

# BOARD OF DIRECTORS MEETING

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October 19, 2021



## PLEDGE OF ALLEGIANCE

I pledge allegiance to the flag of the United States of America, and to the republic for which it stands, one nation under God, indivisible, with liberty and justice for all.



## PLEDGE OF ALLEGIANCE TO THE TEXAS FLAG

Honor the Texas flag; I pledge allegiance to thee, Texas, one state under God, one and indivisible.

# 2

## Public Comment

# 3

Consider Approval of the Minutes from the Meetings Held on September 20, 2021, September 21, 2021, and September 29, 2021

# 4

## Discuss and Consider Approval and Adoption of Proposed Board Governance Policy

Dan Buhman, *General Manager*

# 5

Consider Approval of Order Authorizing the Issuance of Tarrant Regional Water District, a Water Control and Improvement District, Unlimited Tax Refunding Bonds; Levying an Ad Valorem Tax in Support of the Bonds; Establishing the Procedures of Selling and Delivering the Bonds; and Authorizing Other Matters Related to the Issuance of the Bonds

*Sandy Newby, Chief Financial Officer*

# 6

## Consider Approval of Resolution Regarding the Tarrant Regional Water District's Authorized Bank Representatives

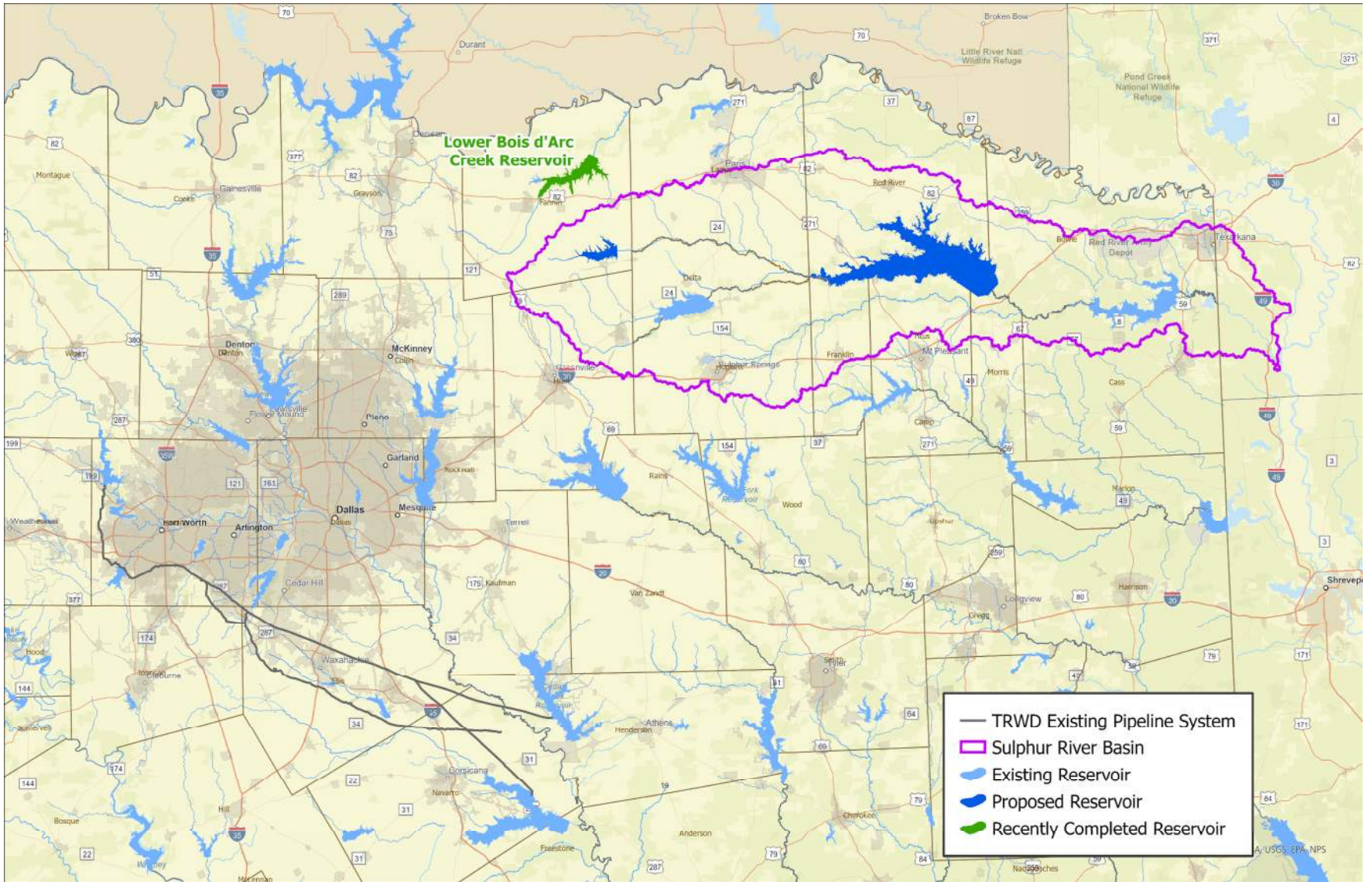
Sandy Newby, *Chief Financial Officer*

# 7

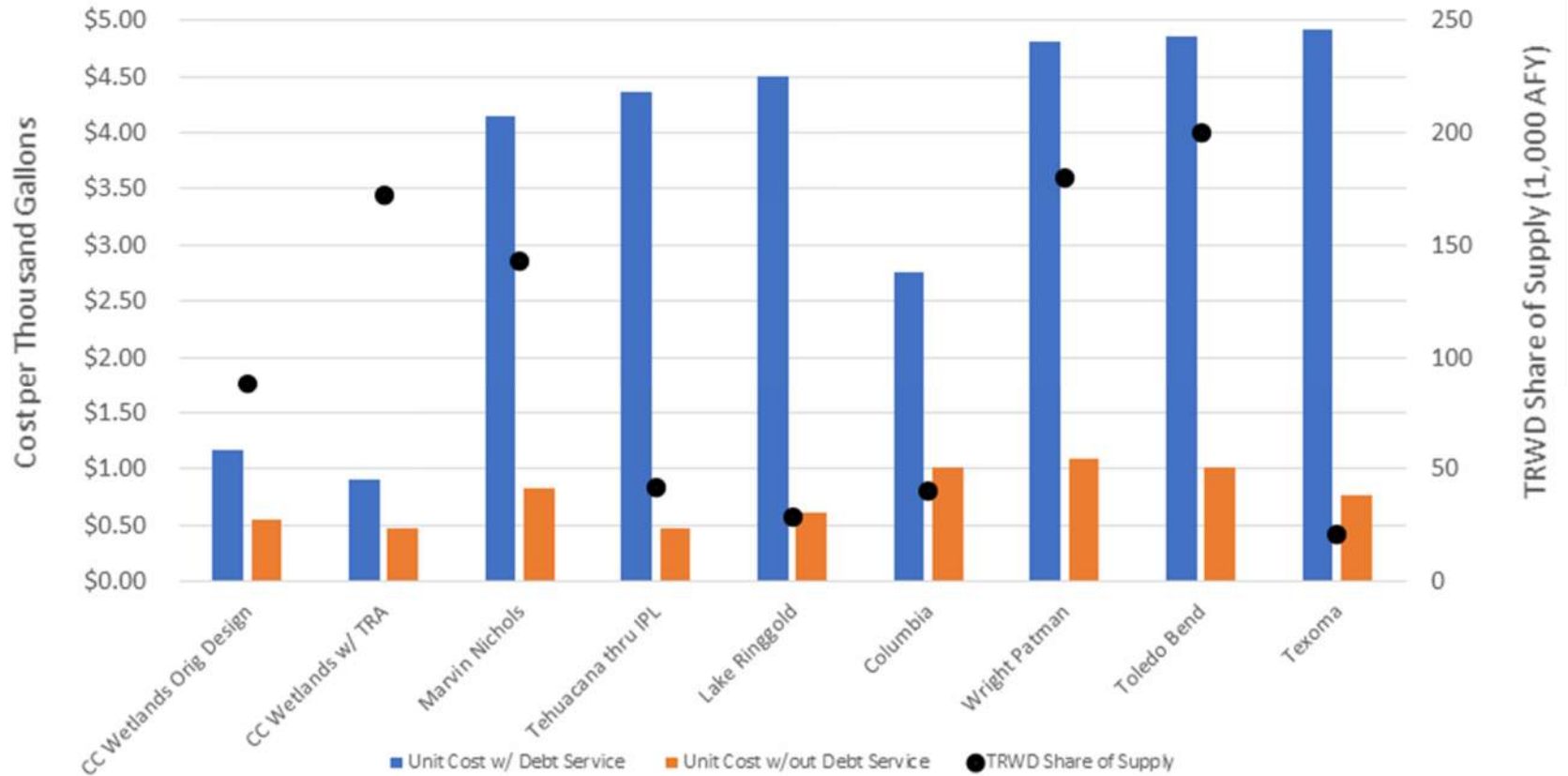
## Consider Approval of Interlocal Agreement for Developing Future Water Supplies in the Sulphur River Basin

