

GREATER GARDENDALE WSC

P.O. Box 322

Gardendale, Texas 79758

432-561-9255

March 24, 2017

Dear Members:

It is that time again for the annual meeting of the Greater Gardendale Water Supply System Corporation ("GGWSC") and to provide you with a brief report on the "state of the union" for GGWSC. I am pleased to report to you that the construction of substantial new improvements to the water delivery system was completed in 2016. The most visible improvement is a new elevated storage tank (215,000 gallons) on Goldenrod near Hollyhock. Other improvements included a new ground storage tank (128,500 gallons), two new water wells; new pipelines (46,200 feet) completely renovated and expanded pump station with new building, pumps, controls, etc. The cost was \$5.5 million. Those improvements were required by Texas law and by state agency regulations because GGWSC had grown beyond the system's original capacity. GGWSC's engineers walked us through those requirements including the design, bidding, and construction of those improvements. The water delivery system is now better than it has ever been. This system will not only take care of our current needs but will also take care of some sizeable future growth.

Texas law and state regulations require us to make one other major improvement, and it is to acquire and bring on board an additional source of water. Even though we drilled 2 new wells in our existing well field, we need another water source for the following reasons. The drought just a few years ago, plus the enormous growth in residential and commercial development in Gardendale has put big demands on GGWSC's current water source. Even though GGWSC does not sell water to oil companies for drilling and fracking, many property owners in Gardendale do sell water, including owners adjacent to our water well field. The result has been a tremendous drain of the water supplies under Gardendale. Our engineers are quite clear that we need to find a secondary water source. Your board, staff, and engineers have been working very hard for more than two years seeking out prospects for a secondary water source. We are pleased to report that we have narrowed the prospects down to one source and are currently in negotiations. I cannot tell you any more at this time, but hopefully, will be able to elaborate at the annual meeting. However, I can tell you that the new water source will require 3 ground storage tanks (1 - 150,000 gallons and 2 - 257,000 gallons), several miles of pipeline (13,200 feet), acquiring rights of way, water treatment equipment, valves, and other equipment. The cost of those improvements estimated by our engineers is \$6.5 million.

All of this information leads me to the next item of business, which are our water rates. Our engineers, staff, and board all agree that a rate increase is necessary. Your board is recommending a rate increase which most people would say is a modest increase. This rate increase was calculated by our engineers and our staff using many factors such as the cost of the improvements just completed, and the cost of the improvements needed to acquire the new water source and the cost of the water itself. Therefore, at the March 21, 2017 meeting, the board came to the conclusion that the financially prudent thing to do at this time, is to raise our water rates. The current rates are set out below with the proposed new rates adjacent for your convenience and consideration. Also, there are samples of the costs of various quantities of water under the current rates and the proposed rates.

(OVER)

If you have any questions, please contact the office or come to any of our regular monthly meetings or to the annual meeting which will be on April 25 at 7:00 PM. All of the meetings are at the GGWSC offices. Thank you.

Sincerely,



Wade Hudman  
President

**Current**

0 – 2,000 gallons	50.00 minimum
2 – 6,000 gallons	4.75 per 1,000
6 – 10,000 gallons	7.00 per 1,000
10 – 30,000 gallons	12.50 per 1,000
30 – 50,000 gallons	18.00 per 1,000
50,000 + gallons	26.00 per 1,000

**Proposed**

0 – 2,000 gallons	55.00 minimum
2 – 6,000 gallons	6.40 per 1,000
6 – 10,000 gallons	9.00 per 1,000
10 – 30,000 gallons	15.25 per 1,000
30 – 50,000 gallons	25.50 per 1,000
50,000 + gallons	36.50 per 1,000

***These rates are to go into effect starting with the June 2017 billing (bill will be received on or about July 5<sup>th</sup>).***

# SAMPLE

## EXAMPLE: 6,000 gallons usage

Current Rate		Amount	Proposed Rate		Amount
0 – 2,000 gallons	50.00 minimum	<b>50.00</b>	0 – 2,000 gallons	55.00 minimum	<b>55.00</b>
2 – 6,000 gallons	4.75 per 1,000	<b>19.00</b>	2 – 6,000 gallons	<b>6.40 per 1,000</b>	<b>25.60</b>
6 – 10,000 gallons	7.00 per 1,000		6 – 10,000 gallons	9.00 per 1,000	
10 – 30,000 gallons	12.50 per 1,000		10 – 30,000 gallons	15.25 per 1,000	
30 – 50,000 gallons	18.00 per 1,000		30 – 50,000 gallons	25.50 per 1,000	
50,000+ gallons	26.00 per 1,000		50,000+ gallons	36.50 per 1,000	
		<b>69.00</b>			<b>80.60 + \$11.60</b>

