

City of Wimberley
City Hall, 221 Stillwater
Wimberley, Texas
Minutes of Special Meeting of City Council
December 7, 2016 at 6:00 p.m.

City Council meeting called to order at 6:00 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 and City Secretary Cara McPartland

Mayor McCullough asked if anyone wished to speak and audience member Sue Hatton replied affirmatively.

Sue Hatton of 408 Blue Heron spoke of her limited knowledge of “inter-town politics” and her property’s recent renovation due to flood damage. She provided details on the 2011 installation of her property’s new septic system that met the City’s requirements at the cost of \$17,000. She spoke of a prospective buyer for her property and need for disclosure of any information regarding the septic system and possible costs a new buyer would incur. She asked that her property be grandfathered and not be required to hook up to the City system or pay for future expenses that will be incurred with that system. Ms. Hatton referred to her letter dated October 17, 2016 to the city administrator and requested an answer in order to address interested buyers concerns’ over additional septic costs. She spoke of her love for Wimberley, but said they are anxious to sell their creekside property, since there is finally a prospective buyer. She hoped that strong consideration will be given to her request for grandfathered status relating to the septic system. She also hoped that Council will look at every option and make the right financial decision for all constituents of Wimberley.

Mayor McCullough advised Council is looking at multiple choices and stated his understanding that there will be a “grace period” of possibly 5 to 10 years to hook up to the system, but said “everyone will hook up” regardless of the length of the “grace period.” City Administrator Ferguson clarified that Ms. Hatton’s request is for “no connection at all.” Ms. Hatton stated that such a grace period would not help her situation, as there is already a “stigma” on the property due to the flood, which is made worse by the possibility of future connection costs.

Discussion and Possible Action

- A. Discuss and consider possible action authorizing City staff to seek bids for the construction of the Central Wimberley Wastewater System. (*City Administrator*)

City Administrator Ferguson introduced Steve Coonan of Alan Plummer Associates, Inc., who submitted a bid strategy for Council’s consideration and highlighted key timeline dates in the bidding process.

Steve Coonan provided details on the bid strategy, which separated construction into two separate projects, with the hope that such separation will expedite the Texas Water Development Board's (TWDB) review process. He anticipated hearing from TWDB within the next few days and expected to go to bid shortly.

He outlined the two separate bids as follows:

Wastewater Treatment Plant Project; including the treatment plant, site improvements around the treatment plant, storage tank, pumps for reuse system, and reuse pipeline for irrigation. He added that there could be an alternate bid for a storage tank without a roof, in order to save costs.

Pipeline Project; including the collection system, lift station, force main, and additive bids for reuse pipe to the downtown area and for connections to individual users and closures of their septic systems.

Mr. Coonan provided scenarios in which the City could award based on all or certain parts of the bid packages, which was deliberately structured to allow more flexibility in the bid process. He stated that as soon as approval is received from the TWDB, the City can advertise to bid the project.

Discussion established that TWDB comments received to date are contractual in nature, and not engineering-based; the package submitted to TWDB includes decommissioning of the existing Park plant; includes which areas would be spray-irrigated and all terms of the mediated settlement; inclusion of a tap/faucet for possible transport of water to Aqua Texas; tank size; and deductive alternate bid for a tank without a lid. City Administrator Ferguson advised there are alt bids for purple pipe; storage tank without lid; and separating the collection system, if the Aqua Texas wholesale option is chosen. Mr. Coonan said if the City does decide to go with Aqua Texas, there would be a change in the design of the force main, which would have to be redirected. He noted there would be a bid price per linear foot for that force main, but not the price for crossing the creek, as that is not part of the City plan. If the City chose to go with Aqua Texas, Mr. Coonan noted there would have to be some redesign.

Discussion addressed details of Aqua Texas's wholesale option; possible associated construction costs to the City of up to \$250,000; Aqua Texas's "no cost" retail option; "no discharge" options; separate bids for "no discharge" options to truck excess effluent or for extra storage capacity; possible total timeframe for off- and on-site plant construction of 6 to 8 months; likelihood that some contractors may bid both projects and associated advantages/disadvantages; timeframe for completion of plant/collection system; importance of having a project manager, including participating in review of bids; reasoning for/against hiring of a project manager; and provision of collection system cost estimates to Aqua Texas.

Councilmember Dussler moved to approve authorizing City staff to seek bids for the construction of the Central Wimberley Wastewater System, with the bid strategy, as presented. Councilmember Barchfeld seconded. Motion carried on a vote of 5-0.