Rachel Ickert, *Chief Water Resources Officer*





# TRWD Unit Costs – Compare Water Supply Strategies

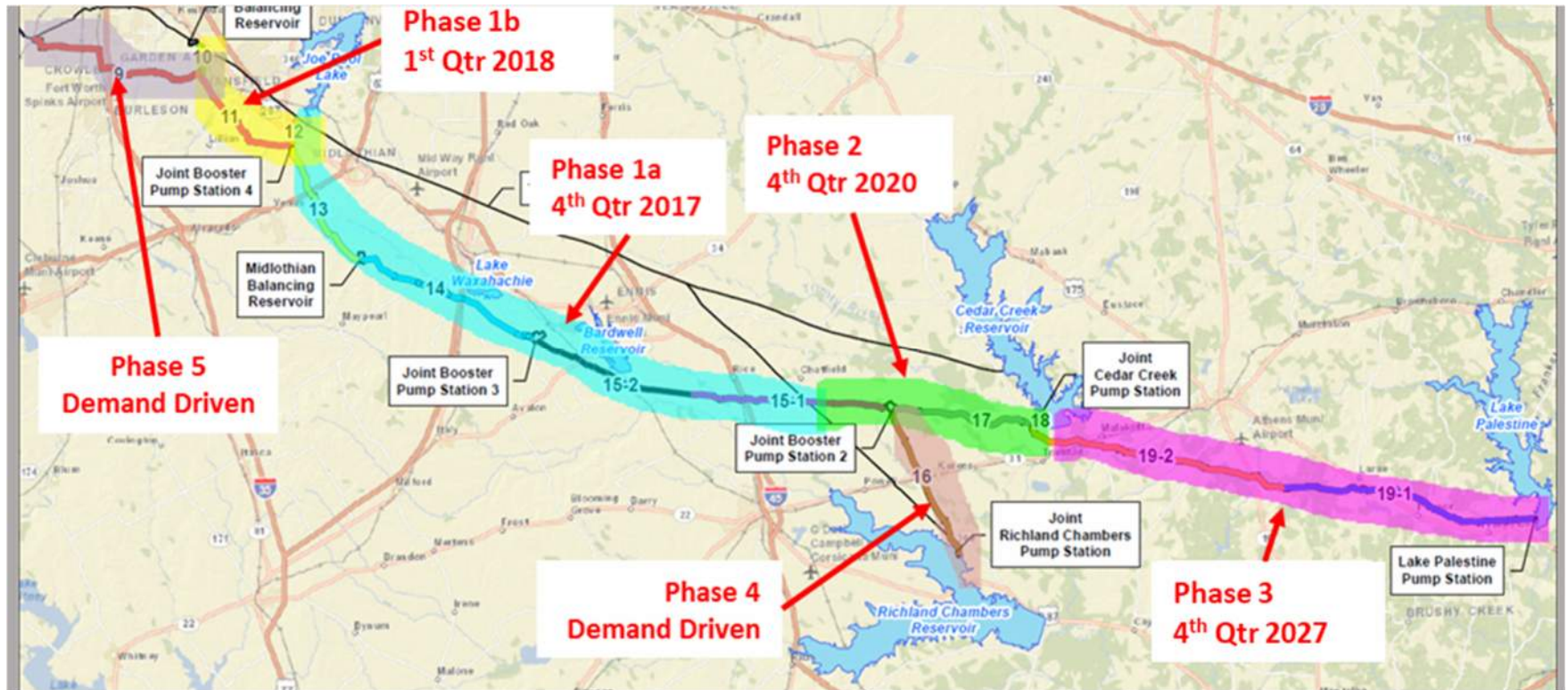


# 8

Consider Approval of Contract Amendment to CH2M Hill Engineers, Inc. for Final Design, Bid and Construction Phase Services of Dallas Lake Palestine Pump Station of the Integrated Pipeline Project

Ed Weaver, *IPL Program Manager*

# Integrated Pipeline Layout and Phases



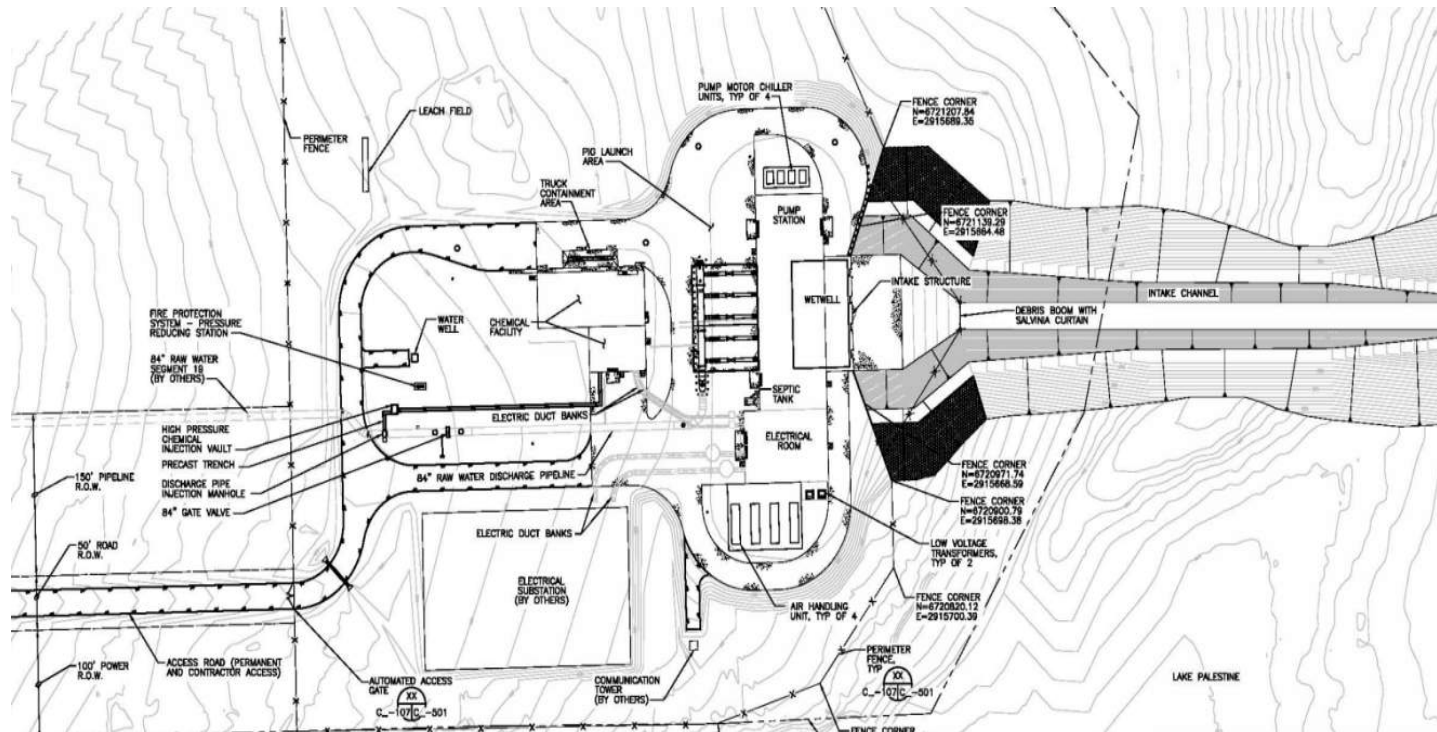
## Integrated Pipeline Lake Palestine Pump Station



