \$100,000 left from the \$650,000 TWDB loan for planning and design and the cost of redesign would be approximately \$150,000 to \$200,000, whether or not Plummer subs out that portion of the project. He anticipated the redesign would add about 4 months to the project. Relating to Aqua Texas options, City Administrator Ferguson said that TWDB has indicated it might not fund Aqua Texas impact fees as part of its loan.

Discussion addressed reasoning for selection of a gravity collection system versus a vacuum system, including costs and initial recommendations. Mayor McCullough asked Council members to rank their top concerns affecting costs.

Councilmember Trapp said there are options on the table such as retail/wholesale Aqua Texas, amending the existing plan to add an extra storage tank, sending "purple pipe" to the parkway,

adding filters to get better than Type I effluent, and no discharge whatsoever. She advised Mayor McCullough her primary concern is for “no discharge.” Councilmember Fore agreed.

Councilmember Barchfeld said his two major concerns are pollution and affordability. He wanted to see a status report from the design team. He noted his own personal research that questioned certain elevation levels. He said word on the street is that selling the idea of only one pump (lift) station, which would not be located by Cypress Creek, would make it more difficult to hook up to Aqua Texas. Mayor McCullough stated he never heard that expressed and said Alan Plummer Associates Engineer Steve Coonan debunked it in simple terms. City Administrator Ferguson noted that there was an increased cost in the plant because of permit requirements that was offset by savings from reducing number of lift stations.

Councilmember Barchfeld expressed concerns regarding trench depths of 15 feet, and Councilmember Dussler quoted specific engineering data reflecting percentages of various trench depths, including Plummer’s comment that only two percent (2%) of trenches would be more than 15 feet deep. Discussion addressed maximum plant capacity, projections on meeting that capacity, and examples of back-up plans if that capacity is exceeded, such as possible additional service connections to Aqua Texas and associated costs at user expense.

Councilmember Trapp questioned the value of keeping our CCN if we are not controlling growth through zoning. City Administrator Ferguson stated growth may be controlled through multiple means, such as CCN from water/wastewater/rate control standpoints, zoning, and fee structures.

Discussion included possible future large-scale development, anticipated increase in gallons per day figures when wastewater becomes available to downtown users (such as restaurants), growth projections and conservative assumptions, planning for growth, need/cost of possible future pipeline, estimated cost savings of a 50,000-gallon plant versus a 75,000-gallon plant and associated increase in design costs, capital expenditures for system maintenance, and request for cost estimates from Aqua Texas on maintenance and operations.

Councilmember Trapp asked for more data on easements the City needs to acquire. City Administrator Ferguson stated the City is in negotiations relating to approximately three needed easements. Councilmember Trapp said she heard from social media that the City has been trespassing on private property, with survey stakes placed for pipelines. City Administrator Ferguson explained that one property owner had concerns that geotechnical survey crews were setting stakes on her property, which the surveyors thought were in public right-of-way. He visited with the property owner, explained the surveyor’s misunderstanding, and the crew left the property. Councilmember Trapp requested a map showing where easements are needed and City Administrator Ferguson advised such maps could be provided.

Discussion continued on key deadlines related to closing the TWDB loan, rate-setting, system design/construction, and estimated construction costs. Councilmembers Fore and Trapp expressed concerns on closing the loan without knowing all the costs. Mayor McCullough stated his trust in the City’s professional engineers, who have given the City an estimate that includes a contingency for possible higher costs, and noted that Council has the ability to weigh various options in the event of cost overruns.

Councilmember Fore said there are a lot of costs that have not been identified such as decommissioning of septic tanks. Councilmember Trapp questioned why the City has not determined costs for portions of the project involving decommissioning, connection to the system, and easement acquisition. Mayor McCullough said that if property owners do not want to give permission for City representatives to come onto their property to decommission their tank and connect to the system, then they have the option to pay for it themselves. He noted this was meant to be a convenience for the property owner.

Discussion addressed figures on decommissioning/connection costs as determined by the City's engineers versus the Ad Hoc Wastewater Review Committee, and concerns related to confidence in Plummer's estimation of costs.

