

## Westwood Shores MUD Board Meeting Update

September 25, 2024

Thank you to all the customers who attended our regular meeting on September 16. Below are some highlights. Board minutes which are the formal record of meeting decisions will be posted on our website after approval at our October 21 meeting ([www.westwoodshoresmud.com](http://www.westwoodshoresmud.com) – see District Information Tab).

### Financial Advisor 2024 Tax Rate Recommendation:

- After a Public Hearing the Board approved a 2024 property tax rate of .5939. The prior rate was .6400.

### Director Election:

- The terms for three members of the Board of Directors expire on November 5, 2024. During the candidate filing period, there was only one application submitted. Therefore, there will not be a Directors Election in November. Instead, the lone applicant, Bryan Holmes who is a current Director will be re-elected for a four-year term and the Board will work to identify two additional candidates to appoint.

### Engineer (Civil Grade):

- Improvements to Lift Stations 2 and 12 complete and the Board authorized completion of payment from the capital fund (existing bond funds) pending approval and release of funds to us by the Texas Water Development Board (TWDB).
- Our funding application for Lead Service Line replacement was approved by the TWDB at their August meeting. This will allow us to borrow approximately \$1,590,000; 51% of which will be forgiven. The District's Financial Advisor and Attorney are working on the timing.
- 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 continue to pursue additional sources of new water supply that will meet our needs.
- TWDB will allow us to reprioritize projects for completion out of existing bond funds (already borrowed) of approximately \$1,000,000 towards more urgent projects related to our sanitary sewer system. Engineer was authorized to perform preliminary engineering, design and advertise lift station or manhole improvements at a Not to Exceed (NTE) budget of \$30,000.

### Operations (Precision):

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

Supply (Aug 1-31)	Gallons ('000)	Usage	Gallons ('000)
Wells	3,604	Billed	2,912
TRW	85	Maintenance	346
		Wastewater Treatment Plant	109
<b>Total</b>	<b>3,689</b>	<b>Total</b>	<b>3,367</b>
<b>Billed:</b>	<b>79%</b>	<b>Accounted for:</b>	<b>91%</b>

- Precision's repair/maintenance invoice for August contained approximately \$21,000 of sanitary sewer repairs related to April/May flooding and Hurricane Beryl. Electrical and mechanical improvements costing \$26,123 approved as part of Precision's 90-day assessment were completed at Water Plant 1.

- Installation of a new fire hydrant at the mailboxes on Westwood Shores East has been delayed; there do not appear to be functioning valves to minimize the number of customers who will lose water service while the hydrant is brought on line. An updated plan was requested for our next meeting.
- WWTP:
  - Civil Grade team we identified the original manufacturer of the aerator arms that recently broke for a second time. They were repaired at much less cost than originally anticipated.
  - 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: Final repair cost for the manhole collapse at Coral Gables/Meadow Wood was \$125,000.
- PULLC is assisting the District in applying for FEMA and insurance funds to reimburse expenses from both floods and Hurricane Beryl. We have approximately \$173,000 in flood related claims. It may be some time before we know what is eligible for reimbursement.

**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	\$ 604,345
Capital Projects	\$ 1,812,274
Debt Service	\$ 262,477

- Budget: Below is fiscal year spending versus the budget (unaudited). Year to date expenses exceeded revenues by \$230,116.

Budget Category	7/1/24 – 8/31/24 Actuals	7/1/24 - 6/30/25 Budget	Actuals as % of Budget
Operating Income	\$ 352,095	\$ 2,486,700	14%
Total Expenses	\$ 582,211	\$ 2,151,532	27%
Net Income	(\$ 230,116)	\$ 335,168	

- 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 August 31 reserve is approximately 3.1 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 since January. Unfortunately, our cash reserves are now quite low and will likely remain so until we receive insurance/FEMA funds and begin receiving 2024 property tax revenues. The Board will be monitoring this situation closely.
- The Audit of FY2024 is underway. We expect to review the annual report at our October meeting.

**Administrative:**

- We have collected 93% of 2023 property taxes. The District's attorney for delinquent tax collection will provide a status report at our next meeting.
- 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, October 21, 2024, at 9:30 a.m.