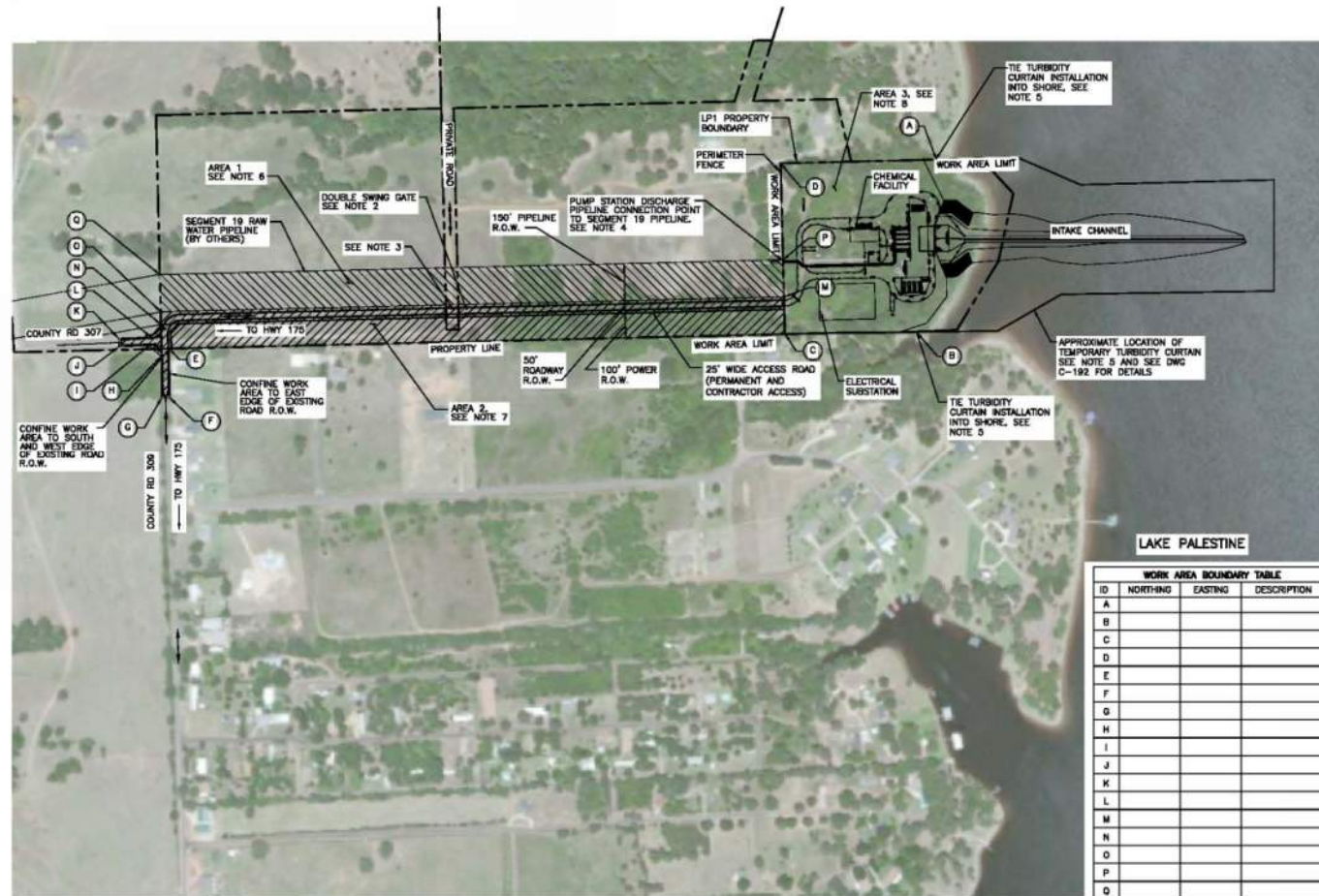
3-D model used to produce contract drawings reducing discipline and trade conflicts. The Cedar Creek and Palestine lake pump stations are split into two each construction contracts –

- Package 1 -- pump station wetwell, fish screens and intake channel (primarily civil).
- Package 2 – pump station, piping, Owner Furnished Equipment install and chemical facilities (civil, mechanical, electrical, instrumentation, controls, communications, HVAC. Etc.)

# IPL Project Phase 3 – Lake Palestine Pump Station Site Plan



# IPL Project Phase 3 – Lake Palestine Pump Station Site Plan



WORK AREA BOUNDARY TABLE			
ID	NORTHING	EASTING	DESCRIPTION
A			
B			
C			
D			
E			
F			
G			
H			
I			
J			
K			
L			
M			
N			
O			
P			
Q			



## IPL Project Phase 3 – Lake Palestine Pump Station





# 9

## Consider Approval of Contract with Retzlaff Construction LLC for Lower West Fork Trail Resurfacing

Darrell Beason, *Chief Operations Officer*



Red line is proposed trail replacement.  
Yellow boxes are heavy equipment crossings.