Councilmember Dussler stated his strong opposition to engage Aqua Texas under any circumstances. He said that if a private citizen in due diligence chooses to engage a company with a deplorable customer service record, history of lawsuits filed by customers, and raw sewage leaks that is his/her right. However, he stated as elected officials, we do not have that right. He said by deliberately engaging in Aqua Texas in a long-term agreement with knowledge of its poor performance and ratings, you are not just being derelict in your duties, you are actively committing a flagrant abuse of your position. Councilmember Dussler noted he has received forty-two emails opposing Aqua Texas (with none in favor). He said it is not proper or fair to burden users and break a commitment to Blue Hole Park, if we were unable to irrigate the Park with Type I effluent. He closed by saying that Aqua Texas is not a viable or desirable alternative for Wimberley.

Councilmember Barchfeld questioned Councilmember Dussler's comments on Aqua Texas's poor ratings, said he spent two hours searching, and found thirty-five complaints over three years, with none due to sewage. He felt that thirty-five complaints regarding billing and water problems over three years was not too bad.

Mayor McCullough felt that Aqua Texas probably deserves its "F" rating and stated there is a reason the City of Kyle bought out Aqua Texas, including non-responsiveness and failed services. Mayor McCullough offered to set up a meeting to discuss Aqua Texas with the City of Kyle's sewer plant manager.

Councilmember Trapp said the Wimberley Community Center is on Aqua Texas and had no problems. City Administrator Ferguson noted there has been one rate adjustment. Mayor McCullough stated the community has had several problems with Aqua Texas, including multiple raw sewage spills. Councilmember White asked if Aqua Texas had problems meeting specifications at the H-E-B development and Mayor McCullough answered affirmatively.

Councilmember Barchfeld said we have talked to people about Aqua Texas and rates have not really varied in ten years. City Administrator Ferguson said the Community Center has had one pretty significant sewer rate adjustment, but no service issues. Councilmember Barchfeld cited one Aqua Texas customer who said he has paid \$79 per month for ten years with no problems.

Discussion between Mayor McCullough and Councilmember Barchfeld addressed the relevancy of certain data used for projected rates and need for caution when contrasting rate schedules.

Discussion included: anticipated timeframe for TWDB loan closing, decommissioning of the existing drain field; completion of design; plan review; start of construction; and bidding/award of contract for construction.

Councilmember Barchfeld asked Plummer to reconfirm the costs for connections and decommissioning and whether the City has budgeted for those costs. He spoke of Council's shared fiduciary responsibility to look at the City's budget and make sure we can afford the project.

Mayor McCullough and Councilmember Barchfeld discussed examples of affordability, the budget process, and Council's prioritizing of budget decisions (such as expenditures for wastewater versus street improvements). Councilmember Fore stated that if the City takes \$200,000 per year for sewer, choices have to be made, such as spending on roads or sewer. Discussion followed on the budget process generally, and Councilmember Dussler offered a scenario of costs based on the City's loan amount, possible approval of EDA grant funds, and an alternative collection system (such as a STEP system).

Mayor McCullough said the project looks more doable in light of the City's resolution in support of EDA grant application of up to \$1,000,000. Councilmembers Fore and Trapp expressed concerns regarding accuracy of projected costs and wording of the aforementioned resolution. Discussion addressed specific resolution language and Council's reaffirmation of its support in order to reassure the EDA that Council is committed to moving forward with the project, without being specific as to a particular type of system. Councilmember Barchfeld said it is prudent for himself and the other new Council members to take time to look at every aspect in order to do the right thing.

Discussion continued on the need for a project manager who can be on site daily to monitor the project, including involvement in evaluation of bids. Mayor McCullough acknowledged concerns and doubts expressed, but cautioned against the additional time and costs due to design changes, possible alternative options, and requests for bid documents incorporating those changes or alternatives. Mayor McCullough favored reaching agreement on the minimal amount of changes to the final bid document in order to keep the City from having to use Fund Balance reserves. General agreement was reached that reducing the plant size would not result in a huge cost savings.