## EXAMPLE: 10,000 gallons usage

Current Rate		Amount	Proposed Rate		Amount
0 – 2,000 gallons	50.00 minimum	<b>50.00</b>	0 – 2,000 gallons	55.00 minimum	<b>55.00</b>
2 – 6,000 gallons	4.75 per 1,000	<b>19.00</b>	2 – 6,000 gallons	6.40 per 1,000	<b>25.60</b>
6 – 10,000 gallons	7.00 per 1,000	<b>28.00</b>	6 – 10,000 gallons	<b>9.00 per 1,000</b>	<b>36.00</b>
10 – 30,000 gallons	12.50 per 1,000		10 – 30,000 gallons	15.25 per 1,000	
30 – 50,000 gallons	18.00 per 1,000		30 – 50,000 gallons	25.50 per 1,000	
50,000+ gallons	26.00 per 1,000		50,000+ gallons	36.50 per 1,000	
		<b>97.00</b>			<b>116.60 + \$19.60</b>

## EXAMPLE: 30,000 gallons usage

Current Rate		Amount	Proposed Rate		Amount
0 – 2,000 gallons	50.00 minimum	<b>50.00</b>	0 – 2,000 gallons	55.00 minimum	<b>55.00</b>
2 – 6,000 gallons	4.75 per 1,000	<b>19.00</b>	2 – 6,000 gallons	6.40 per 1,000	<b>25.60</b>
6 – 10,000 gallons	7.00 per 1,000	<b>28.00</b>	6 – 10,000 gallons	9.00 per 1,000	<b>36.00</b>
10 – 30,000 gallons	12.50 per 1,000	<b>250.00</b>	10 – 30,000 gallons	<b>15.25 per 1,000</b>	<b>305.00</b>
30 – 50,000 gallons	18.00 per 1,000		30 – 50,000 gallons	25.50 per 1,000	
50,000+ gallons	26.00 per 1,000		50,000+ gallons	36.50 per 1,000	
		<b>347.00</b>			<b>421.60 + \$74.60</b>

## EXAMPLE: 50,000 gallons usage

Current Rate		Amount	Proposed Rate		Amount
0 – 2,000 gallons	50.00 minimum	<b>50.00</b>	0 – 2,000 gallons	55.00 minimum	<b>55.00</b>
2 – 6,000 gallons	4.75 per 1,000	<b>19.00</b>	2 – 6,000 gallons	6.40 per 1,000	<b>25.60</b>
6 – 10,000 gallons	7.00 per 1,000	<b>28.00</b>	6 – 10,000 gallons	9.00 per 1,000	<b>36.00</b>
10 – 30,000 gallons	12.50 per 1,000	<b>250.00</b>	10 – 30,000 gallons	15.25 per 1,000	<b>305.00</b>
30 – 50,000 gallons	18.00 per 1,000	<b>360.00</b>	30 – 50,000 gallons	<b>25.50 per 1,000</b>	<b>510.00</b>
50,000+ gallons	26.00 per 1,000		50,000+ gallons	36.50 per 1,000	
		<b>707.00</b>			<b>931.60 + \$224.60</b>

## EXAMPLE: 100,000 gallons usage

Current Rate		Amount	Proposed Rate		Amount
0 – 2,000 gallons	50.00 minimum	<b>50.00</b>	0 – 2,000 gallons	55.00 minimum	<b>55.00</b>
2 – 6,000 gallons	4.75 per 1,000	<b>19.00</b>	2 – 6,000 gallons	6.40 per 1,000	<b>25.60</b>
6 – 10,000 gallons	7.00 per 1,000	<b>28.00</b>	6 – 10,000 gallons	9.00 per 1,000	<b>36.00</b>
10 – 30,000 gallons	12.50 per 1,000	<b>250.00</b>	10 – 30,000 gallons	15.25 per 1,000	<b>305.00</b>
30 – 50,000 gallons	18.00 per 1,000	<b>360.00</b>	30 – 50,000 gallons	25.50 per 1,000	<b>510.00</b>
50,000+ gallons	26.00 per 1,000	<b>1,300.00</b>	50,000+ gallons	<b>36.50 per 1,000</b>	<b>1,825.00</b>
		<b>2,007.00</b>			<b>2,756.60 + \$749.60</b>