# 10

## Consider Approval of Operations Maintenance Expenditures

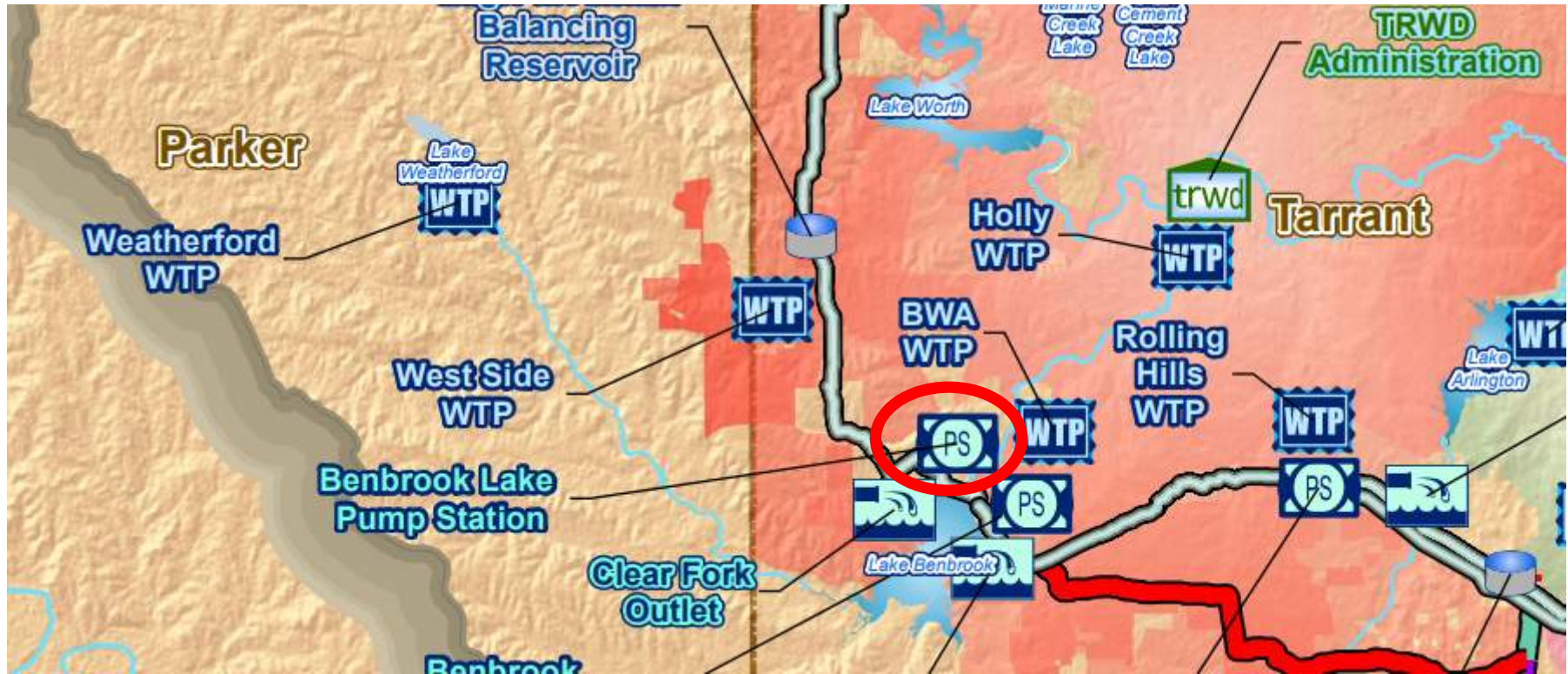
Darrell Beason, *Chief Operations Officer*

## Operations Consent Agenda



Haul trucks will be tandem and similar to this truck.

# Vibration Monitoring Equipment Upgrade at Benbrook Booster Pump Station





WATER SUPPLY · FLOOD PROTECTION · RECREATION



## Appendix

### ISO 10816-7:2009(E) Evaluation Zones

Zone	Description	Vibration Velocity Limit in/s-rms			
		Category I		Category II	
		< or = 268 hp	> or = 268 hp	< or = 268 hp	> or = 268 hp
<b>A</b>	Newly commissioned machines in preferred operating range	0.098	0.138	0.126	0.165
<b>B</b>	Unrestricted long-term operation in allowable operating range	0.157	0.197	0.201	0.240
<b>C</b>	Limited operation	0.260	0.299	0.335	0.374
<b>D</b>	Risk of damage	>0.260	>0.299	>0.335	>0.374
Maximum ALARM limit (= 1.25 times the upper limit of zone B)		0.197	0.248	0.252	0.299
Maximum TRIP limit (= 1.25 times the upper limit of zone C)		0.327	0.374	0.417	0.469
In-situ acceptance test	Preferred operating range	0.098	0.138	0.126	0.165
	Allowable operating range	0.134	0.173	0.165	0.205
Factory acceptance test	Preferred operating range	0.130	0.169	0.165	0.205
	Allowable operating range	0.157	0.197	0.201	0.240

# Staff Update

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## Administrative Policies Update

**Lisa Cabrera**

Chief Human Resources Officer



# Staff Update

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Transparency Update

Sandy Newby

Chief Financial Officer

# Comptroller Transparency Star Program



Transparency Stars

Recognizing Local Transparency Achievements



## Transparency Star: Traditional Finances

- Displays summarized financial information for the current year
  - Revenues in total and per capita
    - Property Taxes are shown separately
  - Expenses in total and per capita
- Displays 5-year time trend data for revenues and expenses per capita
- Provides 5 years of Audited Financial Statements and Budgets
- Provides downloadable check registers for the past 3 years that are updated automatically each week in Excel form
- Provides the current year's budget in Excel form

# Transparency Star: Traditional Finances

- Overview
- Traditional Finances
- Contracts and Procurement
- Economic Development
- Debt Obligations
- Public Pensions
- Contact Information

## Traditional Finances

Financial Summary | Annual Budget Reports | Comprehensive Annual Financial Reports | Check Registers | Time Trends

The District has two main funds, the General Fund for flood protection and recreation purposes, and the Enterprise Fund for raw water sales. The General Fund receives property tax revenue from a designated flood protection district, and included in the General Fund are a Recreation Fund and a Special Projects/Contingency Fund (beginning in FY2020). The Enterprise Fund includes an annual operating fund, the Revenue Fund, as well as Bond Funds for large capital projects, and related Reserve and Contingency Funds.

