



**Board of Supervisors
Meeting Minutes
August 29, 2019**

Board Members Present:

Richard Jones, President
Belinda Ross, Vice President
Belva Hartsfield, Secretary-Treasurer

Board Members Not Present:

Jemmie Hageon, Secretary Pro Tem
Daryl Hart, Supervisor

ANRA Staff:

Kelley Holcomb, General Manager
Chris Key, Operations Division Manager
Dyan Stanford, Administration Division Manager

Guests:

Kermit Kennedy (Commissioner, Precinct 2)
Mark Maxie
Donna Mulholland
Alvin Hawkins
Patrick McKelvey
Yasmin Callaway
Darlene Smallwood

1. Call to Order: Mr. Richard Jones called the meeting to order at 5:32 PM.
2. Confirm Quorum: Mr. Jones declared a quorum present.
3. Open Public Hearing on Proposed Tax Rates for Calendar Year 2019: Mr. Jones opened the Public Hearing at 5:33 PM. Mr. Kelley Holcomb asked what Angelina County's rate is proposed to be. Mr. Kermit Kennedy responded the County is looking at a \$0.07 increase for a total rate of \$0.50250. The first hearing is coming next week. Mrs. Belinda Ross noted that she agrees with a gradual increase instead of one large jump. Mr. Jones highlighted that the previous tax rate for the District for 2018 was \$0.49. Mr. Holcomb referred to the calculations provided in the Board packet for the different rates that the Board could accept.

Mr. Jones stated that an increase to \$0.50 would result in \$700 more revenue for the District overall. Mr. Holcomb reminded the Board that the Board couldn't go over \$0.50 per \$100 valuation without a special election. The rate proposed by the Appraisal District was \$0.51. Last year, the District increased from \$0.48 to \$0.49. Mr. Holcomb provided updates on the District's activity. Mr. Patrick McKelvey questioned what is wrong with the Jerri Street Lift Station. Mr. Holcomb explained that the pumps are old at that station, originally installed in 1998 and need to be replaced. The cost of each of the pumps is approximately \$30,000. ANRA will review alternatives soon for that replacement. Mr. McKelvey asked if taxes are being raised to pay for the lift station repairs. Mr. Holcomb agreed the money will be used for those repairs because they are coming at some point in the future, but the District is not sure as to when that will happen.

Ms. Donna Mulholland stated that she believes taxes keep going up while the customers do not get trash service. Ms. Darlene Smallwood agreed that taxes continue to increase and trash is not provided. Mr. Holcomb discussed the rate structure for the District and the rate/tax increases over the past. Mr. Jones reminded those in attendance that any time something breaks, the District has to pay all at once to fix the issue. The revenue from taxes goes to improving the system. A discussion occurred as to who owns different pieces of property. Ms. Yasmin Callaway asked if grants are available to assist with projects like what are being discussed. Mr. Holcomb agreed the District reviews grants available on a regular basis and that the most recent project for sewer included \$4 million in grant funds.

Mr. Jones stated that the District needs to use cash for items versus having to pay back a loan with interest. Ms. Mulholland asked if the District collects revenue from the customers in Rivercrest. Mrs. Ross noted the District gets money from Rivercrest customer rates, but also tax revenue on their property. Mr. McKelvey asked what property the District owns. Mr. Holcomb explained that the District owns the building where Board meetings are held, the Jerri Street Lift Station, all the water lines of the District, half the sewer lines of the District, and the Rivercrest system and associated lines. Mr. Hawkins questioned if on the property that ANRA/NAC owns, does the District have to reimburse ANRA if something breaks, which Mr. Holcomb agreed was correct. The District is then reimbursed for those costs through the rates it charges the customers. A discussion occurred regarding past issues of the District and how they were paid for.

Mr. Kennedy asked what the sources of revenue are for the District. Mr. Holcomb stated revenue comes from the rates paid by customers, and the taxes assessed on property within the District. Ms. Callaway asked if the District is allowed to change the tasks it is authorized to work on. Mr. Holcomb said changes can be made, but it is a difficult process. Mr. McKelvey noted that he thinks if nothing is wrong within the District, then taxes should not be raised. Mr. Jones reminded those in attendance that if

a pump station goes down, the District would be looking at a new bill each month because the funds are not available to take care of the expense at one time.

