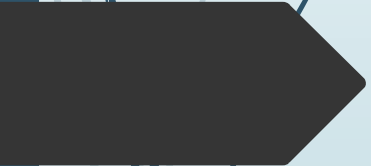


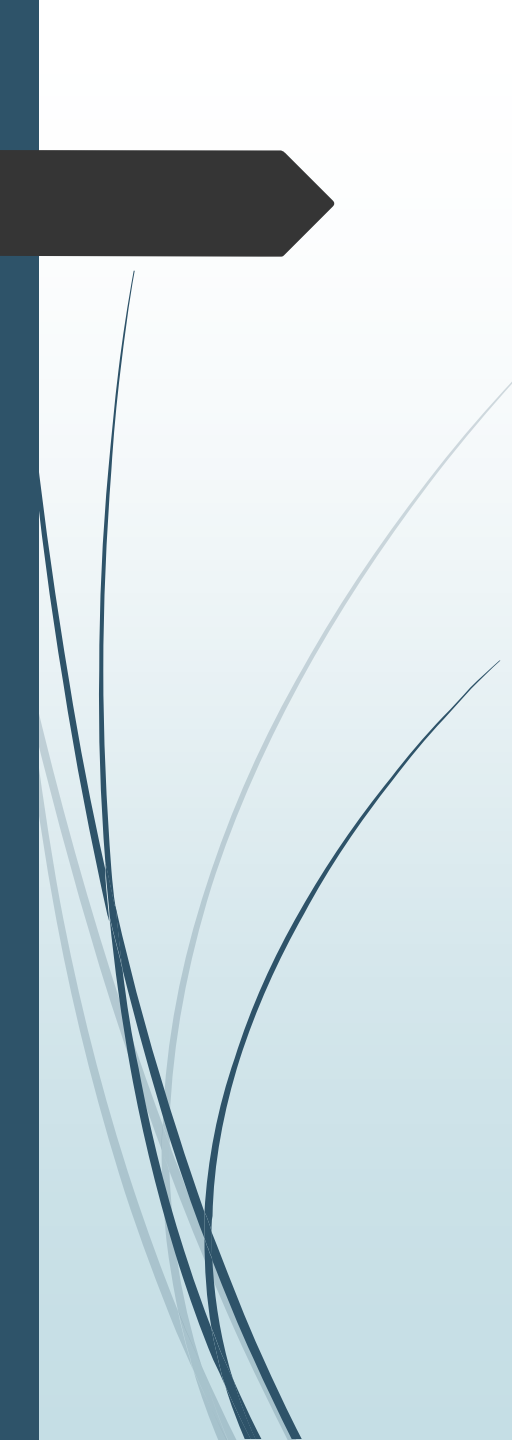
WCID[★] No. 17

Travis County

Apache Shores Service Area Waterline Replacement Issue:

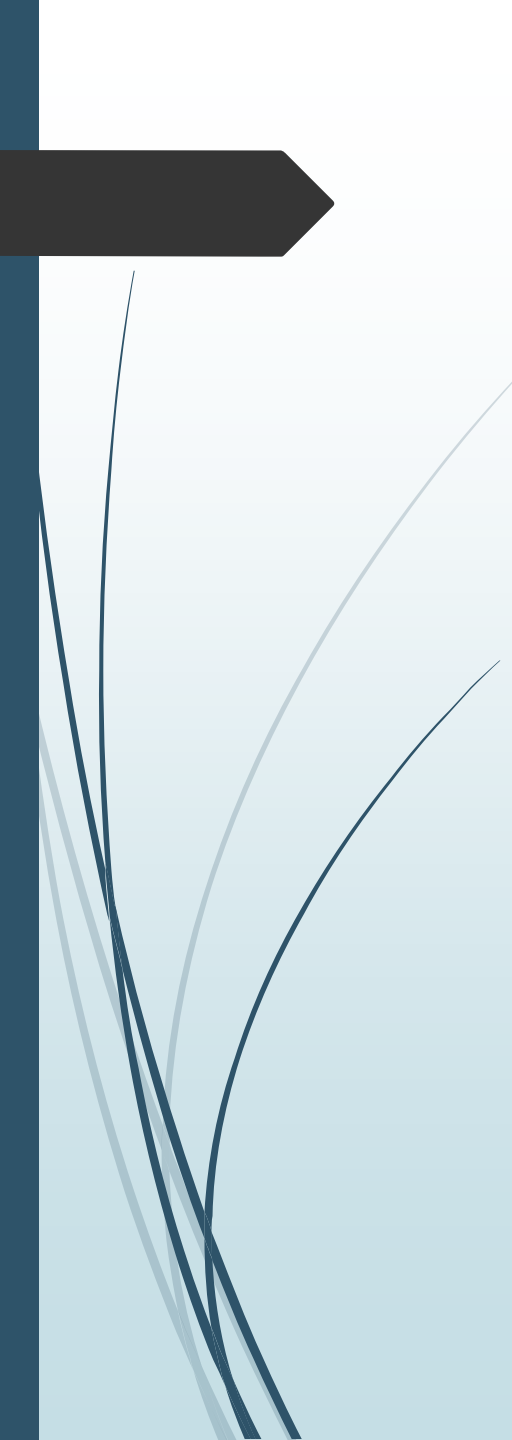


46 Substandard water lines require replacement at an estimated cost of \$59.7 Million.



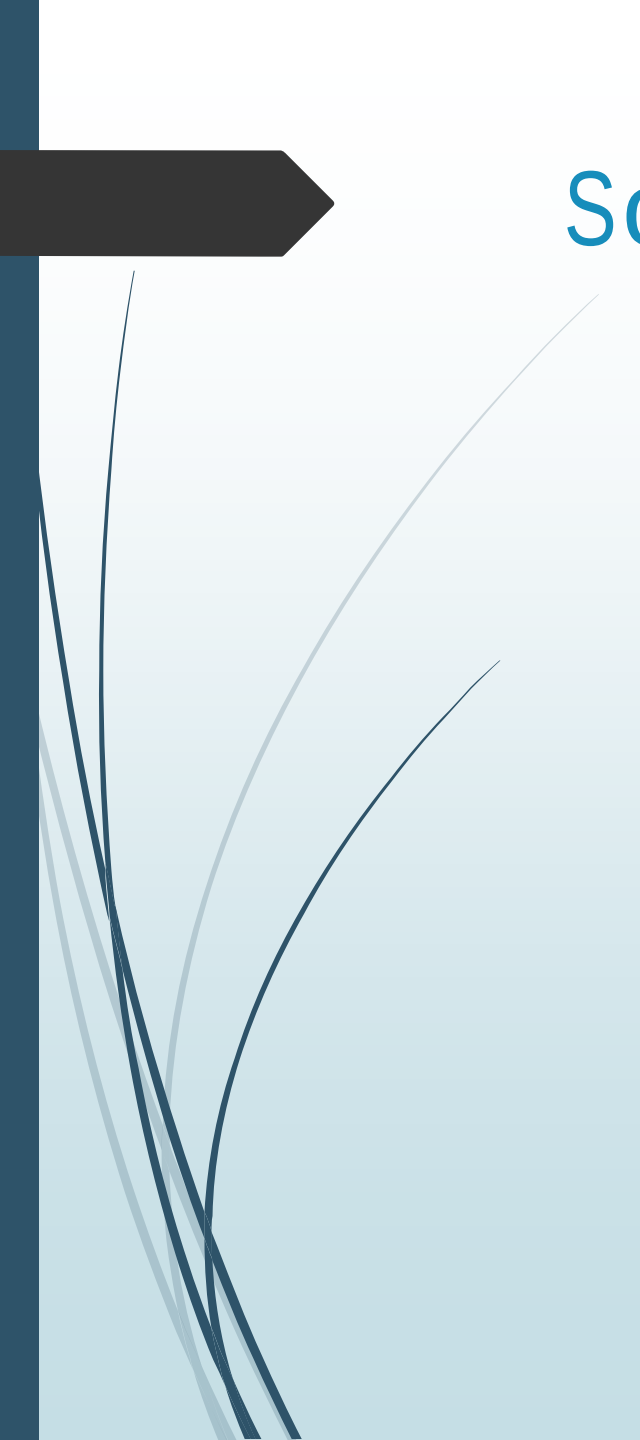
Problem:

