

Minutes
Lakeway Municipal Utility District
Board of Directors Meeting
September 8, 2021

The Board of Directors met in REGULAR session at 9:30AM at 1097 Lohmans Crossing, Lakeway, Texas, with the following participating:

Directors Present:	Jerry Hietpas Larry Burmeier Lawrence Christian Don Goff John Sayre
Directors Absent:	None
Staff Present:	Earl Foster Joyce Henderson

QUORUM:

1. Determine Quorum and Call to Order

Meeting was called to order at 9:30 AM.
Hietpas declared a quorum of Directors present.

2. Pledge of Allegiance was led by Hietpas.

CITIZENS

3. None

AGENDA ITEMS:

4. Public Hearing on 2021 Proposed Tax Rate.

- Hietpas opened the 2021 Tax Rate Hearing.
- Foster noted the Proposed 2021 Tax Rate has been published for two consecutive weeks in the Lake Travis View. The Proposed new rate is .0822, down from the 2020 Rate of .1030, and that is what was published in the paper.
- Hietpas said in view of the Tax Evaluations going up, our Tax Rate is going down, and asked what the effect is on the average homeowner.
- Foster replied it reduces the average homeowner's tax by \$57.
- Hietpas noted LMUD has a 10 year run of reducing the Tax Rate, and asked Foster if that was correct: Foster replied that is close, and at least a minimum of 7 or 8 years.

- Hietpas said the tax pays off our debt; Foster said it does, and we also have an Operations and Maintenance Tax.
- Hietpas said there is no action needed at this time, that the Rate will be approved at the Special Meeting on September 22, 2021.
- Hietpas closed the Public Hearing.
- No action was taken.

5. Discussion and possible action on Health Insurance.

- Foster said we have been reviewing Health Care Insurance along with the budget, and there is a considerable savings in staying with United Health Care but moving to a level funded plan. We have discussed with the HR Committee Liaison and a joint meeting with the Finance Committee, and all feel this is a good move for the employees and for LMUD.
- Hietpas said the Board Liaison to the HR Committee is Goff who has an HR and Benefits background and thanked Goff for his service.
- Foster said our agent came up with two "All Saver" plans that show a savings to LMUD of 29% and 33%. It made sense to move to one of these two plans for considerable savings.
- Goff added that moving to one of these plans will benefit LMUD and the employees. He added that one reason for our small increases in the past has been that we have good experience rating over the last few years.
- Foster added that if after a year or so if we have savings, United will refund half of the savings to LMUD, and hold the other half in case it's needed in future years.
- Burmeier asked which plan we were leaning toward; Foster replied the one with 29.1% increase.
- Goff said the reduction is due to LMUD's good experience in the past.
- Hietpas asked if we needed a motion; Foster replied yes.
- Hietpas said we are searching for an HR Specialist that could help us on a part time basis; we are fortunate to have Goff as a Board member but could use more help.
- Goff said we do have one potential HR Specialist that might help.
- Goff moved to stay with United Healthcare and move to their "All Saver" plan P1000i100LX21 at an annual savings of 29.1%; Burmeier seconded.
- General Board Discussion.
- Motion passed unanimously.

6. Discussion and possible action to approve COLA, Merit increase and Salary ranges.

- Foster said this is where we dive into the savings from United Health Care. Merit increases in our industry over the past 4-5 years have averaged 2.7-3.3%. LMUD has stayed at 3%. Our ranges have not changed for about 3 years when we did the salary survey. I would like to raise the ranges by the COLA of 1.5%. That would

make the Merit raise of 2.5% plus the COLA for a total of 4%. Everyone would get the 1.5% COLA, and the 2.5% average will be Merit based by employee.