See below for fiscal year 2020 expenses and revenues per related capita in each fund (Tarrant County Population for Enterprise Fund and the District's tax population for the General Fund), as well as the number of Full Time Equivalent Employees (FTE's).

Note that the District does not receive any sales tax revenues.

Expenses		
Source	Total	Total Per Capita
Enterprise Fund	\$116,647,345	\$55.31
General Fund	\$30,894,061	\$68.02
<b>Total</b>	<b>\$147,541,406</b>	

Full Time Equivalent Employees  
**410**

Revenues		
Source	Total	Total Per Capita
Enterprise Fund	\$157,842,856	\$74.84
General Fund	\$39,676,144	\$87.35
Property Taxes	\$21,924,922	\$48.27
<b>Total</b>	<b>\$219,443,922</b>	

## Traditional Finances

Financial Summary | Annual Budget Reports | Comprehensive Annual Financial Reports | Check Registers | Time Trends

Below are charts to show expenses and revenues per related capita in each fund (Tarrant County Population for Enterprise Fund and the District's tax population for the General Fund), as well as the number of Full Time Equivalent Employees (FTE's) over the previous 5 years. Note, the expenses in the general fund were higher in 2017 and 2018 due to high costs on the Panther Island/Central City Project during those years. Property taxes received per \$100 valuation are also shown for the previous 5 years. The increase in property taxes in 2020 was due to an increase in the tax rate from \$0.0194 per \$100 valuation to \$0.0287 per \$100 valuation due to decreasing oil and gas revenues that had previously been used to support operations and maintenance of the flood protection system.

To view tabular results of the data points used to produce any chart below, please right click the chart and then select "Show as Table".



<https://www.trwd.com/resources/transparency/>



# Transparency Star: Traditional Finances

- Examples of Other Local Organizations that have received the Traditional Finances Star:

- Tarrant County
- Collin County
  
- City of Arlington
- City of Dallas
- City of Denton
- City of Granbury
  
- Arlington ISD
- Fort Worth ISD
- Mansfield ISD

Entity Name	Entity Type	Traditional Finances	Contracts & Procurement	Economic Development	Public Pensions	Debt Obligations
Bandera County River Authority & Groundwater District	SPD	★ View site				
Barton SpringsEdwards Aquifer Conservation District	SPD	★ View site				
Corpus Christi Regional Transportation Authority	SPD	★ View site				
Denton County Transportation Authority	SPD	★ View site				
El Paso County ESD#2	SPD	★ View site				
Fort Bend County MUD No. 47	SPD	★ View site				
Guadalupe-Blanco River Authority	SPD	★ View site				
Harris County Appraisal District	SPD	★ View site				
Harris County Department of Education	SPD	★ View site	★ View site			★ View site
Hidalgo County Regional Mobility Authority	SPD	★ View site				★ View site
Metropolitan Transit Authority of Harris County	SPD	★ View site			★ View site	★ View site
Montgomery County Hospital District	SPD	★ View site				
North Texas Municipal Water District	SPD	★ View site				
North Texas Tollway Authority	SPD	★ View site				★ View site
Port of Houston Authority	SPD	★ View site			★ View site	★ View site
San Antonio River Authority	SPD	★ View site				★ View site
Tarrant Regional Water District	SPD	★ View site				

# Staff Update

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## Forensic Accounting Update

Carol Tackel

Chief Internal Auditor

# What Kinds of Audits are there?



## Some Types of Audits

- *Forensic Audit*
- *Oil and Gas Audit*
- *Internal Audit*
- *IRS Audit*
- *Financial Audit*

## Forensic Audit

- Investigates *specific data* to identify facts linked to allegations of fraud
- Derives evidence that could potentially be used in court
- Used to uncover criminal behavior such as fraud or embezzlement
- This type of audit is not concerned with an opinion regarding Financial Statements nor is it focused on compliance and/or performance

## Oil and Gas Audit

- **Determines if the lease operator is in compliance with the relevant provisions of the lease agreement and is paying the proper amount of money.**
- **On a test basis, the audit determines the accuracy and validity of these four components used by the operator:**
  - **volume determination**
  - **price determination**
  - **ownership percentage**
  - **deductions**

*TRWD has recovered over \$3,500,000 from Oil and Gas Audits. These audits are performed by a specialized Oil and Gas consultant familiar with the Oil and Gas operations.*

## Internal Audit

### *Reports to the Finance/Audit Committee*

- **Evaluates internal controls, such as governance, accounting, operations, information systems as well as other area identified in the risk assessment**
- **Reviews compliance with laws and regulations**
- **Provides management with the tools to attain operational efficiency and additional assurance that policy and procedures are being followed**
- **Identifies weaknesses within the organization's processes**
- **Findings are reported to the Finance/Audit Committee**

*TRWD has contracted with a Certified Public Accounting (CPA) firm that specializes in Internal Audits since 2007. Internal Audits are Co-Sourced with the TRWD Internal Audit Department. Two to three operational audits are performed a year.*

## IRS Audit

- **IRS selects bond issuances of governmental agencies by:**
  - **Project**
  - **Referral or Questionable item**
  - **Random selection**
- **Audit tasks identify areas of noncompliance by reviewing items, such as:**
  - **Current status of the bonds**
  - **Support for the use of bond proceeds**
  - **Arbitrage related items**
- **After receiving the requested information, the auditor will review all documentation, and inform the agency of their finding**

