

**MINUTES OF VIDEOCONFERENCE MEETING NO. 2402
COMMISSIONERS OF
JEFFERSON COUNTY DRAINAGE DISTRICT NO. 7**

Place: 3400 Hwy 73
Port Arthur, Texas

Date: September 5, 2023

Present: Commissioners
Richard Beaumont
Matthew Vincent
Albert Moses, Jr.
James Gamble, Sr.
Lester Champagne
Phil Kelley, General Manager

Visitors: Allen Sims, DD7
Toby Davis, DD7
Barron Cook, DD7
Kirby Johnson, DD7
Dean Depew, DD7
Brady Girouard, DD7
Garrett Boudoin, DD7
Thomas Jordan

The meeting was called to order at 2:00 p.m. by Chairman Beaumont after ascertaining that the Notice of Meeting had been posted in accordance with the law. Commissioner Moses gave the invocation.

Minutes of Meeting No. 2401

The Minutes of Meeting No. 2401 was approved as read.

Public Hearing on Proposed Tax Rate for FY 23/24

Chairman Beaumont asked if there was anyone from the general public that would like to speak to the proposed tax rate of 0.320573 per \$100 valuation. Mr. Thomas Jordan asked to be heard. Mr. Jordan asked how much additional funds will be generated by the proposed tax increase. Mr. Allen Sims stated that the increase would generate

approximately \$11.647 million. Mr. Jordan asked what the additional funds will be used for and what is the justification. Commissioner Champagne stated that the District has hired additional maintenance and engineering staff to support several ongoing projects. The largest project is the Sabine Pass to Galveston Bay Project which presently involves engineering, property acquisitions, utility relocations, and project management. This project will raise the levee an additional 2 feet. The original estimated cost of the project was between \$8 and \$900 million; however, with the increase in the cost of goods and services, the project is now estimated at \$1.7 billion. The District is responsible for 35% of the cost of the project. The federal government is responsible for the remaining 65%. To date, the state of Texas has paid \$200 million toward the District's 35% cost share of the project, but the District must be prepared to pay its 35% cost share should the state of Texas be unable to continue to do so. The District has not raised taxes in the last two years. Mr. Kelley stated that the state of Texas has appropriated an additional \$550 million. These funds are given to the General Land Office (GLO) and then transferred to the Gulf Coast Protection District (GCPD) for distribution. The GCPD was established two years ago by the state legislature, which consists of five counties, Orange County, Jefferson County, Chambers County, Galveston, and Harris Counties. The GCPD is made up of the counties that are involved with Sabine Pass to Galveston Bay Project. Commissioner Champagne stated that the District cannot back out of the project. If the levee is not raised to the Corps specifications, it can no longer be certified as an accredited levee which will cause resident's insurance rates to increase significantly. Mr. Jordan asked if the District considered cutting expenditures in other areas instead of raising the tax base. Mr. Kelley stated that the District is an industrial type of entity. The

District has twenty pump stations that contain large diesel engines, big pumps and electric motors that are maintained and are continually being improved. The cost to maintain those pump stations and all the components of each has increased and this is not an area that can be cut. The pump stations are vital to the District's drainage system. To save money the District employs its own certified diesel mechanics, instrumentation technicians, electricians, welders, fitters and other skilled craftsmen. A lot of the work is done in-house to cut costs. In addition to the Sabine Pass to Galveston Bay project, the District has applied for four large Hazard Mitigation Grant Projects through FEMA. These grants are from disaster recovery funds provided from hurricane Harvey and tropical storm Imelda. In order to qualify for the funds, the District has to spend money upfront on engineering and environmental studies that will provide evidence to FEMA that the benefit of the project will outweigh the cost. If it is determined that the benefit to cost ratio is sufficient, the District will be awarded the grant and be reimbursed by FEMA for the cost of the studies. These projects are estimated between \$6 to \$10 million each and the District is responsible for 25% of the cost of the projects. In 2002 a district wide study was commissioned by the District which recommended approximately \$20 million in improvements. All those improvements have been completed with District funds, and a new study is needed at this time to identify deficiencies in our system that will need to be addressed in the future. The District engineers completed phase one of the Blocks Bayou project which cost \$1.2 million and are working on phase two which is estimated to be \$1.8 million. The District is continually working to improve the system. Mr. Jordan asked if this tax increase would need to be approved by the taxpayers. Mr. Allen Sims stated that the District is different than cities. The District is categorized as a special water

