

Conroe Bay Water Sewer Supply Corporation
12948 Point Dr.
Willis, TX 77318

February 8, 2022

Dear Residents,

As you are aware from previous communications, the board of directors has been planning for critical repairs, replacement and additions to our water and sewer systems for the past several years. At the outset of the financial planning, we increased the water and sewer rates for what we knew at the time. The board has been working very hard to secure funding for those needs, but it has been difficult as we are not a “strong” financial organization for large loans. We do not have a “Strong Balance Sheet” due to our size and rate structures.

Recently, it has been determined that the costliest of our projects, repairing the waste treatment plant, would not be a sound decision as we would be throwing serious money away due to the age and deterioration of the plant. We are faced with the purchase of a new waste treatment plant which is considerably more expensive than the repairs we had been planning for. This new plant will add significantly to our financial needs and creates an even greater obstacle to obtaining financial assistance.

The estimated cost of our projects now exceeds \$1,410,000.00 which requires a significantly stronger financial position for loan consideration. Below is a recap of those projects:

- New sewer plant
- New water Pressure Tank
- Replace or repair old Pressure Tank - for contingency
- New well for contingency
- New water ground storage tank - original tank built in 1972
- Generator at water plant to provide uninterrupted service
- Replace fencing at water plant

The board currently remains engaged in the process of applying for two separate loans and a grant through the Texas Water Development Board (TWDB) to accomplish our goals. At best, we are looking at April of 2023 to receive any funds if approved. In the meantime to improve our financial standing we will increase our rate structures to the projected loan payment requirement for the total project cost listed above. By doing so at this time, we will improve our financial standing over the year; so that when the final loan approval is considered we are in an improved position to qualify.

As mentioned above we are applying for a “Clean Water Fund Grant” available through the TWDB for “very small systems”. If approved, it will reduce our financial liability by lowering the amount we will need to borrow.

While there is no guarantee we will receive grant money, we have been encouraged to apply as we satisfy the qualifications. Also, in the loan amount request is “Contingency Money” that is required for items like inflation and incidentals not known at this time but will occur or be required during the completion of the projects. Any portion of that money that is not used can be returned further reducing our payment requirements.

To summarize, we are in the application process to borrow \$1,410,000.00, to complete all of the needed projects. To improve our financial status so it meets the requirements necessary to close this loan, we will begin on March 1, 2022, collecting the additional required monthly costs of the loan payment by increasing the water and sewer rates. Upon completion of all projects the board will review the water sewer rates for possible adjustments.

Effective with the billing received on March 1st (meters read on the February 20) the water and sewer rates will be increased by a total of \$34.00 plus .17 user fee per month, per customer regardless of usage. Included for your reference is the revised rate structure reflecting the new rates that will be applied to the March 1st billing. If there are any questions, please contact a board member.

Sincerely,

Daniel A. Lynam, President

Cc - Board members