- In 2023 District Staff and Engineers performed a water line assessment of all water lines served by our water systems. They were evaluated for the following:
 - Material Condition (age of line, breakage history etc.)
 - Number of homes that line services
 - Whether or not the line can provide adequate fire flow
- Based on these criteria, Apache Shores currently possesses 46 water lines that are graded by District Staff and Consultants as substandard.
- The cost to replace these 46 water lines is estimated by our engineering consultants to be approximately \$59.7 Million.



Problem:

- Out of all water lines in the Apache Shores service area, 75% provide inadequate or NO fire flow.
- Of those water lines:
 - 15% of all water lines in AS provide less than full fire flow.
 - These are 6" lines that pass between 900-1000 gpm. Fully rated fire flow is 1500 gpm.
 - 60% of all water lines in AS provide NO FIRE FLOW.



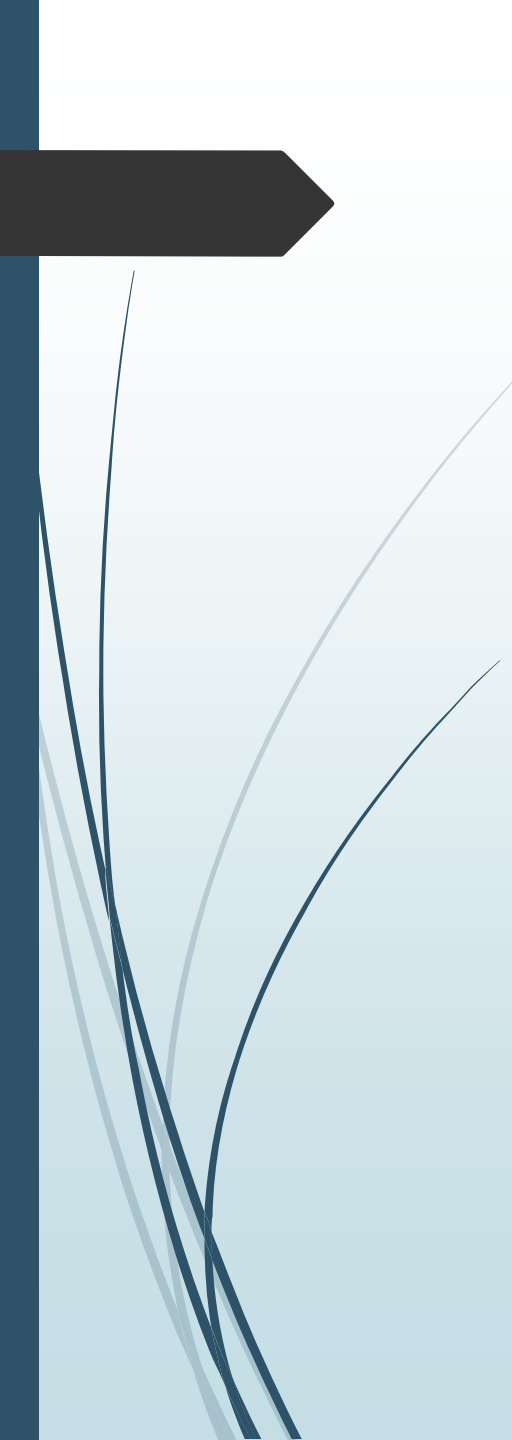
So how did we get here?

- In 1997 the Apache Shores Utility Corporation was placed in receivership by the Texas Commission on Environmental Quality (TCEQ) due to substandard operations and inability to meet water quality safety standards.
- At this time the AS POA approached WCID No. 17 and requested WCID No. 17 take over the Apache Shores Utility Corporation (ASUC) and run it to ensure water quality standards were maintained for the Apache Shores Community.



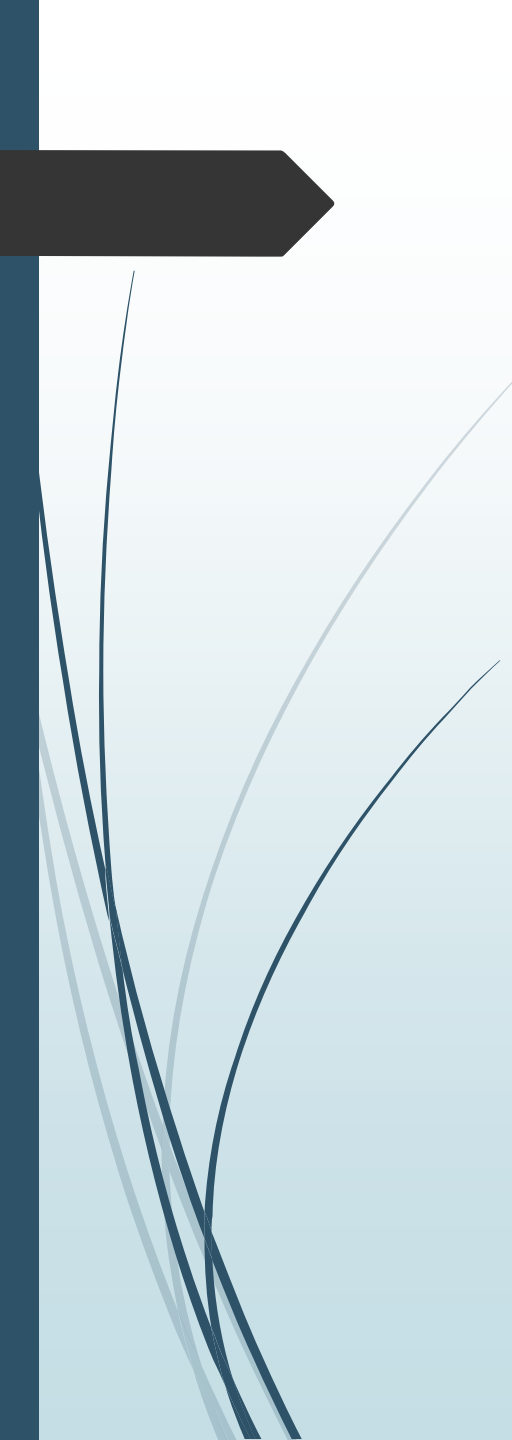
So how did we get here?

