



Westwood Shores M.U.D

75 Cottonwood
Trinity, TX 75862

Date: January 4, 2023

To: Westwood Shores MUD Customers
From: Westwood Shores MUD Board of Directors
Subject: New Public Utility Commission Rule and Amended Rate Sheet

Enclosed please find two items; (1) A Notice Regarding Extreme Weather Events and (2) an Amended Rate Sheet for Water and Sewer for Westwood Shores MUD customers which increases the rate we charge for water and sewer services and was approved at the December 19, 2022, regular meeting of the Board.

There is no good time to communicate a rate increase and we are aware it lands on the heels of the recent water shortage and Boil Water Notice caused by the hard freeze that began on December 22, 2022. We are fortunate that there was not significant damage to our facilities, however, it has highlighted the need for us to continue to improve our equipment including winterization for future hard freeze events.

To help our customers understand the need for this rate increase, below are some data points for your information:

Beginning in the summer of 2021, the MUD Board of Directors decided to improve oversight of the district with steps that over a number of months included the hiring of a new operator, engineer, bookkeeper, and law firm. Additionally, the Board has re-engaged with its financial advisor and property tax service providers to collect delinquent taxes which have been uncollected for many years.

As a result of these activities, there have been a several revelations which highlight financial challenges facing our district. Some examples include that in 2021 the portion of property taxes that should have gone to paying back debt for district bonds was too low. To correct the rate this year, the portion of property taxes to pay debt was increased and the portion of property taxes which fund our day-to-day operations, was required to be reduced. This, combined with a more thorough review of our expected annual expenses, resulted in a budget with a significant shortfall.

Summary of Westwood Shores MUD Budget	
For Fiscal Year July 1, 2022 through June 30, 2023	
Approved October 2022	
Income	\$ 1,196,755
Expenses	\$ 1,646,500
Net Income	\$ (449,745)

A full budget can be found at www.westwoodshoresmud.com/budgets

A district of our size should have at least six-months of anticipated expenses held in reserve for emergency repairs. The approved budget has very little funding to cover unplanned repairs, nor does it include costs to cover preventive maintenance to help keep equipment from breaking down unexpectedly.

To address this budget shortfall, in July 2022, the district hired a third party to conduct a rate study to help set water and sewer rates to adequately cover our costs of providing such services to customers. The results indicated we were not covering those costs. In October 2022, rates were increased to begin closing the gap and we are raising rates again beginning February 1, 2023. We hope this increase is not permanent, however, it currently is needed for the responsible operation of our district.

In the coming months we plan to consider other sources to help fund our district. This could include applying for special government funds, if available, adjustments to property tax rates for 2024, and asking taxpayers to vote on the authorization to issue new bonds. All these items will require careful study and consideration by the Board will likely have long lead times (i.e., 12 to 24 months) before they result in new funding.

If you would like to learn more about the operation of our district, please visit our website at westwoodshoresmud.com. Notices of our board meetings are posted there and members of the public are welcome to attend.

During the recent freeze event we distributed customer updates via email. If you are not on the distribution list and would like to sign up, please go to our website at westwoodshoresmud.com/subscribe and provide your contact information.

We do not take the decision to increase rates lightly and appreciate your patience as we work through these different issues.

NOTICE TO CUSTOMER REGARDING EXTREME WEATHER EMERGENCY

Dear Customer:

The Public Utility Commission's rule in Title 16, Chapter 24 Texas Admin. Code § 24.173(d) prohibit Westwood Shores MUD from imposing a late fee or from disconnecting your retail water/sewer service for nonpayment of bills that are due during an extreme weather emergency until after the emergency is over.

An extreme weather event is defined as a period beginning when the previous day's highest temperature in your area did not exceed 28 degrees Fahrenheit, and the temperature is predicted to remain at or below that level for the next 24 hours according to the nearest National Weather Service reports for your area. For purposes of these requirements, an extreme weather emergency is over on the second business day the temperature exceeds 28 degrees Fahrenheit.

Westwood Shores MUD is required to offer a payment schedule to an affected customer that requests a payment schedule. If you are a customer of Westwood Shores MUD and are affected by an extreme weather emergency, you may request a payment schedule from Westwood Shores MUD for unpaid bills that are due during the extreme weather emergency.

For affected customers that request a payment schedule, (Westwood Shores MUD) is prohibited from disconnecting service for nonpayment of bills that are due during an extreme weather emergency. However, once a payment schedule is offered to the affected customer, disconnections may resume if

(1) the affected customer declines to accept the payment schedule in a timely manner, or (2) if the affected customer has violated the terms of the payment schedule.