*TRWD's most recent IRS Audit was completed in 2021 on the 2016A Bond Series. The audit concluded no adverse determination and no changes to tax exemption status of bonds.*

## Financial Audit

- An objective examination and evaluation of the financial statements of an organization to make sure that the financial records are a fair and accurate representation of the transactions they claim to represent.
- As required by law external audits are performed annually by Certified Public Accounting (CPA) firms. The audit report has an auditor's opinion. There are four types of opinions:
  - Unmodified Opinion - the financial statements are presented fairly, in all material respects
  - Modified Opinion - financial statements are not prepared and presented fairly in all material respects
    - Qualified Opinion – financial statements are materially misstated, however the misstatement is not wide-spread
    - Adverse Opinion - financial statements are materially misstated and the misstatement is wide-spread
    - Disclaimer Opinion - auditor was unable to access and obtain information related to items that they believe could cause material, wide-spread misstatement
- External audits includes a review of both financial statements and internal controls

*TRWD's Financial Statements has received an Unmodified opinion for over 50 years. The last 5 years TRWD has received "Excellence in Financial Reporting".*

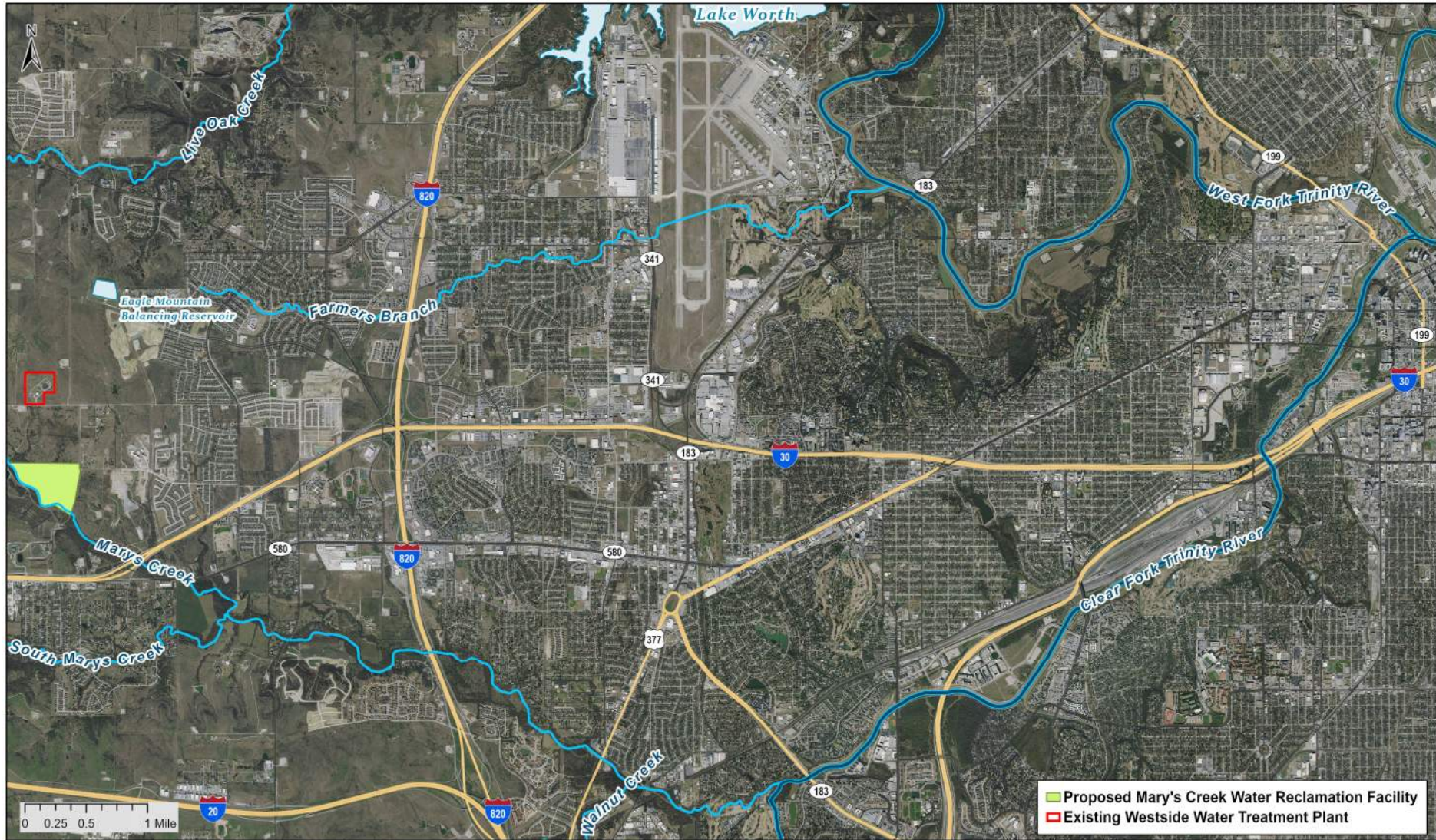
# Staff Update

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## Mary's Creek Water Reclamation Facility Update