- Unfortunately, following WCID No. 17 taking over the water system, the Apache Shores community elected to not join the District.
- By not joining the District the community avoided having to pay District Taxes. This decision also resulted in the Apache Shores community maintaining financial responsibility for line upgrades/replacement.
- Prior to 2025, half of each ODF collected has been diverted to a Capital Improvement Fund for these repairs.



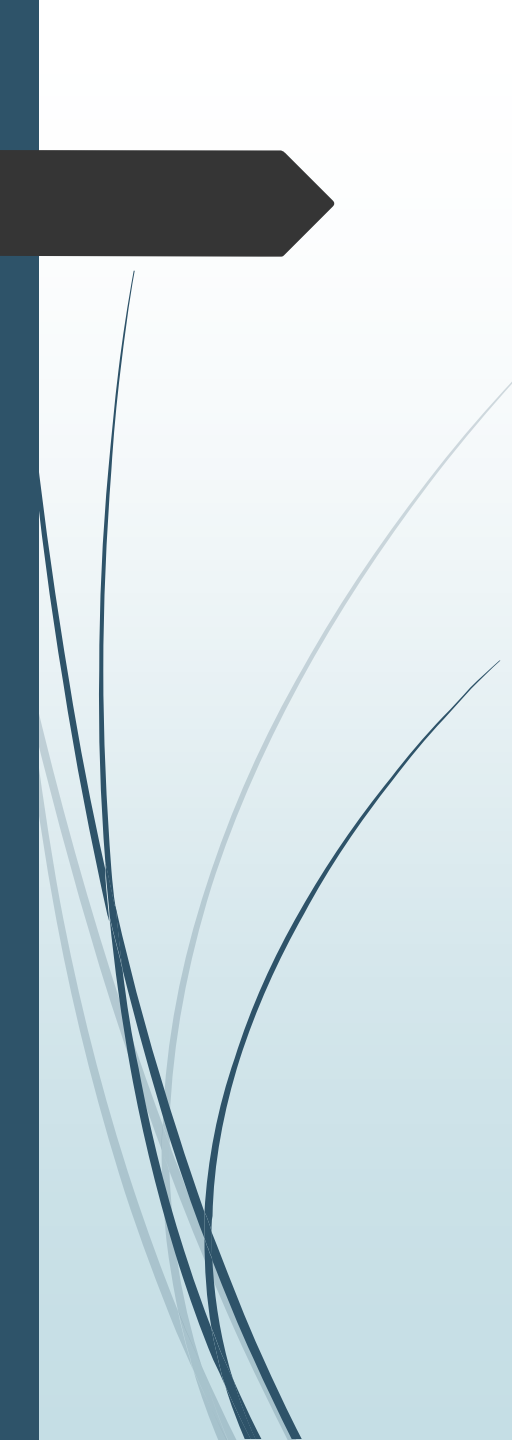
Apache Shores customers have to pay fees to the District – Why?

- To fund the improvements necessary to connect the Apache Shores water system to that of WCID No. 17 the District sold a bond on behalf of Apache Shores. The repayment of this bond is funded through the existing Debt Service Fee (DSF) which is paid by all Apache Shores residents. This bond will be fully repaid in 2027 and the DSF will go away at that time.
- To pay the required impact fees for all properties connected to the water system at the time of the agreement a bond was sold by the District on the behalf of Apache Shores.
- The repayment of this bond is funded through the current Capacity Buy-In Fee (CBF) which is paid only by those Apache Shores residents discussed above. This bond will be fully repaid in 2027 and the CBF will go away at that time.



Apache Shores customer have to pay fees to the District – Why?

- Because the Apache Shores community elected to not join the District, an Out of District Fee (ODF) was created.
- This fee is designed to fund District maintenance operations in Apache Shores (including emergency response equipment and personnel) as well as associated line repairs within Apache Shores and future line replacements. This fee is paid by all properties in Apache Shores who receive water service from WCID No. 17.



What is the Out of District Fee money used for?

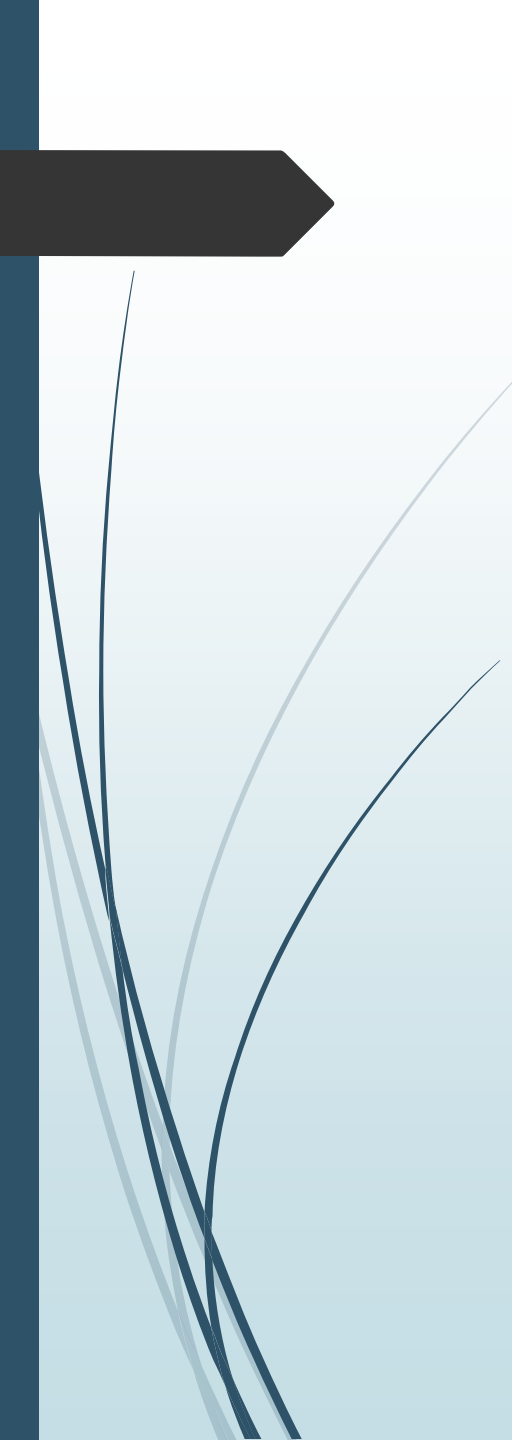
- The Out of District Fee funds two things:

1. Currently 25% of the fee goes towards District expenses to repair water lines within Apache shores as well as a fair share of District expense to maintain 24 hour service capability and equipment.
 - In the past 18 months there have been 53 water leaks in Apache Shores.
 - This represents over 35% of all leaks in the entire District over that time despite Apache Shores representing slightly more than 11% of total District accounts.
2. Currently 75% of the out of district fee goes towards Capital Expense for future water line replacements within Apache Shores.
 - At the previous rate of ODF collections it would have taken over 200 years to replace these 46 water lines. (New Water line lifespan is approximately 75 years)

The current ODF is \$80/month per account.