district. A 2021 law states that if a special water district has not utilized a tax increase over the last four years, the District is allowed to use the current increase as well as the unused past year increments without holding a rollback election. Mr. Jordan asked why the District did not request a bond issue. Mr. Kelley stated that the levee system and pump stations do not drain the entire system. The northern portion of the system, near Beauxart Gardens is a gravity flow system that drains into Rodair Gully. The residents in the north portion of the District are not protected by the levee, therefore, they would not be inclined to vote for a bond issue. Mr. Kelley stated that the average levee height is 16.5 feet above sea level. The highest areas in the District drain directly into the river. The area around the Port Neches-Groves High School drains into the Main A Canal which drains through Port Arthur to the largest pump station, Alligator Bayou. A hazard mitigation grant was secured to build that pump station which was recently completed. The total cost for the new Alligator Bayou Pump Station was \$60 million with the District paying \$20 million for its cost share. Those funds were paid out of the District budget. The Alligator Pump Station drains approximately 60% of the District. Mr. Jordan asked if the tax rate would be lowered after the project is complete. Mr. Kelley stated it is possible that the tax rate could be lowered or there would be no new tax increases. Mr. Sims stated that if the District remained at the current tax rate, it would lose approximately \$66,000 from next year's revenue. The formula utilized to calculate the tax revenue only uses the homestead assessments. Industrial, rental, and commercial properties are not included in the calculations. Since homesteaded properties make up about 1/3 of the taxable properties the taxes would go down on all others as well, resulting in less income to the district.

Mr. Kelley thanked Mr. Jordan for coming to the meeting and for his questions. He further stated if Mr. Jordan was interested, District personnel would be happy to take him on a tour of the District.

Consider Adopting Tax Rate and Exemptions for FY 23/24

Mr. Phil Kelley stated the proposed tax rate is 0.320573 per \$100 valuation. Commissioner Moses moved that the tax rate for the 2023 tax collection be set as follows:

Tax Rate

M & O Fund	0.320573 per \$100 valuation
Total	0.320573 per \$100 valuation

Commissioner Champagne seconded the motion. Commissioner Gamble voted nay. The motion carried.

Commissioner Moses further moved that the 2023 tax exemptions be set as follows:

2023 tax exemptions are set as follows:

Exemptions

Optional	20% or \$5,000
Over 65 & Disabled	\$40,000
Disabled Veterans	\$12,000 (maximum)
Primary Charitable Organizations	Totally – As Approved by Texas State Comptroller

Commissioner Champagne seconded the motion. The motion carried.

Consider Pay Request No. 12 to N & T Construction, Inc. for the New Administration Building Project

A recommendation letter to approve Pay Request No. 12 to N & T Construction, Inc. was received from Sigma Engineers for construction of the New Administration Building project in the amount of Eighty-Four Thousand Four Hundred Thirty-Three and 27/100 (\$84,433.27) Dollars. Mr. Sims stated that this was for the work done in June and he also recommends approval of Pay Request No. 12. Commissioner Champagne moved to approve Pay Request No. 12 to N & T Construction, Inc. for Construction of the New Administration Building in the amount of Eighty-Four Thousand Four Hundred Thirty-Three and 27/100 (\$84,433.27) Dollars. Commissioner Vincent seconded the motion. The motion carried.

Preliminary Budget Discussion

Mr. Kelley stated that the payroll and fringe sections were increased to accommodate the cost-of-living adjustments; material and supplies line items were increased due to the rise in gasoline and diesel costs; maintenance and utilities was increased due to anticipated cost of electricity and janitorial services for the new administration building. Miscellaneous services worksheet was increased because of the rise in the cost of insurance due to the updated appraisals of the District's properties and new structures. The capital outlay section was increased to allow for the purchase of two new skid loaders, a backhoe, tractor, mowing equipment, and three dump trucks. Mr. Sims stated that the special projects was increased to facilitate the modifications of the storm water management plan, permitting that is required annually by EPA; Rodair Gully was increased to repair the concrete liner; Star Lake superfund was increased to pay for the remediation; pump stations was increased to update the SCADA system at each

pump station; Pear Ridge and Main C were increased to facilitate concrete repairs; and the remaining increases are the District's match for the HMGP projects. Overall, there is approximately a \$5 million increase for special projects. Mr. Kelley stated that the District does not qualify for CDBG funds but Jefferson County offered to dedicate \$1 million of their CDBG funds to help pay for the Crane Bayou standby generator replacement. Commissioner Vincent asked about the funds needed to demolish Taft Elementary School. Mr. Kelley stated that it is included in the Groves HMGP Detention project line item. It is estimated to cost \$300,000 to demolish Taft Elementary.

Sabine Pass to Galveston Bay Project Summary

Mr. Brady Girouard stated that design, work-in-kind, and project meetings are ongoing for all contracts. An EGM meeting was held last week. General Spellmon, who holds the highest military role at Washington, D.C. headquarters, is scheduled to visit the District on September 6, 2023, to tour the HTRW sites.

Manager Reports

There are no manager reports at this time.

Executive Session – Consider and Take Action, if any, on Items Discussed in Executive Session

No executive session was held.

