

# Lake Palo Pinto Area Water Supply Corporation

LPPAWSC Regular Directors Meeting Minutes, December 14, 2020, at 5:00 PM

LPPVFD Station #1 Meeting Room, 7830 FM 2692, Gordon, TX 76453

The meeting was called to order at 5:06 PM by Karen Koonsman.

Prayer by Laura Jones.

Roll Call: Harry Romine was absent; Laura Jones, Karen Koonsman, Wayne Campaign, Bruce Rogers and Paul Coventry were present. We had a Quorum.

Guests: James Smith is a Circuit Rider for the Texas Rural Water Association.

Approval of the previous meeting minutes. Motion to accept by Bruce and seconded by Rick. The Motion passed.

Approval of financial statements and authorize payment of expenditures presented by Reann Mowles:

Current assets as of November 30, 2020

Checking/Savings

Special 10 year Reserve Account	32,443.30
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TWDB Loan #2 Spec. Res. Acct.	69,643.32
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Contingency and Equipment (Santo)	79,357.41
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Capital Improvement Accounts	150,569.78
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Ten Year Reserve Accounts, 10 year Reserve	22,283.11
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CD #1 10 year Reserve	61,144.54
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Total 10 year Reserve Accounts	83,427.65
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Capital Improvement Accounts FNB Gordon	150,569.78
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Total Capital Improvement Accounts	150,569.78
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LPPA Checking Account	153,864.84
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Total Checking and Savings	569,306.30
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Total Current Assets	569,306.30
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Liabilities and Equity 0.00

Details were discussed and questions answered. A motion to accept was made by Rick and seconded by Wayne. The motion passed.

The Managers Report was given by Chase Lerma.

Water pumped this month 2,828,200 Gallons

Water Sold this month 2,075,410 Gallons

Water used for fire and flushing 335,700 Gallons

Water loss 417,090 Gallons

Water loss percent 14.75%

Total number of accounts 670

Average usage active meters 3,088 Gallons

Average water charge for active meters \$82.02

Total current charges \$56,486.54

Total Receivables \$57,837.02

Work orders totaled 35 this month and were as follows:

Register replacements:17, meter change outs: 2, new meters:1, transfers:4, complaints (low pressure):2, final reads:4, line locates:2, re-service:1, meter box change out:0, customer service inspection:1, PRV installation:1, total orders:35.

Chase reported that there was no activity on the developers' agenda last month.

Training schedule: James has submitted his application for his Class C Texas Water Operators License. Good work James!

New members: Doug Keith: 2259 N. Lakeview Drive

Transfer of membership:

1. David Patenaude to Cary Clark: 1520 S. Lakeview Dr.
2. Candor Enterprise to Terry Mahan: 1974 N. Lakeview Dr.
3. Adrian Miller to Josh Winbourn: 2253 S. Lakeview Dr.
4. Theodore Henning to Diana Sterrett: 1930 N. Lakeview Dr.

Disconnected service: Misty Jones: 474 Kennon Circle

Re-connect service: Kamie Stover: 300 Ahlfeld Lane

Re-services: none

A motion to accept the manager's report made by Rick and a second by Laura and the motion passed.

Discussion of and action on the following items:

Mr. James Smith with the Texas Rural Water Association (TRWA) came to help the Board understand how the State expects us to calculate our water rates. There are many water supply corporations in the state and the TRWA is there to answer technical questions about accounting and operations. Rueann and Chase have plugged our accounting data into the TRWA Rate Calculation model program and generated a spreadsheet showing rates based on general assumptions. The Corporations numbers indicate that we are saving a little money while carrying a lot of debt for our 670 or so members. In planning ahead we expect to gather the money and proceed with the neediest projects first and pay as we go. We have to move forward with improvements and upgrades to our distribution system because we can't accept new members in these overloaded areas. We purify lake water in our own facilities and distribute that water to our members. Most water corporations buy purified water from an approved source or supply ground (well) water to their members and only distribute the product. We are one of the few water supply corporations in Texas who have our own surface water treatment plant. We are also one of the smallest with 670 connections which limits our income. We have improved our physical plant in recent years and took out loans to do so. Our engineering firm has told us that we have several line project upgrades needed for a total estimate of just over a million dollars and about 300 thousand worth needs to begin ASAP. The cost of raw water is going up next year and the inflation index is about 2%. We are not accumulating cash fast enough to attack all these projects at once without a grant or another loan. The Finance Committee met and did see that the figures from the TRWA model were different than what we now charge and Mr. Smith explained the model. He was very informative as to how other water supply corporations auditing practices. The board discussed all aspects of applying for a grant. The process is complex and Chase is working on it but we are not the only one applying. Our rate structure is composed of a base rate of \$61.32 and a tiered volume charge starting at \$5.76/1000 gallons to the first 10,000 gallons. The rates for higher consumption were increased last year. The board thinks that a modest rate increase is necessary when they saw that we have work to do and are not saving enough to pay ahead for it. We need to raise about 25% more revenue to satisfy the TRWA model but not all at once.

Motion: The base water rate of \$61.32 will be increased by 8% and the base water rate for the first 10,000 gallons will be increased from \$5.76/1000 gallons by 2%. The remaining tiered water rates for volumes greater than 10,000 gallons will remain unchanged. The motion to accept was made by Laura and seconded by Rick. The motion passed. The increase will take effect as soon as the proper notifications are given.

Chase has been to Palo Pinto County Commissioners Court to see if we can get the County to sponsor our request for a grant. We will have to continue to work with our officials. We are certainly not very high on their priority list. For now it looks like we will have to wait until after the Holidays.

Plant and Infrastructure: Reann, Chase and James are busy fixing the office and getting new flooring installed. From the Board to all our employees, Happy Holidays and we hope you have a Safe New Year.

Personnel Committee had no new report after the Personnel Policy and Reviews last quarter. This Committee will not need to be on the agenda for January 2021.

Public Comments: None

Discussion items to be included on next month's agenda:

1. Grant application progress
2. Plant Infrastructure and Finance Committee
3. Fee revision by Chase
4. Election of officers
5. Annual meeting plans

A move was made to adjourn at 7:29 PM by Rick and seconded by Wayne, the Motion carried.

The next Regular Meeting of the Board of Directors will be held at the LPPVFD Station #1 meeting room on January 11, 2021, at 5:00 PM.