

# WATERWOOD MUD NOTES

Martin J. Cristofaro

To: Waterwood MUD No. 1 Current Board Directors

From: Martin J. Cristofaro

Date: November 17, 2019

Subject: Notes from my tenure as Board Member

Based on early emails that I have archived it appears that I first submitted an application for the Waterwood MUD No. 1 (MUD) Board back in July 2014. I do not have a certainty as to when I joined the Board as I was asked to join to replace an outgoing Board Member. This was how the MUD avoided costly elections – a Board Member wants to step down and either that Board Member or others on the Board could select someone and once the “election period passed”, the Board Member would resign and the new one would be voted on and assume the term of the Board Member that resigned. Now, it is entirely possible that a Board Member resigns in Term and if so, either that Board Member nominates or Board nominates someone to fill the remaining Term. Truthfully, I do not remember which occurred for me; however it makes sense I took over for a Board Member (2014) since I had to get “reelected” in 2018 – being there were no other nominees so no election – I had “completed” a four (4) year Term.

## **Waterwood Board currently:**

Martin J. Cristofaro is on the Board until 2022. Marty is Board President

Al Goldsmith is on the Board until 2022. Al is Board Secretary

Roy Knapp (took over for Lisa Aquero) is on Board until 2022

Eric Cooper is on Board until 2020. Eric is Vice-President

Donnie Hubbard (took over for Lyn Spencer who took over for Richard Singletary) good until 2020.

## **District Operator Donnie Duke:**

Now I think sometime in 2012 (spring?) Palmer’s contract was not renewed (due to Palmer not lowering his Fee – Kuhl Letter 10/12/11) and Donnie Duke (The Water Company) came on board to oversee Operations. In 2014 I was approached by the MUD to see if I wanted to get on the Board. Prior to getting on the Board, Lisa and I were driven around the system – SWTP, Water Plant and WWTP. When I saw the SWTP (circa summer 2014) I looked at Dick/John and asked if they had \$5 MM to rebuild this plant as it was in a state of ruin. Sure the SWTP was running under Palmer but in two (2) years it fell to such a state that a complete rebuild would be required. Makes me wonder what state it was in at the end of Palmers contract – hanging on and

would require major upgrade soon anyway. As for the Water Plant (wells and Elevated Storage Tank), well, looked rough. Better than SWTP but old system and in my opinion, Duke just did what they had too. WWTP looked best of all since it was “recently” rebuilt (July 2014 in service date; however, only the plant was done. Motor Control Center/Generator was not replaced – really? You spend a \$1,000,000 on a “new plant” and yet you leave the MCC/Generator alone – new plant old controls – in my opinion not a good idea.

Now it appeared that Duke knew how to run a ground plant (Wells) but not the SWTP. Nor do I think he really had folk that could run the WWTP. There is a letter from Larry Fuson, PE with Enprotech/Hibbs & Todd who did a “Contract Operations Candidate Interview”. The Board should read this letter (attached). It shows what type of Operator was hired to oversee the system after Palmer.

Once John Charlton and Dick Hansen left the Board, Richard Singletary and the “new” Board took action to remove Duke from operating the system. We were all over TCEQ’s radar and getting fined left and right and looking to be taken over by TCEQ. The operation of the system from 2012 to 2016 was, in my opinion, extremely bad for the state of the system. Remember, this system had been in the ground and operating since 1975 with no major improvements (other than WWTP) – no waterline replacement; no wastewater replacement, just routine maintenance. Yes, routine maintenance is good, but it is not for the “life” of the system. There has to be system replacements/upgrades/etc. The system in 2012 was already 37 years old and nothing major, that I know of, was done. System was working with Palmer and Duke’s reign just basically worsened it to a pile of shit.

#### **Joyce Hubbard – General Manager:**

Once Duke was gone, Board at that time asked Joyce Hubbard to be the “General Manager” and see if she could assist in operating the system. Her job duties in essence would be to make sure things are getting fixed (sub-contractors); plant maintenance was being taken care of and oversee the system in general. Joyce was not an “Operator” but a “General Manager” – someone to look out for the MUD’s best interest. However, due to the deplorable shape the system was in, Joyce told the Board that the MUD needs a company to come in as the operation of this system required major work.

#### **Severn Trent Environmental Services now known as Inframark:**

MUD received several Proposals (5 I think) and Severn Trent Environmental Services (STES) was chosen in Oct 2016 to operate the system. STES is a large company overseeing numerous systems from public to large S/D’s and had the relationship with TCEQ to get the MUD off the TCEQ radar and most importantly, provide TCEQ comfort that the MUD was serious in getting our act together. Inframark has been overseeing the operations of the MUD since that time and has brought the system, in my opinion, back to a state such that the MUD is no longer on TCEQ’s radar; all previous violations have been cleared (Joyce had helped with this during her tenure also); and the system is being watched by a firm who has full capacity to be ready for most any crisis that may occur with a system this old (currently approaching 45 years old). Inframark is not an inexpensive firm, but I think it has been shown what an inexpensive firm can

do to an ageing system. However, there has been a lot of talk in the neighborhood about just how expensive Inframark has been. Well, I have done some requesting of information from Joyce and Inframark and I will summarize some of the information here:

Data is from Oct 2016 to Sept 2019 – Just about three (3) years' worth, but for the purpose of my Waterwood Notes, the data is “good”:

**Total Number of Repairs – 335** (Waterline, Meters, FH's, GW Plant, Wastewater lines, MH's, LS, WWTP Plant, etc.). You know that is about 2 repairs per week. That gives the Board some idea of the state of the system.