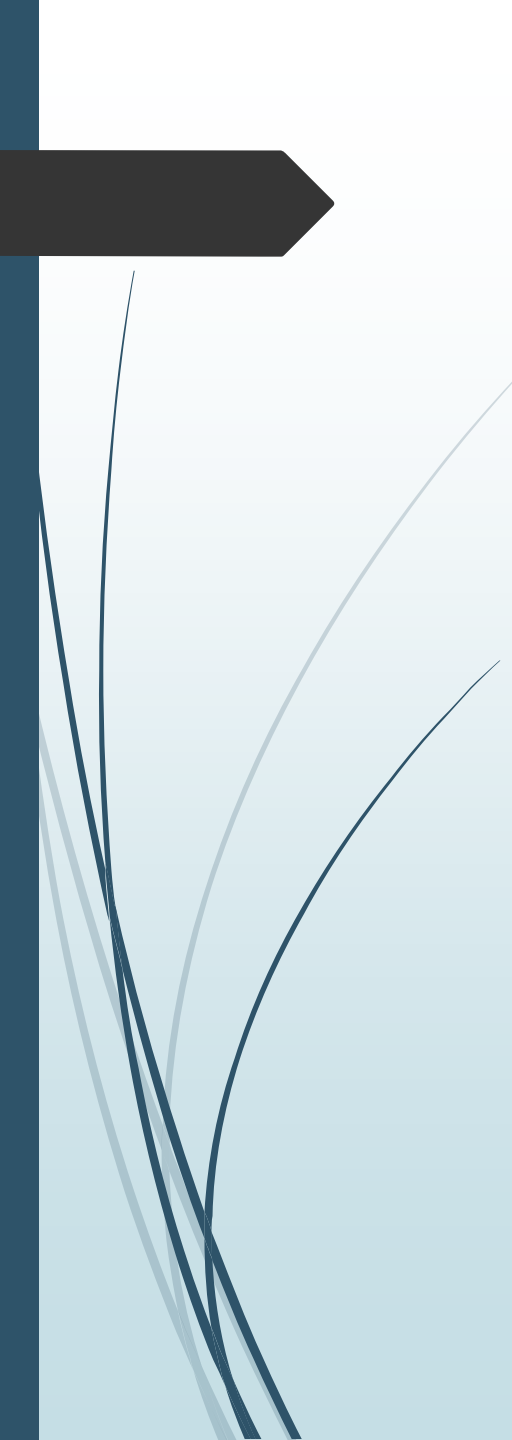
What happens to this money and how is this money being spent?

- Of the current fee, \$20 is paid to the District for line repairs and the expenses associated with providing 24 hour repairs, staff and equipment.
 - This represents \$336,805 annually(in 2023).
 - For comparison, if the Apache Shores area was part of the District it would be paying \$453,575 annually in District taxes for Operations & Maintenance.
 - (Based on 2023 TCAD assessed value)
- The other \$60 will be segregated into capital reserves for Apache Shores where it will be saved until such a time as enough money has accumulated.



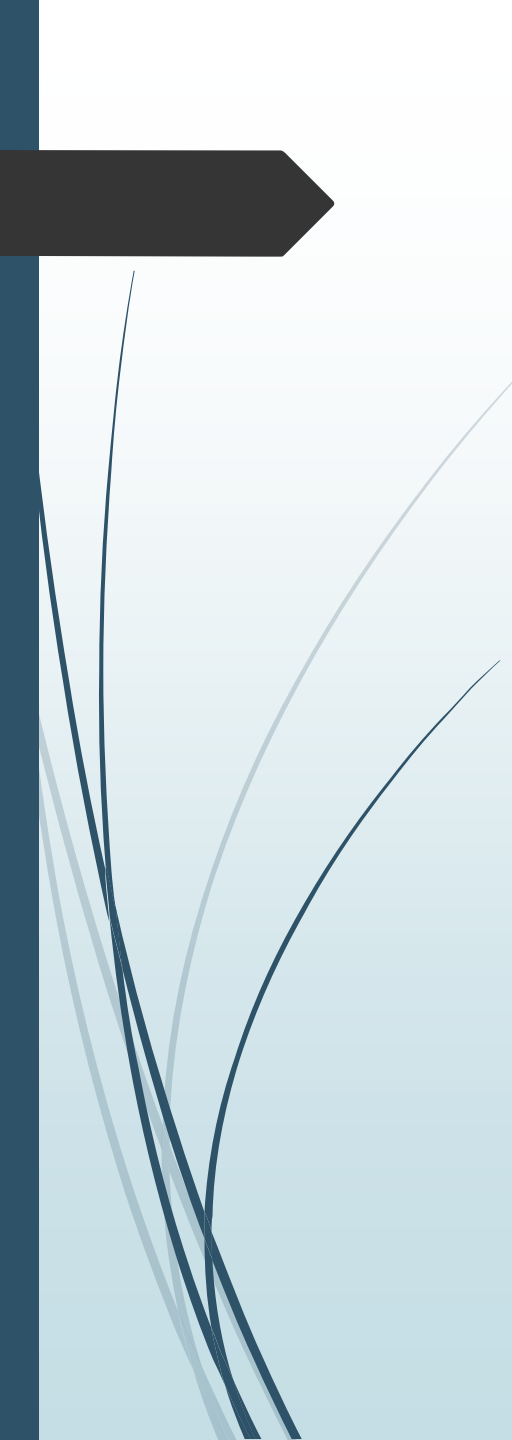
How is the ODF money being spent?

- Since 2011 the District has collected \$1,848,000 from AS residents for water line replacements.
 - In July 2011 the District completed the General Williamson waterline replacement for \$1,400,000
 - In May of 2017 the District completed the Platte Pass and Rainwater waterline replacement projects for \$335,000
 - In January of 2022 the District completed the Red Fox waterline project in the amount of \$503,000
- As of 12/31/2024, Apache Shores has \$996,091.09 set aside in capital reserves to pay for upcoming waterline replacements.