Rachel Ickert

Chief Water Resources Officer



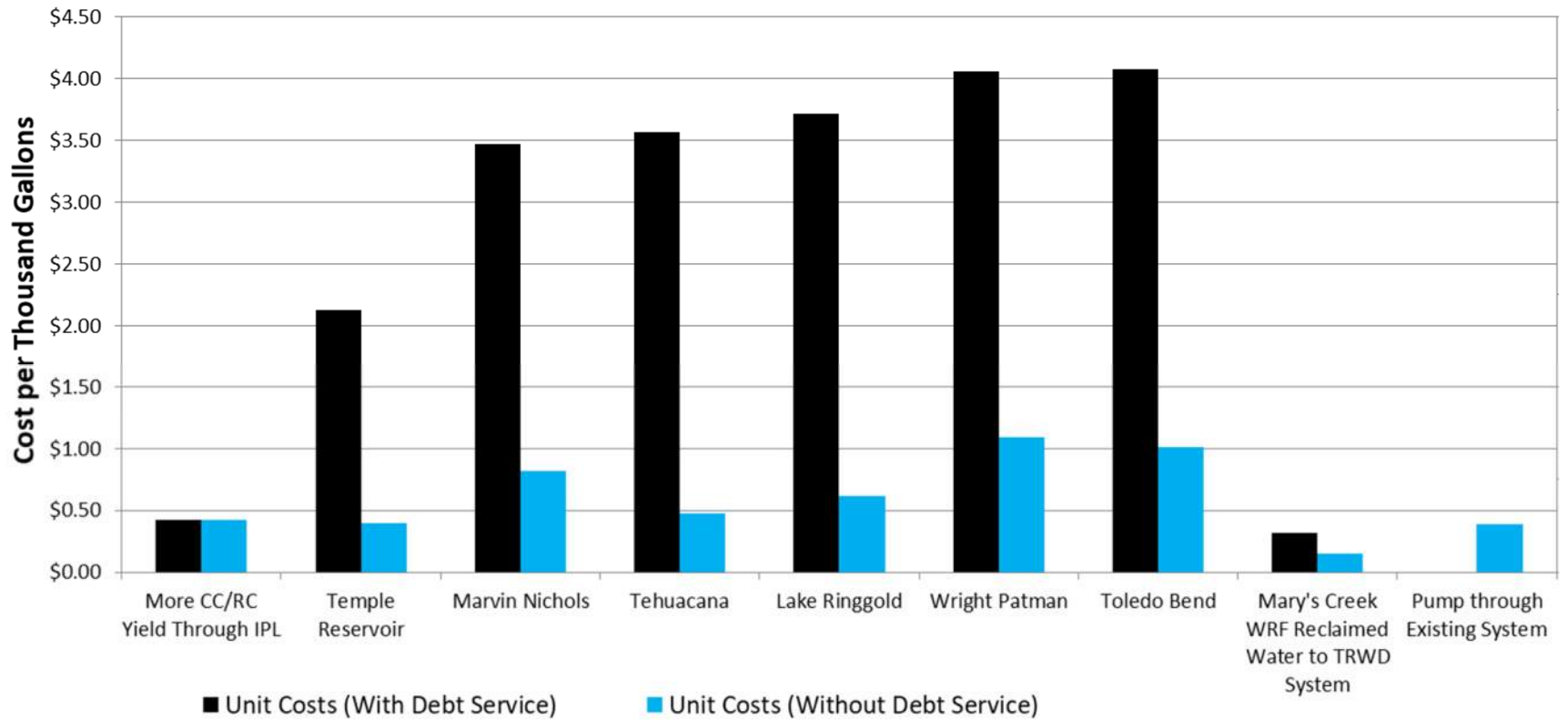


## Goals for Mary's Creek Water Reclamation

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- Promote and prioritize the use of reclaimed water
  - Prioritize direct reuse first
  - Transmit reclaimed water not used for direct reuse to TRWD water supply system
- Protect the Trinity River water quality and public use of the river
- Work with the City of Fort Worth and TCEQ to meet these goals

## Compare Mary's Creek Reclaimed Water Cost to Other Strategies



# History

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- 2009 – 2010 Site Study and Stakeholder Engagement
- 2011 Property Acquisition
- March 2018 City applied for TCEQ Discharge Permit
- October 2018 TRWD met with City to discuss water quality concerns
- 2018 – 2020 TCEQ Review and Draft Permit
- March 2020 TCEQ Issued the Draft Permit
- April 2020 TRWD filed a request for a contested case hearing
- October 2020 Public Meeting, and TRWD Issued Comments to TCEQ
- October 2021 TCEQ Executive Director recommends that TCEQ Commissioners grant a contested hearing and refer the issue to the State Office of Administrative Hearings (SOAH)

# Next Steps

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- Continue business case discussions with the City regarding reclaimed water supply
- November 3, 2021: TCEQ to make decision on whether to grant a contested hearing, refer to State Office of Administrative Hearings (SOAH)

# Staff Update

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TRWD Trash Bash: A Celebration of the Trinity River Video

Tina Nikolic

Recreation Program Coordinator

# 12

## Executive Session

# 13

## Discussion of General Manager's Goals

Dan Buhman, *General Manager*

# 14

## Consider Approval of Settlement of Claims in the Integrated Pipeline Project - B.N. Development Company, Inc. (37) Lawsuit

Steve Christian, *Real Property Director*



# 15

## Consider Approval of Settlement of Claims in the Integrated Pipeline Project - Brown, et al. (1061) Lawsuit

Steve Christian, *Real Property Director*

# 16

## Consider Approval of Authorization to Acquire Real Property by Purchase for the Integrated Pipeline Project

Steve Christian, *Real Property Director*

# 17

Consider Approval of Acceptance of Conveyance of Real Property Located in the Edwards Ranch Clearfork Addition, Fort Worth, Texas

Steve Christian, *Real Property Director*

# 18

## Future Agenda Items

19

Next Scheduled Board Meeting:  
November 16, 2021

MEETING ADJOURNED

WATER SUPPLY · FLOOD PROTECTION · RECREATION