Mr. McKelvey stated that it seems taxes are being raised in anticipation of something occurring, rather than due to a need. A discussion occurred regarding the responsibilities the District has to its customers.

Mr. Hawkins questioned if improvements being done to the water system will fix the smell in the water. Mr. Holcomb responded that the smell is normal for this area. ANRA flushes the lines to help with the smell. Ms. Mulholland questioned if ANRA has tax exemptions, but Mr. Holcomb explained that ANRA does not have taxing authority. Mr. Hawkins asked if other water districts have a tax rate. Mr. Holcomb responded that some do, but not all of them. Mr. Hawkins questioned what would happen in the event the City annexes this portion of the County. Mr. Holcomb noted that there are sections of law that govern one entity buying out another, and the law is very complicated. Mr. Hawkins stated that he does not see why the City would help the District like they are currently, if the City did not have plans for future annexation of the area.

Ms. Mulholland asked if the trailer houses that were recently established help the District. Mr. Holcomb agreed the District's valuations did increase. Ms. Callaway questioned the possibility of adding recycling, but Mr. Holcomb stated that process is too expensive. Mr. Holcomb questioned if those in attendance want the District to review the possibility of trash provisions, but those in attendance responded they did not want trash provisions at this time.

The public hearing was closed at 6:25 PM.

7. Consideration and Approval of the 2019 Maintenance and Operation Tax Rate: Mrs. Belva Hartsfield motioned to approve the 2019 Maintenance and Operation Tax at a rate of \$0.50 per \$100 of valuation. Mrs. Ross seconded the motion. All members voted in favor and the motion was approved.

Mr. Mark Maxie, Ms. Donna Mulholland, Mr. Alvin Hawkins, and Ms. Darlene Smallwood left the meeting at 6:26 PM.

4. Consideration and Approval of the minutes from the April 26, 2019 meeting: Mrs. Ross motioned to approve the minutes as presented, with a second by Mrs. Hartsfield. All members voted in favor and the minutes were approved.
5. Consideration and Approval of Financials: Mr. Holcomb presented the financial information to the Board. There were no unusual expenses or items of note for the District's operations. With regards to tax, the financial audit was completed for FY 2018 and paid out of tax funds within the quarter. Mr. Holcomb discussed the updated graphs being presented, as well as the idea of reserve funds. As of June, the District has

collected 85% of its tax revenues. Mr. Holcomb noted that grant funds have allowed the District to grow.

Mrs. Ross motioned to approve the financials. Mrs. Hartsfield seconded the motion. All members voted in favor, therefore the motion passed.

6. Consideration and Approval of the FY 2019 Certified Appraisal Roll: Mr. Holcomb reminded the Board that taxes are collected retroactively. Legislation that was recently approved increased the District's exempted value.

Mrs. Ross motioned to approve the 2019 Certified Appraisal Roll as presented, with a second by Mrs. Hartsfield. All members voted in favor and the roll was approved.

8. Consideration and Approval of FY 2020 Annual Budget: Mr. Holcomb reminded the Board with regards to the Tax budget, revenue is calculated at a 90% collection rate.

Mrs. Ross motioned to approve the FY 2020 Annual Budget. Mrs. Hartsfield seconded the motion. All members voted in favor and the budget was approved.

9. Consideration and Approval of the completion of an Alternatives Analysis relating to the Rivercrest Wastewater Treatment Plant by Angelina & Neches River Authority: Mr. Holcomb explained what an alternatives analysis is, along with the history of the Rivercrest project related to its consolidation into the District. The Texas Water Development Board (TWDB) is requiring this analysis to make sure they authorize the best option with regards to that system. This is a formal evaluation of what will not work. The cost is at a not to exceed amount of \$40,000 which will be funded through grant dollars provided by the TWDB. This is required in order to get further access to grant dollars in the future.

Mrs. Hartsfield motioned to approve the Alternatives Analysis to be conducted as presented at a not to exceed amount of \$40,000.