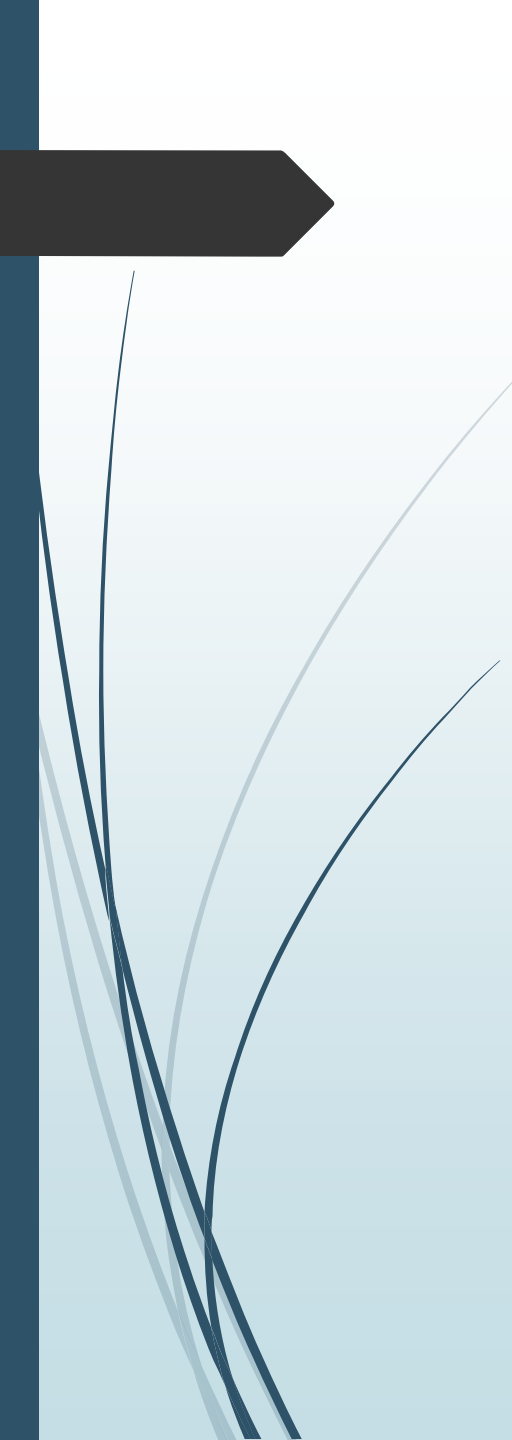
How is the ODF money being spent?

- In total the District has spent \$2,238,000 on waterline projects in Apache Shores since 2011.
- In that time the District has collected \$1,848,000 in ODF payments.
- Apache Shores currently has an additional \$996,091 in savings for the next project.
- This does not include the recent AMI meter replacement program. This was a \$500,000 investment by the District in Apache Shores infrastructure that came at no cost to Apache Shores residents.



So where do we go from here?

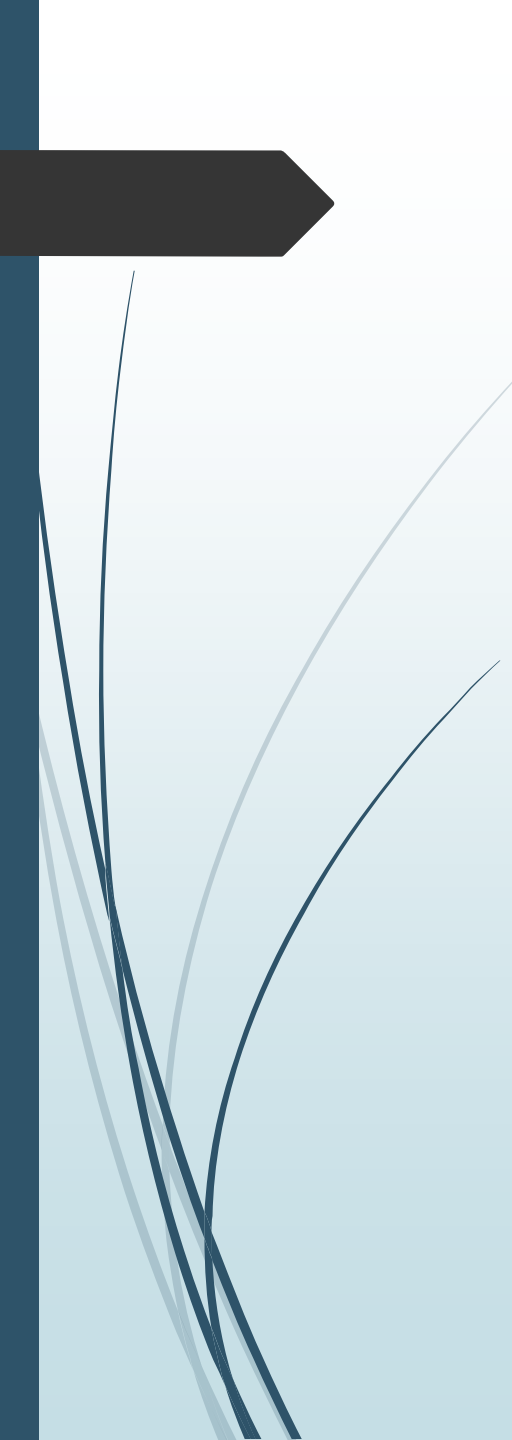
- For Fiscal Year 2025, the WCID No. 17 Board of Directors raised the Out of District fee to \$80/month per account in Apache Shores. 75% of this fee is directed to Capital savings for future waterline replacements.
- Future increases are also highly likely as the District would have to raise the ODF to approximately \$300/month per account in order to raise the necessary funds on a 10 year timeline.
 - This does not address the inevitable increase in construction costs over that timeline and would likely result in the fee being necessary for well over 20 years in order to complete all line replacements.



Possible solutions...

► Option 1:

- Apache Shores residents could request to be annexed into the District by forming a Defined Area.
- This would allow the District to sell bonds on behalf of the Defined Area (up to the amount approved by voters in the election to create the Defined Area).
- This would result in a tax rate specific to the Defined Area that would fund the repayment of these bonds. All property owners in Apache Shores would also be required to pay the District's Operations & Maintenance tax rate.
- By selling these bonds the District would have immediate access to the monies necessary to conduct the required water line replacements and upgrades. This would allow the District to complete all line repairs in approximately 10 years from the time the first bond gets sold.



Possible solutions...

■ Option 2:

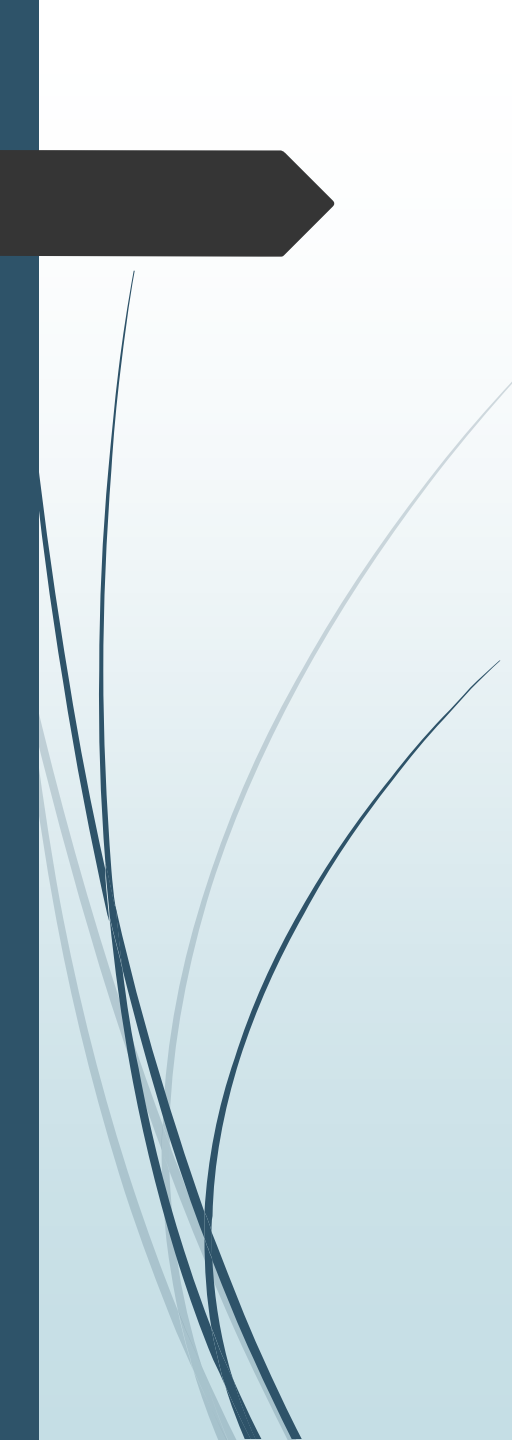
- Should the Apache Shores community elect to not form a Defined Area and join the District, WCID No. 17 will be left with no option except to continue to increase the current ODF to levels that allow the replacement of these water lines in a timely manner.
- For Fiscal Year 2025, WCID No. 17's Board of Directors have increased the current Apache Shores Out-of-District fee from the to \$80 per month. District staff estimate this fee would have to increase annually until it reached approximately \$300 per month in order to raise the necessary monies within 10 years.
- This does not account for the inevitable increases in construction costs over that 20 year time frame and would likely result in the continuance of this fee until such time as all of the water lines were replaced.



Possible solutions...

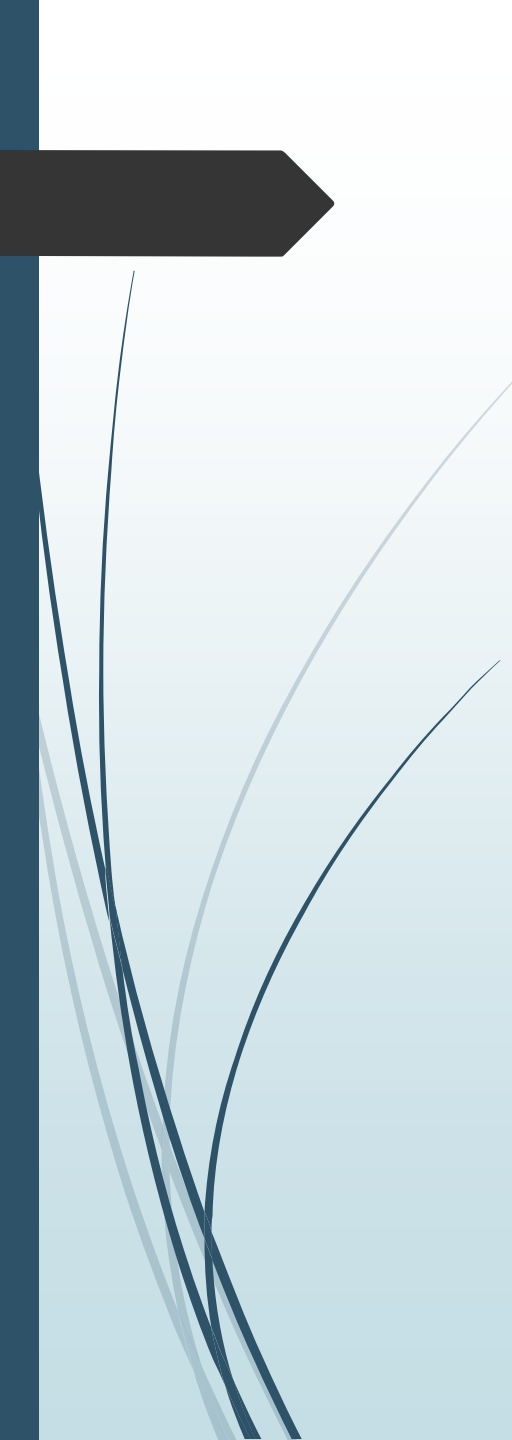
► Option 3:

- Some combination of options 1 and 2 with the Apache Shores POA taking the lead in partnering with the District to seek outside funding from the County or State to assist with these waterline replacement costs.
- WCID 17 has conducted preliminary meetings with TWICC, the Water Development Board, Representative Goodwin's office and are currently working to schedule a meeting with the offices for County Commissioner's Howard and Shae.
- ESD #6 Fire Chief Bobby Abbott has agreed to participate and support the Apache Shores area as necessary at these meetings.



Advantages to joining the District as a defined area

- Ability to be represented on the District Board of Directors.
 - Have a voice in the future direction of the District and the services we provide to our customers.
- Ability to complete the work in a timely fashion ~ 10 years
 - This will result in improved service
 - Fewer community disruptions due to line breaks
 - Improved roads as disturbed roads will be restored following construction
 - Potential improvements to home insurance rates
 - FIRE PROTECTION as quickly as possible



Would I still be paying all these fees if Apache Shores joined the District?

- The Debt Service Fee and Capacity Buy-In Fee would continue until the bond is fully repaid in 2027, then they would go away.
- The Out of District Fee would go away completely.
- But you would have to pay the District's Operations & Maintenance tax of \$0.0533 per \$100 in AV as well as the tax rate for the new defined area.

So what might my tax rate look like?

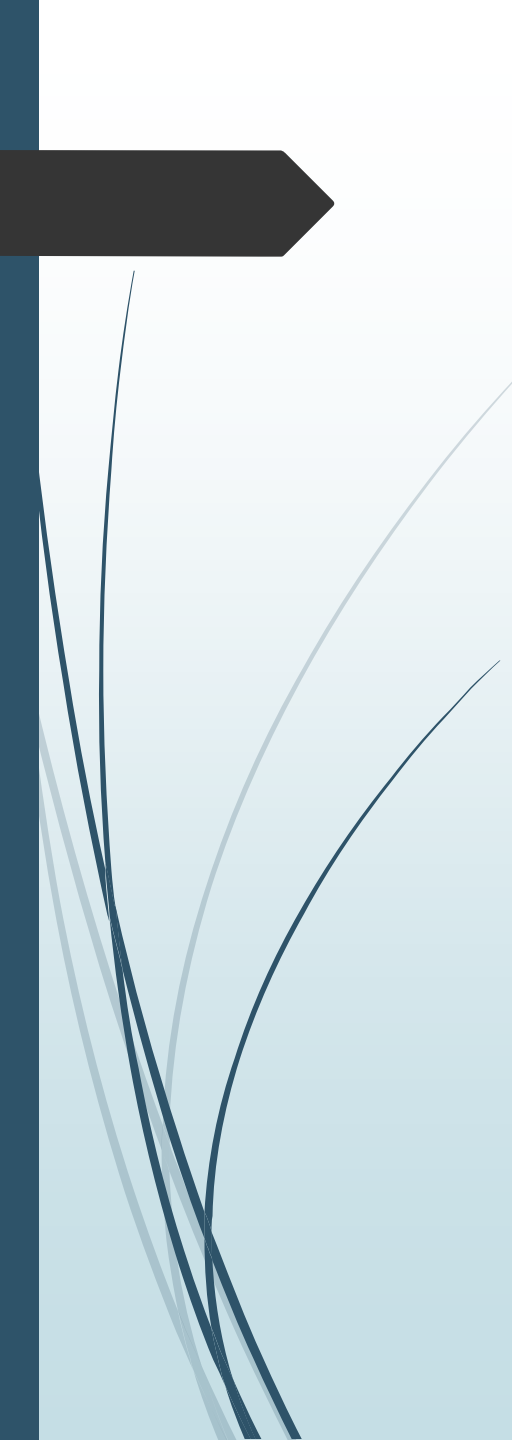
- Based on \$59.7 million in bonds:
- A tax rate of \$0.37 per \$100 in AV would be required
- Additionally each property would have to pay the District O&M tax of \$0.0533 per \$100 in AV.

