

Barton Creek West Wastewater Treatment Plant Renovation and Financing

Why you are getting this letter.

The Barton Creek West Water Supply Corporation (BCW WSC) Board of Directors is in the final stage of planning and scheduling a major rehabilitation project for our Waste Water Treatment Plant (WWTP). This letter will provide you with information about the justification, project plan, costs, and proposed fee increases to pay for the project.

Background Information

BCW WSC owns and operates the wastewater collection, treatment and disposal system. Two (2) major components of this system, the WWTP and treated effluent holding pond, are readily visible from Bee Cave Road near the entrance of Barton Creek West.

The WWTP is now reaching 38 years old. It was originally built in 1985 to serve Barton Creek West. The plant was refurbished (interior walls sandblasted and recoated with epoxy paint, along with some equipment replacement) on one previous occasion in 2001. Our next refurbishment is planned for 2025.

The plant was briefly taken down in November 2021 for inspection to determine the timing and extent of the next refurbishing needed to keep it operating efficiently and within our TCEQ permit specifications. The conclusion from the inspection is the treatment plant interior wall surfaces and equipment infrastructure do need refurbishment and maintenance, to keep the operating chemistry performance required by the State of Texas and to extend sewer plant life for at least another 15 years. We determined the most cost-effective approach is to rehab our existing infrastructure with an initial cost estimate of \$1.5M. Installing a completely new waste water treatment plant would be nearly double the cost.

Renovation project plan.

Once the contractor bid package (project specifications) is finalized and released for bidding, it will take approximately one year to fully complete the project. There is expected to be no service interruption to any customers during this project. The only customer impact will be an increased wastewater base rate discussed later in this letter. Our staff engineer (Malone/Wheeler) will be responsible for the project specifications and project management of the overall project and contractors, while being closely monitored by our operator (TUMCO) and the Board of Directors.

Overview of current wastewater treatment rates.

A **Base Fee** of \$88.00 is assessed monthly. This is a minimum flat rate per connection for all or any part of the month.

The **Volumetric Fee** for All Gallons is \$1.70/1000 gallons, in addition to the Base Fee.

- The assessed rate is based on the average water use for December, January, and February.
- The yearly average changes every year.

Cost impact for the plant rehab project.

The Board of Directors has been diligently building a Capital Reserve account as an ongoing part of our yearly financial planning, and has accumulated approximately \$902K, invested in laddered CDs and T-Bills. After scoping this large plant renovation project and our anticipated future capital spending schedule, we will need to increase the base waste water rate. The added revenue from raising rates now will allow us to start the renovation project sooner and reduce the overall capital costs.

The Board has voted for a base waste water rate increase of \$85 per month, beginning in the month of September 2023. **The new wastewater base fee will be \$173/mo.** Our wastewater rates are now significantly lower than those around us and even with this increase, we are confident that the overall rates paid by you, our customers, will remain comparable to or below those rates paid in other similar neighborhoods