

MINUTES
ACTON MUNICIPAL UTILITY DISTRICT

The Board of Directors of Acton Municipal Utility District met in special session at 10:00 a.m., Wednesday, August 14, 2024. Notice of said meeting was posted as prescribed by Chapter 54, Article 109, of the Texas Water Code.

Special Session

August 14, 2024

Directors Present

R. Lewis
D. Cleveland
J. Featherston
G. Rose
V. Vernon

Staff Present

R. English
C. Neal
B. Evart
T. Riggio

Visitors Present

S. Dollins, Brazos Regional
Public Utility Agency

Directors Absent

None

Call to Order

Ray Lewis, President, called the meeting to order at 10:00 a.m.

- A. Richard English presented the proposed Capital Budget for fiscal year 2024-2025. He reported the overall budget anticipates a 5% rate increase across the board. He stated most items listed on the capital budget are carried through on an annual basis. The items are highlighted as follows:

Water Capital:

- Water Valves – Installed in the system to facilitate control of various lines and fire hydrants - \$6,000.
- Fire Hydrants – To replace inoperable existing hydrants or installed in new locations to enhance fire protection where needed - \$5,000.
- Meters Remote Read – \$200,000 to purchase and install Badger E-Series ultra-sonic meters and transmitters to replace old meters in the system as well as new installations. The cost of a complete meter unit is \$350 each.
- Pumps and Motors – \$60,000 to replace various pumps and motors as needed.
- Water Meters – \$11,000 for purchase of non-standard meters that are typically larger and register increased volume.
- Well Rehab/Replacement – \$50,000 for rehab as needed. Well rehab works in conjunction with pumps and motors.
- Elevated Storage Tank – \$2,541,068 Pecan Plantation Tank #2, this is the approximate remaining balance. This project is bond funded.
- Water Line – \$2,085,200 - 16” Acton Loop Waterline Extension. We are reimbursed with bond funds.

- Tank Rehab – \$55,000 rehab of several tanks identified under our annual tank inspections.
- SWATS Capital – \$500,000 for AMUD’s BRPUA capital budget. R. English informed the Board of a conversation with Josh Howard, JCSUD’s new General Manager.

Sewer Capital:

- WWTP – DCBE – \$20,000 for repairs/replacements as needed.
- WWTP – Pecan Plantation – \$10,000 for repairs/replacements as needed.
- I & I Abatement/Upgrade – \$500,000 for replacement and renewal of sewer lines and infrastructure.
- Pump Replacement – \$75,000 - \$20,000 to replace pumps at LSDC 12, \$55,000 to replace other lift station pumps and controls as needed.
- Grinder Pumps – \$30,000 represents replacement of existing grinder pumps in place.
- Wall/Fence - \$50,000 to replace wall panels at WWTP #1.
- Lift Stations – \$520,000 for LS 11 Improvements. (carryover). It is likely that this project will need to be rebid this year. There is another developer wanting to fast forward in developing approximately 600 lots. Although this project is listed as cash funded capital, there is approximately \$1 million TWDB bond funds remaining from the WWTP #1 that could be dedicated for this project.
- Lift Station Rehab – \$106,000 - \$27,000 carryover rehab of LSP 13, we are just waiting on equipment, \$39,000 for rehab of LSP3, estimated \$40,000 rehab of LSDC 12.
- Machinery and Equipment – \$60,000 for a new jetter.

Administration Capital:

- Vehicle Replacements – \$165,000 to replace Veh 66 – 2 ton with crane (\$106,000) and small dump truck (\$59,000); R. English informed the Board we plan to convert the 2 ton truck to a flatbed truck to be used for carrying heavy equipment.
- Vehicle Equipment – \$50,000 for a yard tractor lift (\$40,000) and conversion of Veh 66 to flatbed (\$10,000). In conjunction with a new yard building request, we have just received a quote to chip seal the laydown yard. The quote is \$70,000 for the entire yard. By chip sealing the laydown yard, crews will be able to utilize the forklift, thereby eliminating the need for a yard tractor lift. Staff recommends chip sealing the laydown yard and pulling the yard tractor lift from the proposed budget.
- Office & Warehouse Building – \$280,000 - \$250,000 for a new building and \$30,000 for A/C replacements as needed. The building will be constructed at the north end of the laydown yard.
- Billing & Accounting Software – \$30,000 to complete purchase and installation of new billing system.