Home/Property Value:	Total Annual Tax Payment with Tax @ \$0.37 per \$100 in AV and \$0.0533 per \$100 in AV	Annual ODF payments at \$300/month
\$200,000	\$846	\$3,600
\$350,000	\$1,482	\$3,600
\$500,000	\$2,117	\$3,600
\$750,000	\$3,175	\$3,600

So how can Apache Shores join the District?

► Step One: Petition for Annexation

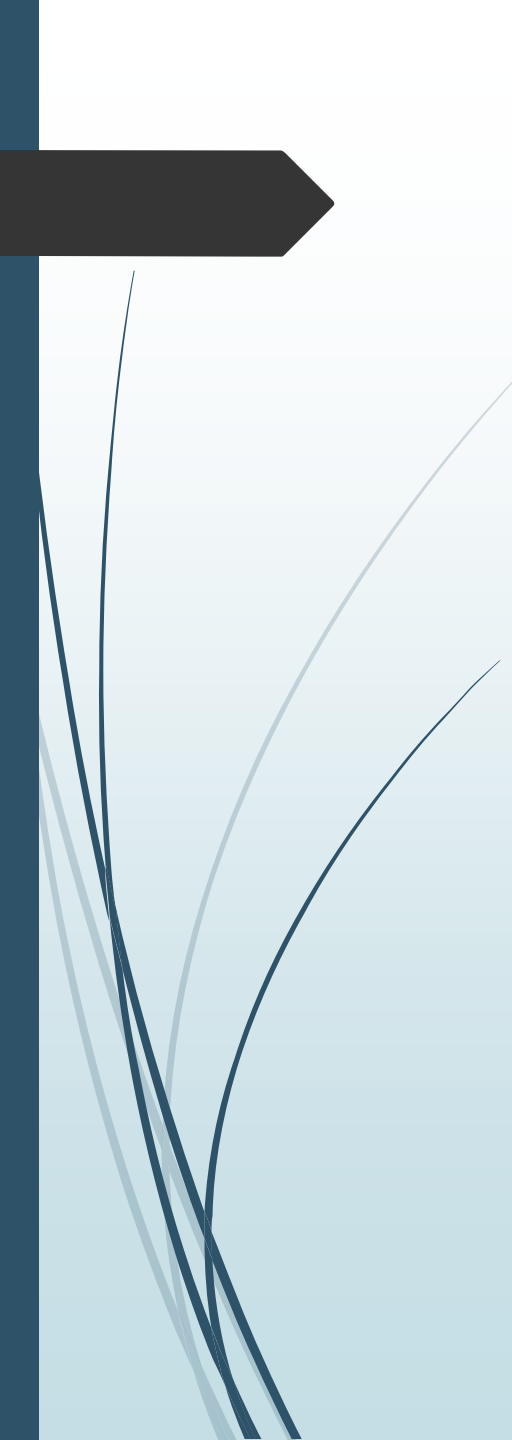
- **A majority in value** of Apache Shores Subdivision property owners according to the Travis County Appraisal District's tax rolls must sign a **petition requesting annexation** and file it with the Secretary of the District's Board of Directors.
- Once the Board has received the petition, the Board must call a **hearing** on the petition.
- If the Board finds at the hearing that: (1) the proposed annexation of the Subdivision to the District is **feasible, practicable, and to the advantage of the District**, and (2) if the District's system and other improvements of the District are or will be sufficient to supply the Subdivision **without injuring land already in the District**, then the Board may receive the Subdivision as an addition to and to become a part of the District. This hearing or a separate hearing will address the creation of the defined area for the Subdivision.
- The District must record a copy of the order annexing the Subdivision in the Travis County Public Records. After the order is recorded, the Subdivision will be a part of the District, contingent upon favorable election results and the City of Austin Consent.



So how can Apache Shores join the District?

► Step Two - City of Austin Consent

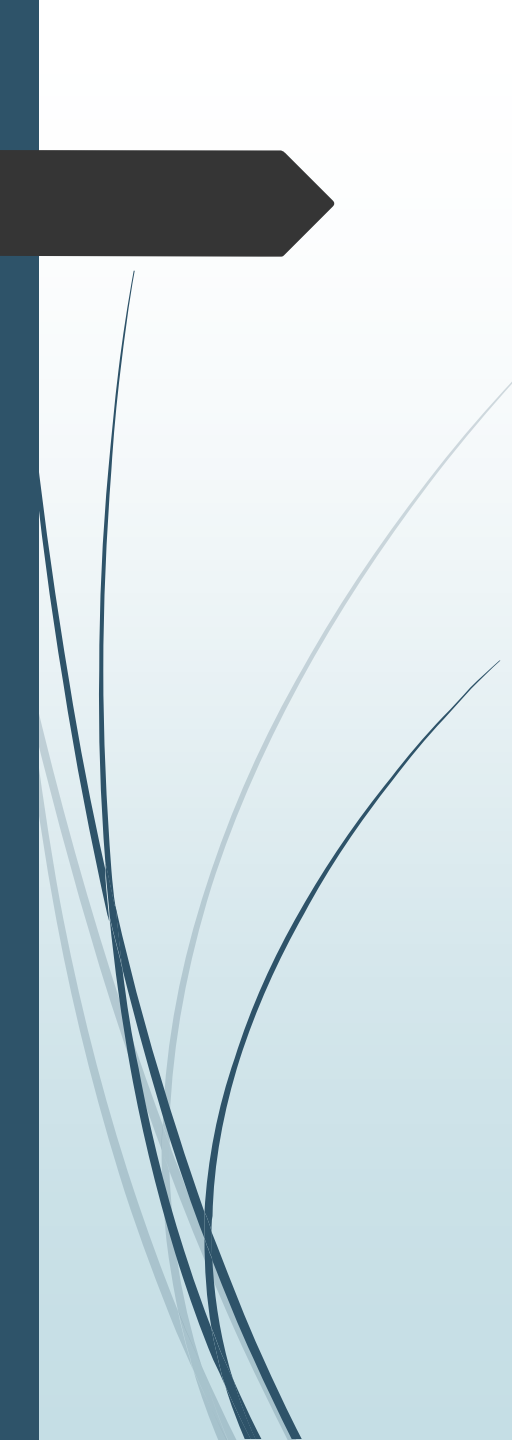
- Annexation of the Subdivision will be conditioned upon the **City of Austin consenting to the annexation** because a portion of the Subdivision falls within the City's Limited Purpose City Limits. This process will generally take up to **90 days**.



