

Westwood Shores MUD  
Board Meeting Update  
February 28, 2024

Thank you to all the customers who were able to attend our meetings on February 5<sup>th</sup> and 19<sup>th</sup>. Below are some highlights of the items discussed. Board minutes of the February 5<sup>th</sup> meeting are available on our website ([www.westwoodshoresmud.com](http://www.westwoodshoresmud.com) – see District Information Tab) and minutes of the February 19<sup>th</sup> meeting will be posted when they are approved at our next meeting.

**Engineer:**

- We hired an outside firm to run closed circuit tv cameras through a section of our sewer system to assess its condition. This is maintenance that should be done periodically but had not been done on our sewer system in many years. While we did receive video footage of a portion of sewer line, it represented only 30% of the intended project. There were many challenges that prevented completion due to tree root incursions into the pipes, cracked/sagging pipes, collapsed manholes etc. It is recommended that the district strongly consider implementing a sanitary sewer system rehabilitation program to replace sewer pipes and manholes over a period of years.
- A long-standing project to make improvements to two lift stations utilizing existing bond monies has been approved by the Texas Water Development Board (“TWBD”). Work should be complete in approximately 7 months at an expected cost of approximately \$400,000.
- Plans and specifications are being prepared for a project to recoat the internal side of the roof and rafters of the ground storage tank at Water Plant 1. Existing bond monies designated for this project will be utilized based on a preliminary construction budget of \$120,000.
- There have been several inquiries regarding air quality when our aerator releases the hydrogen sulfide gas when filtering well water at Water Plant 1. An estimate of the cost of air quality monitoring will be presented at our March meeting.

**Operations:**

- We appreciate everyone’s patience as efforts continue to address brown water issues in the treated water from our wells. All customers are encouraged to contact Precision when the conditions occur. Please call on behalf of your individual household and not just rely on a neighbor having made a call. This especially applies if you live on a cul-de-sac street as it may indicate a need to install additional flushing valves in certain areas of the district. The more Precision is aware of individual household issues the better they can determine flushing or other remedies. **Precision Hotline 281-456-9825.**
- At our January 22 meeting, Precision presented a 90 Day Assessment of the district including prioritized repairs of equipment at our two water plants and our Wastewater Treatment Plant. There were 53 items on the list with an estimated cost of \$433,000 more than half of which is for the Wastewater Treatment Plant. The Board reallocated monies in this year’s budget for approximately 35 of the items in the amount of \$342,000. The focus is high priority and safety related items at the water plants and all items at the Wastewater Treatment Plant.
- Valve Repairs: The district has a large number of valves which are supposed be turned on/off to isolate areas of our water distribution lines when repairs need to be done in

the district, or in some cases to allow for targeted flushing of lines. Last year our prior operator, Inframark, conducted a study of valves across the district. They “exercised” (open/shut) a portion of our valves to confirm they were in working order. There were many other valves that were not examined because they could not be located for reasons that include foliage overgrowth or they were buried by soil during years in which the valves were not inspected, or valves don’t exist in locations that record drawing indicate a valve should exist. Our District Engineer and Precision have identified a sub-set of 55 critical valve locations to be dug up and repaired or installed to operating condition. Completion of the project should improve the effectiveness of our valves and potentially identify cul-de-sac areas in need of additional blow-off valves to allow flushing of water. The board has authorized expenditure of approximately \$92,000 on this project using monies out of our 2023-24 budget.

- Drought restrictions that were in effect since summer of 2022 have been lifted due to increased water supply available from our wells.

**Bookkeeper:**

- We track our books across three major fund areas: General Operating, Capital Projects, and Debt Service.
- General Operating is the repository for all monthly revenues from water and sewer fees and the “maintenance and operations” portion of property taxes. These funds are available for all on-going maintenance projects and operating/overhead costs. In the event of a shortfall in either of the Capital Projects or Debt Service funding, General Funds can be transferred; however, this then reduces the district’s ability to do preventive and emergency maintenance.
- Capital Projects is the fund in which major improvement projects are funded, typically via use of bond monies. Due to the long approval process to withdraw funds from this account, the monthly balance often includes funds already approved for expenditure on project that are in progress but not yet cleared for payment. This money can only be used for specific projects approved by the Texas Water Development Board, or the projects outlined in the bond issuance documents.
- Debt Service is those monies set aside to repay principal and interest on district debt typically borrowed via the sale of bonds. The primary source of funds into these accounts, is the “interest & service” portion of property taxes collected each year.