**Cost of Operations (Inframark costs) - \$332,000** – this is on avg \$9,222/mth thru Oct 2019

**Cost of Repairs - \$705,000** (Thru Aug 2019) Avg of about \$21K per mth.

Repairs broken done below:

**Lift Station Maintenance - \$75,000** - all repairs and preventive maintenance performed at the stations including inspections, confined space entries, etc.

**Water Plant Maintenance - \$55,000** - all repairs and preventive maintenance performed at the actual plant other than the tank inspection and cleaning.

**Wastewater Plant Maintenance - \$75,000** - all repairs and preventive maintenance performed at the actual plant.

**Collection System Maintenance \$157,000** - all repairs and preventive maintenance performed on sewer lines including manhole inspections, smoke testing, taps, etc. Please note that the smoke testing is a mandated TCEQ requirement due to previous violations.

**Distribution System Maintenance \$325,000** - all repairs and preventive maintenance performed on water lines including hydrant inspections and taps.

**Subcontractors - \$18,000** – Getting subs out there to do a repair.

So, a Total of around say \$1,075,000 for 36 months of operations and maintenance for the MUD. That is about “\$30,000” per month (\$360,000/year). So, could the Board save a few dollars by going with another company – maybe but surely you would still be doing around \$20K a month. That would have saved the MUD around \$335,000 over three years. Yeah, maybe....

However, just looking at these numbers as numbers, you must also look at the type of repairs the system has endured over the last 3 years. Also note that the year over year numbers are decreasing, thus showing a betterment of the system. A lot of these repairs are systematic of a system 45 years old that was new (~ 1975) and then maintained for some 37 years, then not really properly taken care of for about 4 years and now this current Board (3 years) has had to correct that. Fixing and correcting is always more expensive than just maintaining.

### **Today:**

So, there has been a lot of numbers flown about in the neighborhood. Well, we started out at \$403K, then \$358K and now at \$312K per year for O&M with Inframark. Looks like the Board is doing something good and getting system righted? IT is also noted that the Board renegotiated

Inframarks Contract and saved a few dollars plus getting Inframark to do all billing when it comes to Water/Sewer Bills. So the numbers above are the “high side” of Operations as Inframark now charges a lower monthly Fee. There is also a lot of talk on Social Media about how the Board has been doing. Well, all I can say is that when you are given a system as bad of shape as WW MUD No. 1 was/is both structurally and financially, it is what it is: a pile of shit. No matter how you dress it, perfume it, paint it, whatever, the system the Board inherited in 2016 was not in good shape and frankly was tinkering on failure (my opinion). The number of repairs clearly shows that this system is not in great shape. This is why there is a major Operator out here. This is why the rates went up. This why there will be more funding required. To make matters worse, in a way, Waterwood now has an aggressive builder putting new residences on the system. Oh yes, we will get a water/sewer bill and yes, we will get Taxes, but those funds will not be coming in fast enough to offset what I see is a potential major strain on the system. Keep in mind gentlemen where these residences are being built – areas of stagnant growth for numerous years if not decades. This new “flush” of folks will require the system to work much harder than it has for decades, which in turn will more than likely expose weakness in a system that has never been overhauled, only MAINTAINED. This will pose future problems for a system that will need an overhaul in both Plants and Infrastructure. This MUD needs a full time constant presence with all Board Members working all the time to make sure the residents of Waterwood have a safe system of water supply and wastewater treatment.

However, as you all know, I live full time in H-Town and I also oversee the Harris County Flood Control District’s Disaster Recovery Program which is currently around \$150,000,000. Now, the DRP has Imelda to deal with. In addition, I am also a VP of my company and oversee a growing office which stands at 14 folks right now. I have other clients like City of Houston, Fort Bend County, Harris County Engineering Department, METRO, etc. that also requires my time and efforts.

**Therefore, it is with much regret, I am respectfully submitting my resignation as a Waterwood MUD No. 1 Board Member. I cannot supply the time and efforts necessary to oversee a MUD that has as much challenges as Waterwood MUD No. 1 has currently.** I have been on this Board from late 2014 (5 years) and frankly, cannot put in the time required due to my duties here in H-Town. I have thoroughly enjoyed my time with you all and thank you for standing with me as we try and get Waterwood MUD No. 1 back in shape. I have said in the last few meetings that I am tired and I am – not so tired of the meaningful work we do as Board Members, but too much to do here in H-Town.

I do hope the timeline, facts and figures presented here and attached, will allow you all to provide the neighborhood the truth about the system. It really is in better shape than 2012-2016, but it still needs a lot of work. Inframark is expensive, but, in my opinion, worth every penny.

So with that my fellow Board Members, I am only a phone call away and have numerous records of the MUD dating back to mid-2016 – if you ever need anything.

Sincerely

Martin J. Cristfoaro