If you have a bill from (Westwood Shores MUD) due during an extreme weather emergency, then you are an affected customer and you qualify to request a payment schedule from (Westwood Shores MUD) for your bill. Please contact our office at: 75 Cottonwood Rd., Trinity, TX 75862; 936-594-3411.

Thank You, Westwood Shores MUD

AVISO AL CLIENTE CON RESPECTO A UNA EMERGENCIA CLIMÁTICA EXTREMA

Estimado cliente:

La Comisión de Servicios Públicos de Texas en su título 16, capítulo 24 Texas Admin. Code § 24.173(d) prohíbe Westwood Shores MUD de imponer un cargo por pago atrasado o desconectar su servicio de agua / drenaje (seleccione uno o ambos) por falta de pago de facturas que vencen durante una emergencia climática extrema hasta después del término de la emergencia.

Un evento climático extremo se define como un período que comienza cuando la temperatura más alta del día anterior en su área no superó los 28 grados Fahrenheit, y se pronostica que la temperatura permanecerá en o por debajo de ese nivel durante las próximas 24 horas de acuerdo con los informes del Servicio Meteorológico Nacional más cercanos de su área. Para los propósitos de estos requisitos, una emergencia climática extrema termina el segundo día en cual la temperatura excede los 28 grados Fahrenheit.

Westwood Shores MUD esta obligada a ofrecer un plan de pagos a un cliente afectado que solicite un plan de pagos. Si usted es cliente de Westwood Shores MUD y se ve afectado por una emergencia climática extrema, puede solicitar un plan de pagos a Westwood Shores MUD para las facturas no pagadas que vencieron durante la emergencia climática extrema..

Para los clientes afectados que solicitan un cronograma de pagos, (La empresa) tiene prohibido desconectar el servicio por falta de pago de facturas vencidas durante una emergencia climática extrema. Sin embargo, una vez que se ofrece un plan de pagos al cliente afectado, las desconexiones pueden reanudarse si (1) el cliente afectado se niega a aceptar el plan de pagos de manera oportuna, o

(2) si el cliente afectado ha violado los términos del plan de pagos.

Si tiene una factura de (La empresa) que vence durante una emergencia climática extrema, entonces usted es un cliente afectado y califica para solicitar un plan de pagos de (La empresa) para su factura. Por favor, póngase en contacto con nuestra oficina en Westwood Shores MUD, 75 Cottonwood Rd., Trinity, TX 75862; 9361594-34111

Gracias,

Westwood Shores MUD



Westwood Shores M.U.D

75 Cottonwood
Trinity, TX 75862

December 20, 2022

Valued Customers,

We have recently had a professional Rate Study provided by Superior Management, which recommended a rate increase, necessary to maintain infrastructure and supply service. The new rates were approved by the MUD Board at the 12/19/2022 meeting and will take effect February 1, 2023. We did not make this decision lightly and understand that it may cause some inconvenience.

We appreciate your business and hope that you will continue to support us in the future. If you have any questions or concerns, please do not hesitate to contact us. 936-594-3411 or email customerservice@westwoodshoresmud.com

New Amended Water/Sewer Availability Base Fee

Meter Size	Minimum Water	Minimum Sewer
5/8" & 3/4"	\$107.17	\$81.58
1"	\$267.93 (\$107.17x2.5)	\$203.95 (\$81.58x2.5)
2"	\$857.36 (\$107.17x8)	\$652.64 (\$81.58x8)
3"	\$1,607.55 (\$107.17x15)	\$1,223.70 (\$81.58x15)
6"	\$5,358.50 (\$107.17x50)	\$4,079.00 (\$81.58x50)

INCREASING BLOCK WATER USAGE RATES

0 gallons - 4000 gallons	\$1.00 per 1,000 gallons
4,001 gallons - 7,000 gallons	\$1.50 per 1,000 gallons
7,001 gallons - 12,000 gallons	\$2.00 per 1,000 gallons
Over 12,000 gallons	\$3.00 per 1,000 gallons

INCREASING BLOCK SEWER USAGE RATES

0 gallons - 4,000 gallons	\$1.00 per 1,000 gallons
4,001 gallons - 7,000 gallons	\$1.50 per 1,000 gallons
7,001 gallons - 12,000 gallons	\$2.00 per 1,000 gallons
Over 12,000 gallons	\$3.00 per 1,000 gallons

In Compliance with Section 5.701 of the Texas Water Code the TCEQ Regulatory Assessment Fee is equal to one-half of one percent (0.50%) of the charge for retail water and/or sewer.