

## Westwood Shores MUD Board Meeting Update

August 27, 2024

Thank you to all the customers who attended our regular meeting on August 19. Below are some highlights. Board minutes which are the formal record of meeting decisions will be posted on our website after approval at our September 16 meeting ([www.westwoodshoresmud.com](http://www.westwoodshoresmud.com) – see District Information Tab).

### Financial Advisor 2024 Tax Rate Recommendation:

- The Board considered a potential property tax rate in an amount not to exceed \$.6607 to be finalized after a Public Hearing during our next regular meeting on September 16, 2024.

### Engineer:

- Improvements to Lift Stations 2 and 12 are substantially complete and the Board authorized a partial payment from the capital fund (existing bond funds) pending approval and release of funds to us by the Texas Water Development Board (TWDB).
- Emergency repairs to the sanitary sewer line crossing a creek running between Horseshoe Lake and Lake Livingston are complete. The Board authorized payment of \$63,886 from the General Fund.
- Our funding application for Lead Service Line replacement was approved by the TWBD at their August meeting. This will allow us to borrow approximately \$1,590,000; 51% of which will be forgiven. Timing of the borrowing is still to be determined.
- The Laurel Oaks Lift Station near Creek Bend/Lakeway drive flooded multiple times during recent weather events, which caused a cleanout near Creek Bend to overflow. The Engineer is authorized to investigate flood proofing improvements to the Lift Station.
- Water quality at Water Plant 1 continues to be challenging. Disinfection by-products, specifically TTHM is difficult to mitigate with our current equipment. We are coordinating with the TCEQ to explore alternative treatment options. In addition, we need to continue to pursue additional sources of new water supply that will meet our needs including re-visiting options with the ability of the City of Trinity. At the last time we met with them, they were able to offer us up to 100,000 gallons per day based on availability, with no minimum guaranteed. (Our average daily usage for May, June and July has been approximately 99,000, 102,000 and 129,000 gallons respectively).
- We received good news from the TWDB. Civil Grade, our District engineering consultant, was able to successfully petition them to allow us to reprioritize projects for completion out of existing bond funds (already borrowed). This will allow us to defer a project approved several years ago which is now a lower priority and use approximately \$1,000,000 towards more urgent projects. Engineer will identify projects and request Board authorization to prepare project plans for submittal to the TWBD.

### Operations:

- Our water supply/demand statistics are as follows (in thousands of gallons):

Supply (July 1-31)	Gallons ('000)	Usage	Gallons ('000)	Accounted For:
Wells	3,936	Billed	2,537	
TRW	448	Maintenance	1,346	
		Wastewater Treatment Plant	109	
<b>Total</b>	<b>4,384</b>	<b>Total</b>	<b>3,992</b>	<b>91%</b>

- Precision's repair/maintenance invoice for August contained significant items related to April/May flooding and Hurricane Beryl. This includes approx. \$23,000 at the Wastewater Treatment Plant ("WWTP"), approx. \$34,000 at Lift Stations due to flooding events, and \$35,000 at our Water Plants. There was an additional \$4,200 related to supervising special projects including eight with Magna Flow, our third-party vendor who handles sewer line and manhole repairs along with sludge removal from blockages. We incurred approximately \$29,000 in Magna Flow fees for such work.
- WWTP:

- The aerators which were previously repaired have failed again; an assessment is underway to determine the cost of additional repairs versus replacement.
- Precision has been coordinating on our behalf with the Texas Commission on Environmental Quality (TCEQ) to complete a Supplemental Environmental Project (“SEP”) related to plant violations from several years ago.
- Sanitary Sewer System:
  - Precision is working to repair multiple line breaks and manhole related issues; we anticipate a bill of at least \$120,000 in September from a third-party vendor for repairs to the manhole collapse at Coral Gables/Meadow Wood (near the POA maintenance barn) during the flooding event.
  - Precision submitted documentation to the TCEQ for a flood related sewer line break near 7 Corkwood. Remediation is complete.
- The Locations on Coral Gables being monitored for water seepage have dried up; supporting the belief they were stormwater run-off from the approximately 38” of rain during April/May and not from watermain leaks.
- The 2023 Consumer Confidence Report regarding water quality was posted on the District website in July.
- PULLC is assisting the District in applying for FEMA funds to reimburse expenses from both floods and Hurricane Beryl.
- Trinity Rural Water Supply Corporation notified us of a 5% increase to our monthly M&O fee and per gallon charge for purchased water.

**Bookkeeper:**

- We track our books across three major fund areas: General Operating, Capital Projects, and Debt Service. (See Customer Update distributed on February 28, 2024, for descriptions of the funds).

**Fund Book Balances as of July 31, 2024:**

General Operating	\$ 877,254
Capital Projects	\$ 2,074,706
Debt Service	\$ 264,891

- Budget: Below is fiscal year spending versus the budget (unaudited) for our last fiscal year along with the first month of our new fiscal year. Expenses for July 2024 exceeded revenues by \$101,656.

<b>Budget Category</b>	<b>7/1/23 – 6/30/24 Actuals</b>	<b>7/1/23 - 6/30/24 Budget</b>	<b>7/1/24 – 7/31/24 Actuals</b>	<b>7/1/24 - 6/30/25 Budget</b>
<b>Operating Income</b>	<b>\$ 2,642,162</b>	<b>\$ 2,426,000</b>	<b>\$ 164,425</b>	<b>\$ 2,486,700</b>
Operating Expenses	\$ 2,206,544	\$ 2,083,992	\$ 266,081	\$ 2,151,532
Other Expenses	\$ 4,958	\$ 340,000	\$	\$
<b>Total Expenses</b>	<b>\$ 2,211,502</b>	<b>\$ 2,423,992</b>	<b>\$ 266,081</b>	<b>\$ 2,151,532</b>
<b>Net Income</b>	<b>\$ 430,660</b>	<b>\$ 2,008</b>	<b>(\$ 101,656)</b>	<b>\$ 335,168</b>

- The Operating Fund Reserve Coverage Ratio (“Reserve”) is calculated by dividing the General Fund balance as of month end by budgeted expenditures for the same month. This is a guideline to show how many months of expenses we have in reserve. In February and March our reserve was approximately 7 months. Due to our increased expenditures for maintenance and repairs including for weather events, our July 31 reserve is approximately 4.4 months. The reserves we built up through increased water and sewer revenues have been crucial to our being able to address the unplanned repairs incurred in the past eight months. Unfortunately, we expect that this number will drop even further by our September meeting as the billings for significant expenditures for maintenance and weather-related repairs continue to hit our budget. The Board will be monitoring this situation closely.

**Administrative:**

- The District joined the Texas Rural Water Association in July and has reached out to them to improve our knowledge of lower cost funding resources and water supply resources.
- The District finalized language for its contract with Westwood Shores Landscape.
- We continue to incur expenses in the defense of Public Utility Commission Docket No. 54713. Since July 2023, we have incurred approximately \$22,000 in litigation expenses and these are expected to accelerate in the coming months as we prepare for trial.
- Our next regular meeting is expected to be Monday, September 16, 2024, at 9:30 a.m.