- B. Discuss and consider possible action establishing a deadline for the delivery of a proposed agreement with Aqua Texas relating to the provision of wastewater service to Central Wimberley. (*City Administrator*)

City Administrator Ferguson advised that TWDB has informed the City of issues with using loan proceeds for the Aqua Texas retail option. He noted that Bob Laughman of Aqua Texas emphasized the need to base any proposal on bid information. He said that legal counsel for the City and Aqua Texas could work on drafting the framework of a proposed agreement, with specific numbers to be added later, as they become available. He said that TWDB indicated that using loan proceeds for the Aqua Texas retail option would be problematic because under the retail option the City would not own the revenue stream once the CCN is transferred. He explained other possible funding sources, such as general obligation bonds or certificates of obligation, which are tax-backed; and revenue bonds, which are not tax-backed and do not require a vote. He said funding could be explored from other agencies such as USDA, however, interest rates would not be as low as TWDB, plus the City would face the same issues as with the TWDB loan, because the City would potentially be giving the collection system to Aqua Texas when the CCN transfers.

City Administrator Ferguson explained that the City could close on the TWDB loan to build only the collection system and enter into a wholesale arrangement with Aqua Texas to treat wastewater, which would involve potential yet to be determined costs to the City such as upfront impact or CIAC fees. He said the City would own the collection system, be responsible for setting rates, retain its CCN, and there would be a wholesale cost included in those rates to help pay for Aqua Texas charges. He felt that TWDB would probably allow the City to close on a smaller loan for the collection system only, since the City would not build the treatment plant. Another option would be to enter into an agreement to surrender the CCN to Aqua Texas, with Aqua Texas becoming a full retail service provider to the City on the south side of Cypress Creek.

Discussion addressed the possible value placed on the CCN; the need for Aqua Texas to obtain bid information before finalizing a retail agreement; and whether a deadline is needed to establish a target date during the negotiations process. City Administrator Ferguson suggested that legal counsel could proceed with drafting a retail agreement based on Aqua Texas's term sheet and at the same time start working on a potential wholesale agreement, with final numbers to be plugged in when bids come in. Discussion continued on whether a deadline is needed to have a target date as a good business practice during the negotiation process or to not place a deadline and provide status updates to Council.

No action was taken. City Administrator Ferguson advised a status update will be provided at Council's January 5, 2017 meeting.

- C. Discuss and consider possible action regarding a proposed professional services contract with TRC Engineers, Inc. for project management services relating to construction of the Central Wimberley Wastewater System. (*City Administrator*)

City Administrator Ferguson reviewed key provisions and minor text changes to the contract, including an addition that would provide for a secondary back-up project manager in the event the primary project manager cannot be present. He recommended approval of the contract that was reviewed along with Planning and Zoning Commission Chair John Urban and hoped a project manager will be on board before getting bids back.

Councilmember Fore questioned how the City will pay for the project manager and City Administrator Ferguson advised that there is about \$87,000 left in the TWDB loan proceeds for planning and design of the Central Wimberley Wastewater System and there is over \$1,000,000 in the City’s Fund Balance, with the exact number to be determined when the City’s audit is completed. Councilmember Fore expressed concerns about possible payment amounts made from Fund Balance and need to set a cap on those payments. City Administrator Ferguson cited the typical number of months of operating expenses kept on hand in Fund Balance for property tax- versus sales tax-based cities and noted well-managed Fund Balances generally grow on a regular basis. Councilmember Fore favored having a project manager, but was concerned about the City’s Fund Balance, as he felt the cost could run \$300,000 or higher. He asked if project manager costs could be included in the City’s loan. Councilmember Barchfeld asked if project manager costs could be paid from the City \$1,000,000 grant. City Administrator Ferguson replied that grant funds must be used on infrastructure and said an inquiry can be made to the TWDB about possible inclusion of project management costs in the existing loan. There was general agreement that Council should consider possible action to set a threshold for a minimum Fund Balance amount at a future meeting.

Councilmember Barchfeld moved to approve a proposed professional services contract with TRC Engineers, Inc. for project management services relating to construction of the Central Wimberley Wastewater System. Councilmember White seconded. Motion carried on a vote of 3-2. Councilmembers Fore and Trapp voted against.

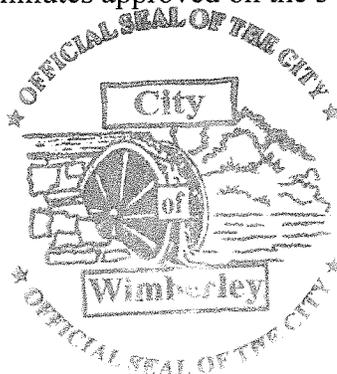
Adjourn

Mayor McCullough called the meeting adjourned at 7:28 p.m.

Recorded by:


Cara McPartland

These minutes approved on the 5th of January, 2017.



APPROVED:



Mac McCullough, Mayor