Mr. McKelvey asked if the TWDB is wanting to do away with the Rivercrest plant and instead use a pump to transport the sewage to ANRA's NAC. Mr. Holcomb explained that ANRA is proposing that option due to lower long term operational costs. Mr. McKelvey requested clarification that in that change, the sewer will pump to ANRA's NAC. Mr. Jones responded that the District would rather have the sewer moved than have to deal with it by themselves. Mr. McKelvey asked why customers should be billed for that. Mr. Holcomb reminded those in attendance that both the District and ANRA make money off of sewer. Mr. Jones again stated that the District does not want to handle those difficult tasks like sewer. Ms. Callaway questioned if the analysis report can be changed, which Mr. Holcomb reminded those there of the not to exceed amount.

Mrs. Ross seconded the previous motion by Mrs. Hartsfield. All members voted in favor and the motion was approved.

10. Consideration and Approval of the Water Conservation and Drought Contingency Plans: Mr. Key presented the changes to the plans noted in red. Most updates being presented relate to changes the District has made itself. Mr. Holcomb stated that this is one of ten reports the District has to submit. Mrs. Ross asked if there is any problem changing the testing period of the master meter. Mr. Holcomb responded that there is no problem in changing the time frame, as long as it is noted and ANRA follows it.

Mrs. Ross motioned to approve the plans as recommended. Mrs. Hartsfield seconded the motion. All members voted in favor and the motion carried.

11. Consideration and Approval of the Phased Rate Structure Supplemental Agreement with Oasis Mobile Home Park: Mr. Key reminded the Board of its previous approval of an agreement with Oasis Mobile Home Park with relation to its rate structure. A 6" meter was installed at the property to provide service to 230 planned connections. However, the project will populate in phases and thus a phased rate structure was recommended. The 1st phase will provide service to 32 connections at a 3" meter rate. The 2nd phase will serve 64 connections at a 4" meter rate. The remaining phases will be charged under a 6" meter rate. This is a ratification of the agreement approved previously regarding the phased rate structure.

Mrs. Hartsfield motioned to approve the agreement as presented, with a second by Mrs. Ross. All members voted in favor and the motion passed.

12. Consideration and Approval to install an access gate at the Jerri St. Lift Station: Mr. Key noted an issue recently where a car has been parked by the Jerri Street Lift Station and vandalism has occurred in the form of graffiti. ANRA is proposing a gate to be installed to impede access to that facility. Mr. Jones suggested a dead-end sign be posted as well.

Mrs. Ross motioned to approve the installation of an access gate (preferably yellow in color). Mrs. Hartsfield seconded the motion. All members voted in favor and the motion carried.

13. Consideration and Approval of Additional Security Deposit at 3267 FM 2251: Mrs. Dyan Stanford explained the history of the account and the Board's process relative to higher deposits on customer accounts. Due to the history of bills left at the proposed address, an additional \$120 deposit is being recommended for a total of \$200.

Mrs. Ross motioned to approve an additional deposit requirement of \$120 at 3267 FM 2251 to bring the total deposit due for this account to \$200. Mrs. Hartsfield seconded the motion. All members voted in favor and the higher deposit was approved.

14. Consideration and Approval of the engagement of Axley & Rode for the completion of the FY 2019 Annual Financial Audit: Mr. Holcomb reminded the Board that this item relates to the change in Accounting consultants recently made to Goff and Herrington, who used to conduct the District's financial audit. Due to that change, the District had to consult a new auditor for the FY 2019 financial audit.

Mrs. Hartsfield motioned to approve the engagement of Axley & Rode for the District's FY 2019 Annual Financial Audit. Mrs. Ross seconded the motion. All members voted in favor and the motion was approved.

15. Closure of Business: Mrs. Stanford highlighted a new requirement that the District post meeting minutes and agendas on its website. Mr. Holcomb discussed recently passed legislation. A public forum requirement is in effect as of September 1st and the District will have to determine rules regarding that availability to the public. Mr. Kennedy stated that he can provide what the County approved with regards to public forum. Mr. Holcomb noted the basic concept is a member of the public will turn in a card to speak on an agenda item, under a limited time frame. Mr. Holcomb also discussed the issue with a walking quorum related to some legislation.

Mr. Jones closed the meeting at 7:34 PM.

APPROVED THIS _____ DAY OF _____, 2019.

ATTEST:

Richard Jones, President

Belva Hartsfield, Secretary-Treasurer