



BDWSC

Bluff Dale Water Supply Corporation
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Bluff Dale, Texas 76433-0232

Dennis McNaughten - President 254-592-5914

Richard Skinner-Member

Frank Maddy - Vice President

LaNell McNaughten-Member

Deborah Morris - Secretary/Treasurer

Carlos Silva - Member

April 22, 2025

Dear Member,

I have news on the 2nd well project we have been working on for 6 years. Nothing is quick when dealing with state agencies but we can see the finish line and hope to start drilling late Summer or early Fall. In order to comply with the Middle Trinity Groundwater Conservation District requirements, we purchased a total of 30 acres of water rights directly behind the Bluff Dale Storage units. This allows us to pump water at the rate needed without having to have a meter on the well. That process took some time as lawyers had to draw up the papers, and the title company had to do its job. However, it is done and has been registered. That was an unexpected expense.

As all of you are aware, the last years, including COVID, have put the economy in flux and driven up prices of everything significantly. Our corporation is not immune to those economic forces. All of our supplies and utilities have increased in cost to the water supply. The original price for the 2nd well was \$490,000. However, that was 2 years ago, and the new price is now \$592,000. We accepted the low bid from Associated Wells to drill the well and install transmission lines under FM 2481. Because of the additional cost, we are applying for a loan for the cost overruns from the Texas Water Development Board.

I know it is hard to understand why a well is so expensive. We are dealing with several state and federal agencies, each with its own set of rules. We had to commission an environmental study that covered everything from the Golden Cheeked Warbler to Indian burials. The design had to meet engineering standards, which required the use of Civil engineers. We are required to drill and plug a pilot hole before we can drill the actual well. All steel components must be American made (not easy to find these days). The Davis-Bacon act requires all employees of companies working on the well to be paid the equivalent of their respective Union wages. The Middle Trinity Groundwater Conservation District has their requirements. All of this and more just to drill one well. Two of our board members are retired Engineers and one is a current Engineer. They will be supervising the project from beginning to end,

thereby saving us from having to hire an outside firm to do so. It was like pulling teeth to get the Texas Water Development Board to approve them, but we finally got their blessing.

Like any complex delivery system, there is a lifespan to its components. Our water supply started providing water well over 20 years ago. In that time, we have had very few major line breaks. We have had to replace the pump 3 times. Our system is nearing a time when we will need to consider replacing our transmission lines and associated water delivery equipment. Our meters are in the last year or so of accuracy. We received a grant from the Texas Water Development Board to work on an Asset Management Plan. A group of engineers and water experts worked with us to go over our entire system and develop best management practices, component lifespan and replacement costs, and many other aspects to running a water corporation. The AMP helps us determine what we need to plan for in regards to what to replace when and anticipated costs adjusted for inflation. To be honest, the numbers are staggering in terms of costs. At the same time, we worked on the AMP, we had a rate study done in anticipation of costs associated with inflation and future infrastructure replacement.

There is no way to sugarcoat this. We will need to increase the basic cost of the water bill to \$75.00. Our rate study actually indicated a higher amount, but this is the upper limit we were comfortable with. This is the absolute minimum amount that will allow the corporation to build up a fund balance for major breaks, equipment failure, meter replacement costs, and pay on loans. It only provides a minimum amount to save for infrastructure costs. Remember, we are each a member with meters and will have to bear the costs also. No one, especially those on the board, are happy to have to raise rates. We have worked very hard on being fiscally prudent and conservative.

This is also the time for board member elections. We have two open positions. Dr. Carlos Silva was appointed to the board upon the death of Lou Stone. He has applied for election to the board. If you are interested in running for the board, please download an application from our website and submit it by May 15, 2025, in the payment box or give it to any board member.

Our annual meeting is on Wednesday, May 21, 2025, at 6:00 pm in the Fire Station Community Center. At that time, we will hold board elections, if needed, and vote on the rate increase. We welcome and encourage any member to come and ask questions.

If you have any questions, please don't hesitate to contact a board member.

Thanks,

Dennis McNaughten

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Board President