- Goff asked what the total impact between 3% and 4%; Foster replied about \$7K.
- Goff said that between the \$7K uptick in salaries and the overall savings in Health Care, LMUD is still way ahead.
- Hietpas said when we get to the M&O part of the budget, we are not “pinched” because of this move; LMUD members will not get “soaked” because of this since you have found the money in other ways; Foster agreed.
- Hietpas said it is difficult to find qualified employees and asked if this change will help us attract more and better employees; Foster said this move keeps us competitive today but doesn’t guarantee tomorrow because everybody is looking for help.
- Burmeier asked how our current employees fit into our range on average; Foster said the Field Department is below the median, Wastewater Operations is below, Water Operations is approaching the median, and Admin is just above the median.
- Goff asked if we moved everyone up to the median, what would that cost be. Foster said he would have to calculate that number.
- Goff said with the additional savings, if we had to do something we have the money for it.
- Sayre asked if we are paying below median, how do we explain that? Foster said because a lot of them are new and inexperienced and should not be at median.
- Sayre said so it is a reasonable expectation that we should be about where we are; Foster agreed and said they will move up over time.
- Christian moved to approve the COLA (1.5%) Merit (2.5%), and Salary Range (1.5%) proposals as presented; Sayre seconded.
- General Board discussion.
- Motion passed unanimously.

7. Discussion and possible action to approve FY22 Draft Revenue/Expense Budget.

- Foster said there were two changes since the budget presented in earlier meetings, those being the Insurance cost and the COLA. He said revenue budget shows a slight decrease from FY21, as weather is hard to predict. Expenses show an approximate 3.5% increase over FY21, due mainly to increased ODWW labor. Water and Wastewater rates remain the same as FY21.
- Sayre and Burmeier asked for clarification on some details which Foster provided.
- Hietpas said LMUD had a good budget system with Earl, Staff, and Finance Committee input and the public should feel secure about the LMUD budgeting process. The budget may be the most important item the Board deals with.
- Foster responded yes that the Finance Committee goes over the budget line by line every year.
- Burmeier moved to approve the budget as presented; Goff seconded.

- General Board Discussion
 - Motion passed unanimously.
8. Discussion and possible action to approve changes to Rate Order.
- Foster reviewed proposed changes in the Rate Order.
 - Sayre pointed out a minor change in wording on Page 1; Foster said he would change that.
 - Burmeier asked how our rates compared with other area utilities; Foster replied that Hurst Creek was hard to compare since they use tax dollars in their rates, but LMUD is well below City of Austin.
 - Burmeier said he would like to see a comparison with other Utilities; Foster said we have done that in the past and always compare favorably, but we can do it again.
 - Christian moved to approve the Rate Order changes as presented; Sayre seconded.
 - General Board discussion.
 - Motion passed unanimously.
9. Discussion and possible action to approve Hoover Construction Pay App #2 on Project #4 OD Wastewater Project along Corinthian and Highlander.
- Foster said Hoover is doing a good job but did hit a water line that was marked incorrectly so it was not their fault.
 - Burmeier asked if we had equipment that would detect water lines underground; Foster replied we do not.
 - Sayre moved to approve Pay App #2 as presented; Goff seconded.
 - General Board discussion.
 - Motion approved unanimously.
10. Discussion and possible action to approve transferring \$21,500 from Budget line Item 7105 to Capital Expenditure 14-08 to Re-paint Elevated Storage tanks.
- Foster explained this is a yearly transfer LMUD does to fund the painting of our elevated tanks both interior and exterior as needed.
 - Sayre said we have been accumulating this for 8 years; how are we doing. Foster replied we have painted one tank completely, and we have a balance of about \$50K in the Capital Expenditure, so we are doing well.
 - Burmeier moved to approve the transfer as presented; Goff seconded.
 - General Board discussion.
 - Motion passed unanimously.
11. Discussion and possible action on status of Out of District pressure sewer system for Lakeway Phase 1, Secs. 1-17.