Checks & Purchase Orders Maintenance Fund

Ck. No. 22859 – A-1 Rentals of Beaumont
\$256.00 – Tablecloth Rental - Sabine Pass to Galveston Bay Project

Ck. No. 22860 – Advanced Staffing
\$7017.60 – Summer Help Labor – 8/07 - 8/13/23

Ck. No. 22861 – BOSCO Industries
\$450.00 – Aerobic Sewage System Contract Renewal

Ck. No. 22862 – City of Port Arthur
\$3,612.72 – 2023 Tax Increment Fund

Ck. No. 22863 – Dannenbaum Engineering Corp.
\$6,471.20 – Sabine Pass to Galveston Bay Project

Ck. No. 22864 – Duck’s Dragline Service, Inc.
\$10,800.00 – LS250X4 Trackhoe Rental – Main C Ext Project

Ck. No. 22865 – Fidelity Exterminating Company
\$200.00 – Main Office Quarterly Pest Control

Ck. No. 22866 – GP Evans Contractors
\$53,497.64 – Seasonal Mowing Contract

Ck. No. 22867 – Groves Equipment Rental
\$3,633.00 – Terrain Crane Rental 8/17-9/16/23 & Carrydeck Rental for Fab Shop Crane installation

Ck. No. 22868 – HERC Rentals Corporation
\$3,005.85 – Dump Truck Rental 7/24-8/21/23

Ck. No. 22869 – James Gamble, Sr.
\$270.00 – Health Insurance Payment

Ck. No. 22870 – Johnny’s Towing & Recovery
\$675.00 – Haul Truck Rental (3) – 8/22/23

Ck. No. 22871 – KT Trucking & Cattle Co.
\$900.00 – Transport of Dozer & Compactor 8/28-8/29/23

Ck. No. 22872 – Mazzanti & Associates, LLC
\$2,500.00 – Legislative Consulting Fees

Ck. No. 22873 – N & T Construction Co., Inc.
\$84,433.27 – Construction of New Administration Building Project

Ck. No. 22874 – Port Arthur News Media, LLC
\$520.50 – Public Hearing on Tax Rate Advertising

Ck. No. 22875 – Ray Russo
\$1,995.68 – Legislative Consulting Fees

Ck. No. 22876 – Sam & Tash Services, Inc.
\$1,569.62 – Administration Building Cleaning Services

Ck. No. 22877 – Sprint Waste Services, LP
\$179.28 – Toilet & Washing Station – Rodair Lat. 6

Ck. No. 22878 – Star Lake Canal Cooperating Group
\$250,000.00 – 2023 Cash Call Payment

Ck. No. 22879 – Texan Engineering & Consulting, LLC
\$16,555.00 – General Engineering, Blocks Bayou, Lat B-4-B

Ck. No. 22880 – Texas Water Conservation Assoc.
\$4,387.00 – Membership Level E Renewal

Ck. No. 22881 – TWCA Risk Management Fund
\$3,144.00 – General Liability & Workers Compensation Final Audit FY22/23

Ck. No. 22882 – United State Postal Service
\$500.00 – Postage for Postage Meter

Ck. No. 22883 – W-Industries
\$21,426.50 – Update Data Collection System

Ck. No. 22884 – Waukesha-Pearce Industries, Inc.
\$8,167.00 – Komatsu Excavator Rental – Levee Repair

Ck. No. 22885 – Wave Solutions
\$3,684.00 – Monthly Email & IT Services

Ck. No. 22886 – Wells Fargo
\$2889.10 – Travel, Meetings, Training, Education, Administration Building

Ck. No. 22887 – Electrical Specialties, Inc.
\$45.00 – Administration Building Alarm Monitoring

Ck. No. 22888 – FILMR, LLC
\$72.00 – Social Media Posts

Ck. No. 22889 – Nerbert Frelow
\$7,200.00 – Dump Truck Service – Main C to PS 20

Ck. No. 22890 – Dan Delich Consulting
\$1,500.00 – Legislative Consulting Fees

Ck. No. 22891 – Waukesha-Pearce Industries, Inc.
\$2,878.00 – Bomag Compactor Rental 8/16-8/29/23

Ck. No. 22892 – Richard Beaumont
\$139.00 – Health Insurance Payment

Ck. No. 22914 – Ron Lewis & Associates
\$3,500.00 – Legislative Consulting Fee

Commissioner Vincent moved that the checks from the Maintenance Funds account be approved for payment. Commissioner Gamble seconded the motion. The motion carried.

Chairman Beaumont asked if there was any other business to come before the Board. There was none.

At 2:55 p.m., Commissioner Moses moved that the meeting be adjourned. Commissioner Champagne seconded the motion. The motion carried.



Richard Beaumont, Chairman



Albert Moses, Jr., Secretary