

Westwood Shores MUD Board Meeting Update

June 20, 2025

Thank you to all who attended our regular meeting on June 16. Below are some highlights. Board minutes from our regular meeting which are the formal record of meeting decisions will be posted on our website after approval at our next meeting (www.westwoodshoresmud.com – see District Information Tab).

Engineer (Civil Grade):

- Lift Station Improvements (Phase 2): The Engineering Feasibility Report has been submitted for Texas Water Development Board (“TWBD”) review and approval. In May TWBD approved the use of approximately \$1,000,000 from our 2020 Clean Water State Revolving Fund to complete this project. It will improve 6-7 lift stations designed to serve approximately 500 current homes.
- Water Valve Repairs: Bid documents have been sent to contractors for solicitation of bids for repair/replacement of approximately 13 critical valves. Bids are expected on June 20.
- Lead and Copper Rule Revisions (“LCRR”) – We received bond funding in December 2024 and are working on the Lead Service Line Replacement Project: Phase 1 (Pipe Material Exploration Confirmation). These funds will be used to identify and replace lead lines between the tap connection point at the street and entry point into customer homes. The MUD is not responsible for replacing lines inside homes. We believe there may be approximately 400 homes which require investigation and we are in the process of engaging a vendor to inspect lines. There will be communication to individual homeowners before line inspections begin. The actual replacement of service lines (Phase 2) is estimated for completion in Summer 2026.
- Water Quality:
 - In May the Operator completed installation of new equipment at Water Plant 1 (“WP1”) as recommended by the TCEQ to mitigate the formulation of Trihalomethanes (“TTHM”).
 - To increase the supply of water to the District, earlier this year we made other equipment enhancements which now allow us to simultaneously source water from both WP1 which is supplied by our well water and Water Plant 2 (“WP2”) which is supplied by Trinity Rural Water Supply Corporation (“TRW”). We expect to continue this practice except in instances where operational issues at WP1 or WP2 require us to rely on only one plant.
 - Additional improvements to the treatment process including the relocation of lines entering the Ground Storage Tank are expected in early fall and will be funded via our 2020 DWSRF bonds.
- New Bond Issuance: We anticipate issuing \$3,810,000 of bonds in Fall 2025. We are applying to both the TWBD and the TCEQ for bond funds. The TWBD application was submitted in March and it may be several months before we learn if we are invited to submit a formal application for funding. The TCEQ application is being prepared for submittal in late June.
- TCEQ Sanitary Sewer Overflow (SSO) Plan: following a sanitary sewer overflow in February, the TCEQ recommended corrective action in the form of an SSO Plan. We have submitted a plan to the TCEQ.

Operations (H2O Innovation):

- Drinking Water:
 - A total of approximately 3.1 million gallons were put into the distribution system in May. Approximately 2.1 million gallons or 66% were billed to customers and 0.9 million gallons were used for flushing. We were able to account for 95% of water distributed. The EPA has established a water industry goal of 90% or greater for water accountability.
 - **If you experience water quality issues, please call H2O at 281-353-9809.** Contacting them directly allows them to log complaints in their tracking system. They are working with the board to monitor patterns in complaints to make improvements to our proactive flushing program.
- Sanitary Sewer System: May repairs included the resealing of 5 manholes.
- Our Annual Consumer Confidence Report is complete and will be posted to our website by June 30.
- Refrigerator magnets for the Customer Service Hotline phone number are available at the MUD office.

Bookkeeper (EEPB):

- We track our books across three fund areas: General Operating, Capital Projects, and Debt Service.

Fund Book Balances as of May 30, 2025:

General Operating	\$ 769,737
Capital Projects	\$ 3,168,789
Debt Service	\$ 229,222

- Budget: Below is fiscal year spending versus the budget (unaudited). Revenues exceed expenses by \$146,304. Operating Income exceeds budget due to monies we have received from FEMA for damage incurred in 2024, and sales of district assets including vehicles and equipment. We have completed 92% of our budget year on a time basis yet we have incurred 118% of our anticipated expenses. We continue to incur expenses in the defense of Public Utility Commission Docket No. 54713. Since July 1 2024, we have incurred \$186,361 in litigation expenses.

Budget Category	7/1/24 – 5/30/25 Actuals	7/1/24 - 6/30/25 Budget	Actuals as % of Budget
Operating Income	\$ 2,476,615	\$ 2,316,975	107%
Total Expenses	\$ 2,330,311	\$ 1,981,566	118%
Net Income	\$ 146,304	\$ 335,409	

- The Operating Fund Reserve Coverage Ratio (“Reserve”) has risen from 1.4 months as of December 31 to its current 4.5 months. This ratio shows how many months of expenses we have in reserve for emergencies. The reserves we built up through water and sewer revenues have been crucial to our being able to deliver water and sanitary sewer service to customers following last year’s severe weather and infrastructure failures. We would like to get back to the 7-month reserve we had at this early last year and then continue building to a 12-month reserve which is industry best practice.
- The Board approved monthly expenditures of approximately \$198,306, including \$40,765 Water Plant repairs/maintenance, \$10,218 Sanitary Sewer System, \$9,556 Lift Station repairs/maintenance, and \$7,095 PUC Legal Litigation.
- The Board approved the FY2025 Audit renewal letter. The audit should be complete in November.
- Fiscal Year 2026 Budget: The Board approved our budget for July 2025 – June 2026. The budget for Total Income is \$2,486,600 and for Total Expenses is \$2,208,866. That results in projected revenues which exceed expenses by \$277,734. We hope to balance use of excess funds between increasing our operating reserve and additional repairs to the water distribution and sanitary sewer systems throughout the coming fiscal year. The budget will be posted on our website prior to July 1.

Administrative:

- In May the Board approved a \$1,500 donation in support of the Westwood Shores fireworks display celebrating July 4th. The MUD will have a table set-up during mealtime to share informational materials including consumer tips, and refrigerator magnets with our hotline number.
- We are in continuing discussions with the City of Trinity regarding opportunities to purchase water from them. We will maintain our focus on this important priority for the District.
- Our next regular meeting is expected to be July 21 at 9:30am. Where possible we plan to hold meetings at the MUD office which has preferable acoustics for being able to hear discussion during the meeting.