- Computer Equipment – \$10,000 for various computer replacements, licenses and software.

Engineering Capital:

- Engineering Fees – \$36,000.

Capital Contingency:

- \$20,000 to allow for unexpected capital expenditures.

- B. Bob Evert presented a proposed Operations & Maintenance (O & M) and Debt Service Budget for fiscal year 2024-2025. Based on projected customer growth of 2.7% in new connections next year as well as incorporating the 5% rate increase adopted last Fall, and also for the ensuing year, we are increasing water revenue expectations by approximately \$600,000. Sewer revenue is expected to increase approximately \$200,000 based primarily on customer growth. Impact fee collections this year are expected to remain as projected for the prior fiscal year. Total revenue is projected to be \$16,156,730.

Water and Sewer:

- By far, this item is the largest impact on O & M expense. Overall, our SWATS related costs are budgeted at \$2,652,865. Of this total, \$500,000 of SWATS Capital is shown in Capital Water Budget. SWATS O&M is \$2,152,865. SWATS projected total contribution costs are approximately \$182,458 higher than the prior year.
- Projected raw water cost for all 7,000-acre feet is \$520,000. BRA system-wide rate increased from \$93.50 to \$99.50 per acre foot. Option water contracts have increased slightly. This is water contracted for but not expected to be used, thus we pay less for reserving the water.
- Debt Service – Debt Service is budgeted at \$4,740,535, including agency fees. Debt Service requirement is 1.05; projected debt service coverage is approximately 1.60. This indicates our bond covenant is covered, under our proposed rate structure we are projected to have an approximate \$57,000 surplus after funding cash-funded capital expenses.

Wages and Benefits:

- Payroll has been budgeted with a 6.0% increase composed of a 4% COLA and 2% merit. Wages are calculated and based on staffing levels of 29 full time employees. The account License Adjustment is included to recognize an increase in wages in recognition of obtaining a water or sewer license. Retirement cost are approximately 8.0% of payroll. Included in this rate is 2.02% related to underfunded retirement liability (\$334,361). Staff is requesting to pay down \$50,000 on retirement which would keep our funded ratio at 94.6. Mandatory employee contribution rate is 5%, AMUD matches the rate 2.0 times the employee's contribution rate. Unemployment taxes fluctuates from year to year; the rate is set by the State of Texas and fluctuates on a recurring cycle of low to high every other year. We have no control over this

rate and will not know the rate until December for implementation January 1st. Longevity pay is budgeted in the amount of \$102,000.

- Medical Coverage Cost – Coverage is through Blue Cross/Blue Shield (BCBS) and renews January 1st. Actual AMUD amounts will not be available until late October to early November. The District currently provides medical coverage for 25 of the 29 full time employees with employees picking up 30% of the cost for family members. AMUD contributes \$1,300 to a Health Reimbursement Account (HRA) for each covered employee under the plan, with a maximum allowable carryover of \$2,000 per employee; this account is expensed as funds are expended. A Flexible Spending Account (FSA) is offered that allows employees to set aside pre-tax funds for medical care. FSA amounts are funded entirely by employees.

Insurance:

- Property and Casualty and Workers Compensation premiums are expected to increase this year due to several claims on our P & C policy and our Workers Compensation mods have increased since the prior year.

Engineering:

- Engineering Office Expenses is budgeted at \$200 for occasional expenses. Engineering Consultant category represents eHT retainer.

Summary:

In summary, the overall budget yields net revenues, which are estimated to cover cash funded capital items with a surplus of approximately \$57,000.

C. Items from Board Members:

Rose:

None

Vernon:

None

Cleveland:

None

Featherston:

None

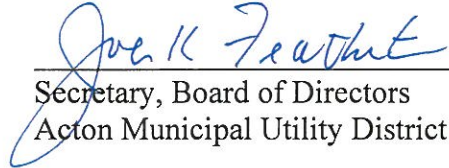
Lewis:

None

Adjournment

A motion was made to adjourn at 11:24 a.m.

Motion: Vernon
Second: Rose
Vote: All ayes


Secretary, Board of Directors
Acton Municipal Utility District