Fund Book Balances as of Jan. 31, 2024:

General Operating	\$1,075,581
Capital Projects	\$2,142,972
Debt Service	\$ 437,433

- We were able to authorize the multitude of repairs to our three plants and valves mentioned in the Operator’s report only because of increased water, sewer, and maintenance and operation property tax revenues. We are working to put these funds to good use to improve the reliability of our water and sewer facilities across the district.
- While the balance in the General Operating Fund shown above is a significant amount of money, when it is divided by our monthly operating expenses, it is less than six

months of cushion in the event of a significant operational emergency. A healthy district should have at least 6 to 12 months of General Operating reserve cash available for urgent, catastrophic repairs, which cannot be predicted and are more likely in our district due to our lack of past preventive maintenance. We are working to keep expenditures below revenues this year so we can end our budget year with some revenue in excess of expenses and use those funds to increase our total reserves to 6 months of expenses. There have been an increasing number of unplanned emergency repairs that may eat away at this reserve. As an example, in the past two months there have been two sewer pipe cave-ins and a manhole collapse resulting in approximately \$48,000 in emergency repairs. The impact of these unexpected repairs will roll through future bookkeeper reports.

- **Budget:**

- Below is a table showing our actual spending from July 1 through January 31 versus the full year budget. The intent in designing this year’s budget was to use operating income in excess of operating expenses, to invest back into the district on repairs and maintenance that have gone unattended. This appears in the Other Expenses “\$340,000” Budget line below.
- In the full year-budget income and expenses each average approximately \$202,000 per month. As mentioned above the Board recently approved some significant expenditures on our water plants, wastewater treatment plant and valves which will hit both the expense lines shown below as we work through the remainder of the budget year.

<b><u>Budget Category</u></b>	<b><u>7/1/23 - 1/31/24</u></b> <b><u>Actuals</u></b>	<b><u>7/1/23 - 6/30/24</u></b> <b><u>Budget</u></b>
<b>Operating Income</b>	<b>\$ 1,675,032</b>	<b>\$ 2,426,000</b>
Operating Expenses	\$ 1,124,823	\$ 2,083,992
Other Expenses	\$ 4,957	\$ 340,000
<b>Total Expenses</b>	<b>\$ 1,129,780</b>	<b>\$ 2,423,992</b>
<b>Net Income</b>	<b>\$ 545,252</b>	<b>\$ 2,008</b>

**Administrative:**

- Our new monthly water and sewer rates, announced in December took effect as of February 1, 2024, and should appear on customer bills due March 20, 2024.
- As outlined in our prior announcement of rate changes, customers will no longer have the option to turn-off a meter without incurring the monthly base fee. A customer who wishes to terminate service has the right to do so and will be eligible to apply their initial customer deposit to their final bill. At our most recent meeting, the board approved an amendment to our rate order such that if a customer who terminates service later elects to reconnect service they will be charged for any outstanding balance from their last bill, plus the base fee amounts for the months in which the service was disconnected, (minimum of 1 month; maximum of 4 months). In addition to this, customers will also be

charged a new deposit and, if applicable, inspection fees customary for new home construction.

- Anytime a customer who wishes to appeal a bill for inaccurate charges related to gallons consumed is invited to send an email outlining their concerns to [customerservices@westwoodshoresmud.com](mailto:customerservices@westwoodshoresmud.com). Such items will be considered by the board at a future regular board meeting.
- We are still in the early stages of implementing both a new MUD website and to utilize software from Neptune, the vendor for our smart water meters, which will allow customers to monitor water usage remotely.
- We are in the process of updating our Rate Order to prohibit private water wells and septic systems within the District, a common provision within MUD districts.

#### **Bond Authorization Election:**

- A Bond Authorization Election will be held on **May 4, 2024**.
- The Board did not make this decision lightly and will communicate during the next two months more details regarding how we believe that this authorization will allow us to improve the future sustainability of our district. The proposed areas target for spending are not limited to the below but currently include:
  - Improve the supply of good quality water to WP1; source(s) to be determined.
  - Improvements at Wastewater Treatment Plant with a goal of decreasing on-going costs of maintenance related to sludge removal and increasing reliability by bringing a second clarifier back into use.
  - Rehabilitation of approximately two miles of sanitary sewer pipes to decrease the impact of root incursion and related silt deposits at the Wastewater Treatment Plant.
  - Utilize TWDB loan to inventory and replace lead/copper service lines as required by current EPA regulations.
  - Set aside a portion of the authorized funds for an unforeseen emergency.
- The Board reviewed presentations from the District's Engineer and Financial Advisor and approved moving forward in requesting authorization to borrow up to \$7,000,000. Our Engineer, Financial Advisor and Attorneys are in the process of preparing the formal materials to be made available to the public for inspection.
- There will be a ballot item giving voters the opportunity to vote in favor or against whether the district can issue bonds to support future capital improvement projects.
- We expect to have at least one public forum, during evening or weekend hours, prior to 2024 Early Voting and Election Day to provide additional information related to the Bond Authorization Election. Forum dates will be discussed at our next regular meeting.

#### **Other:**

- Multiple vendors were given a tour to bid on landscaping services across our facilities. A base template is being prepared for use by all bidders.
- We continue efforts to determine the financial practicality of entering a contract with the City of Trinity to provide us water. We are in the early stages of this process.
- A buyer was identified for a non-operational backhoe for the purchase price of \$1,500. The district has sold about \$60,000 in excess vehicles/equipment this budget year.