- Foster said not much to report; we did have some cases of Covid and are having trouble getting pumps, so it is slow. We have been able to complete several assessments for new installs.
 - Hietpas said there are about 1,100 homes in this area that could potentially hook up and we need at least 50% of them to do so for it to be a viable project.
 - Foster replied that we are running close to 85% acceptance on the project so far, so we are in good shape. We also have a number of homes in Phase II whose Septic systems are failing and will need to be connected early.
 - Hietpas asked if we are going to be able to finish the project for \$8.5M; Foster said probably not, as prices are starting to go up.
 - Hietpas said even if we run over the \$8.5 figure, we are doing the right thing environmentally and financially. It is still an attractive project even with the increased costs.
 - Sayre added that the OOD customers need this; Foster said we have shown the need for sure.
 - Hietpas noted that we have crews walking all over the customers landscape, and we don't have any citizens at this meeting complaining. The crews are doing a great job in dealing with the public.
 - General Board discussion.
 - No action was taken.
12. Discussion and possible action on declaring items surplus and working with Bidadoo to purchase or sell.
- Foster presented pictures of 8 items no longer being used.
 - Hietpas asked why we are getting rid of them; Foster replied they are no longer being used.
 - Hietpas said the motion shouldn't limit the GM to just dealing with Bidadoo, that the GM might find a better offer.
 - Sayre moved to declare the 8 items presented as surplus; Goff seconded.
 - General Board discussion
 - Motion passed unanimously.
13. Discussion and possible action to approve quote for additional electrical feed to W-3 Water Plant.
- Foster said we started looking at this after the freeze in the Winter of 2021; how can we guarantee power to the plant? Since then, the state has passed a bill that requires all public water utilities to have backup plans to maintain 20 PSI if power is lost for 24 hours. What this is really saying is we need a back up generator, but they do present some alternatives. I may be coming back to the Board in the future saying we have to get a generator. What we would like to do now as an alternative is have a secondary feed come into the Water Plant at a cost of

\$101,818.54 which will satisfy Senate Bill 3 for the time being. This will give us power from 2 different power grids.

- Christian asked how much generators are; Foster said back in 2009 it was \$2.5M, so you could inflate that number to get an idea.
- Hietpas said this just takes care of the Water Plant, but we have other locations that we would need to deal with. Foster said there are two other locations we would need to find solutions for.
- Burmeier said it gets complicated, because there are different companies providing power to Lakeway; Foster responded that this plan was developed by PEC, not us.
- Goff asked how long we have to upgrade our system; Foster replied until July, 2022.
- Sayre asked if this was a Capital Item; Foster said it will be a Capital Expenditure.
- Hietpas asked if this affects our Capital Plan; Foster said yes, that it was not something we anticipated.
- Sayre moved to approve the proposal from PEC as presented; Christian seconded.
- General Board Discussion.
- Motion passed unanimously.

14. Discussion and possible action on Financials, Calendar, Board Development.

- Foster reviewed financials and said we are ahead of Revenue plan and under on expenses. If everything holds true, we should finish FY21 in good shape.
- Sayre asked what we do with the extra money; Foster replied it goes to construction.
- Foster said the next meeting will be September 22, a Special Meeting to approve the Appraisal Role and setting the tax rate for 2021.
- Hietpas said the only thing on the horizon for Board Development would be a Board Member attending a conference; Foster said he would provide information on a conference once he gets it finalized.
- General Board Discussion.
- No action was taken.

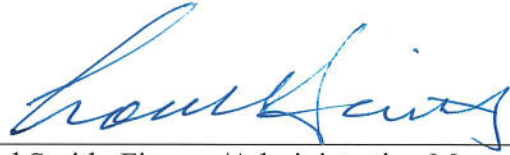
CONSENT AGENDA- The following consent items may be approved by one Board vote. Any Director may pull consent items from the consent agenda for discussion.

Sayre moved to approve the consent agenda; Burmeier seconded. Motion passed unanimously.

15. Approve Minutes of Regular Board meeting August 11, 2021.
16. Approve Expenditures over \$25,000.
17. Approve Bad Debt write-offs.

ADJOURNMENT

The meeting was adjourned at 11:11AM



Loyd Smith, Finance/Administration Manager

Minutes approved on the 13th day of October 2021.



Gerald J. Hietpas, President, Board of Directors

ATTEST:



Larry Burmeier, Vice President, Board of Directors