Discussion included reliance on contractors who will design, build, or manage the project; problems associated with bidding three different collection systems; hybridized systems; an upcoming presentation on a STEP system (as compared to a gravity system); and support for sending the Committee's report to the TWDB. Councilmember Trapp stated there is a contingent that feels the Committee's results showed data that would probably make it such that TWDB would reanalyze its loan commitment, based on the number of users and higher estimated rates. City Administrator Ferguson stated that TWDB recognizes volume as the biggest issue (as opposed to users) and their position is that the City completed the required

feasibility study, submitted pro forma based on that study, and completed a rate analysis, with the understanding that those numbers are going to change throughout the life of the project.

Councilmember Trapp expressed concerns about not sending the new data produced in the Committee's report to the TWDB. City Administrator Ferguson said it is Council's decision whether or not to close on the loan, which commits Council to setting rates adequate to recover debt. Councilmembers Fore and Trapp favored sending the report to TWDB, whether or not a response is received. Councilmember Barchfeld agreed that contacting TWDB was a good first step and agreed that flow rate should be taken into consideration more than number of users. City Administrator Ferguson stated the full financial picture is based on a conservative growth estimate that will probably be exceeded, which means more customers, more volume, and spreading the debt to more customers, while potentially reducing the cost to some and increasing for others. Mayor McCullough said the line has to be drawn somewhere, as to whose data Council wants to accept. City Administrator Ferguson stated that the TWDB has reviewed data submitted and given the City its loan commitment and it is Council's decision to close on that loan. He noted that TWDB would review a scope change, but it is Council's decision to follow through and set rates that recover debt.

Councilmember Fore questioned the hesitancy to send the Committee report to TWDB and Mayor McCullough replied he did not believe TWDB would deem it relevant given the fact they have devoted considerable staff and review time to the City's application before approving the loan. He felt there is nothing to gain by submitting a report and in effect asking the TWDB to qualify our loan all over again.

Based on City Administrator Ferguson's conversation with the TWDB, Councilmember Barchfeld said he did not think submitting the report would make much difference to the TWDB and felt that flow rates are important. He did not want to do anything to upset or delay the loan, but thought it would be good to have an extra month or so, if an extension could be requested.

In response to Steve Jagers, who helped develop the Committee's data, City Administrator Ferguson addressed establishment of rates, TWDB awareness of citizen concerns relating to affordability, and loan conditions that do not include items such as supplying an Ad Hoc Committee report, easements, and property acquisition. City Administrator Ferguson stated Mayor McCullough brings up a valid concern that TWDB would draw the conclusion that by submitting the Committee report, the City is asking the TWDB to reconsider our loan. He said we are not obligated to show TWDB that we have established rates that meet our debt based on current volume.

Councilmember Trapp stated that she trusts the Ad Hoc Wastewater Committee's report data and is concerned about affordability. She referred to Councilmember Barchfeld's earlier comments regarding looking at the budget to find ways to fund the project. Councilmember Barchfeld felt that this meeting has been productive and created a more honest dialogue. He said Steve Jagers has given Council good information and allowed Council to air some differences.

City Administrator Ferguson stated he is not questioning the Committee's report, but said the reality is that TWDB understands that the numbers will change over time, depending on factors such as growth, which is why due diligence is done in the application process.

Mayor McCullough referred to earlier attempts by the City to push through a wastewater system and noted that Council will hold fully public discussions before setting rates.

Councilmember Fore said he was okay with not submitting the Committee report to the TWDB now. Councilmember Barchfeld stated he looked at our existing facility and Aqua Texas's drain fields and suggested that Council take a field trip at its next workshop meeting on July 11, 2016. Mayor McCullough did not favor visiting Aqua Texas's facility, but was amenable to walking the golf course. Councilmember Barchfeld said he did not have to walk the golf course, but felt a Blue Hole Park visit would be helpful to see the soccer fields and where the plant is going to be. Relating to the Park's irrigation needs, City Administrator Ferguson advised that the City plans to commission a water table analysis. Councilmember Trapp said we need to figure out how much water will be needed for tree plantings. Councilmember Barchfeld said if we go to Aqua Texas, we still should figure out a way to get them water.

Mayor McCullough reminded there will be a goals and priorities workshop held on July 6th at 10 a.m. in Driftwood.

Adjourn

Mayor McCullough called the meeting adjourned at 4:50 p.m.

Recorded by:


Cara McPartland

These minutes approved on the 21st of July, 2016.



APPROVED:



Mac McCullough, Mayor