So how can Apache Shores join the District?

► **Step Three – Special Election**

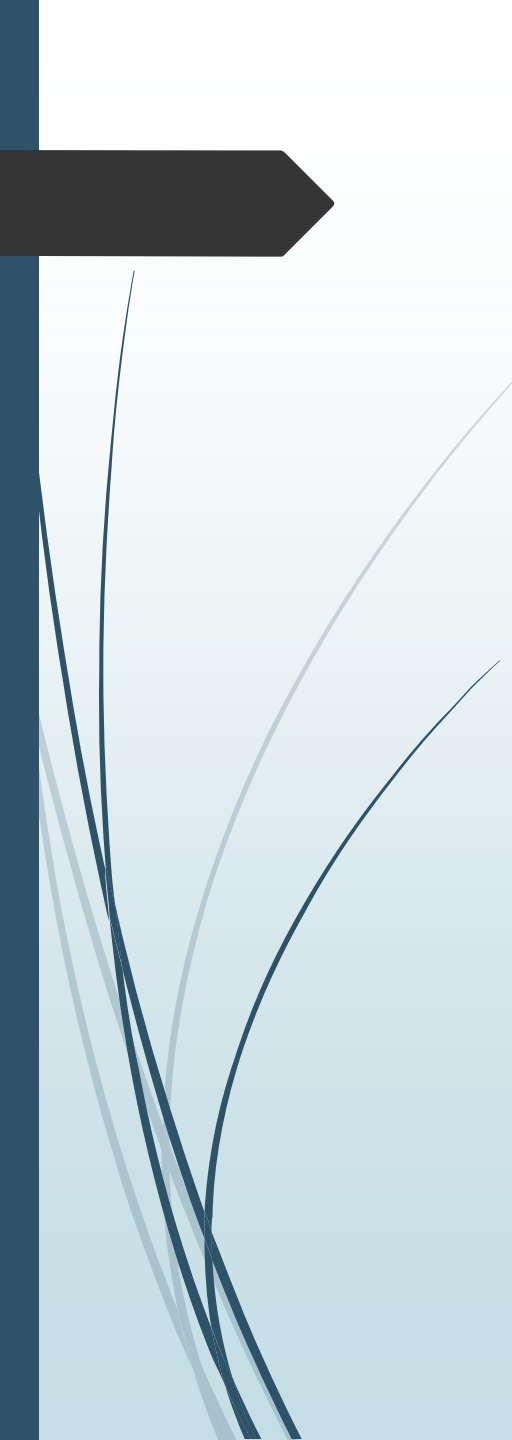
- The District will hold a District-wide election (including the Subdivision property owners) on the Subdivision's assumption of outstanding District bonds, notes, or obligations, (2) the District's ability to issue bonds to serve the area, and (3) creation of the defined area.
- The Subdivision will be required to bear its pro rata share of all bonds, notes, obligations, or taxes that may be owed, contracted, or authorized by the District.
- The Subdivision will be subject to a separate defined area tax for improvements to serve the defined area.



So how can Apache Shores join the District?

► **Step Three** – Special Election

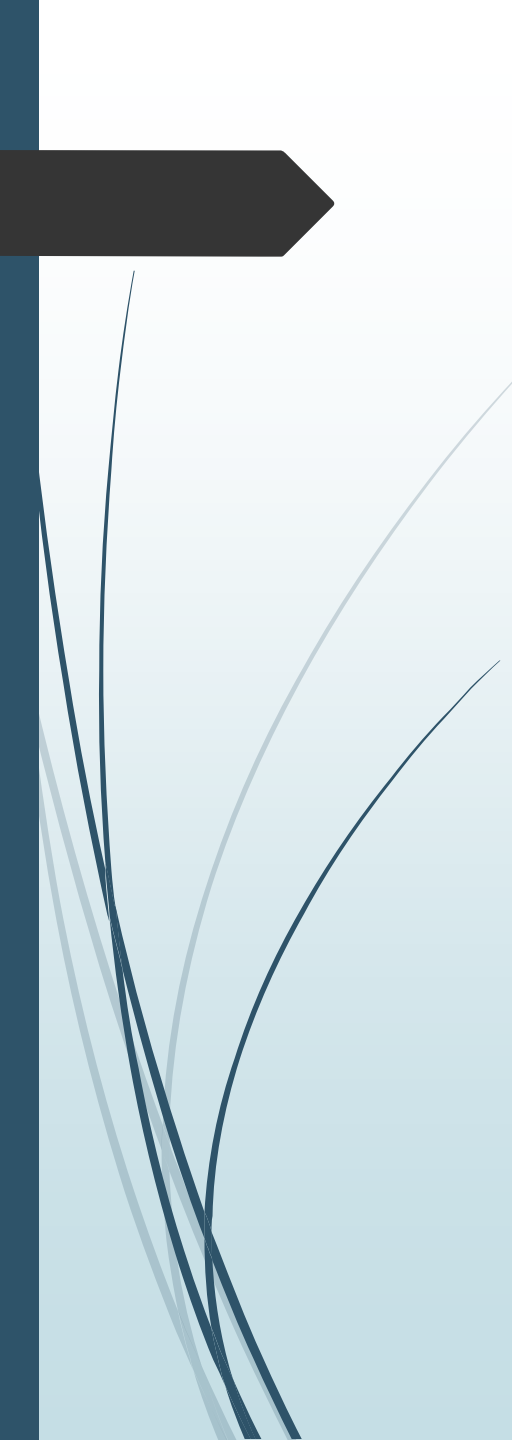
- The following timeline provides a best-case example assuming that property owner signatures can be collected by August 2025 and there are no delays in the City of Austin consent.
- **August 2025 Board Meeting:** The Board passes an order fixing a time and place for a hearing on the petition for annexation and creation of a defined area (held at least 30 days from the day of the order calling the hearing).
- **By End of September 2025:** The Secretary of the Board places copies of the notice at three public places in the District and in one public place in the Subdivision for at least 14 days before the hearing and publishes the notice in a newspaper of general circulation in Travis County at least 14 days before the hearing.



So how can Apache Shores join the District?

► **Step Three – Special Election (Timeline Continued)**

- **October 2025 Board Meeting:** The Board holds the hearing and finds that the proposed annexation is feasible, practicable, and to the advantage of the District and the District's system is sufficient to supply the Subdivision without injuring land already in the District;
- The Board adopts an order annexing the Subdivision and creating a defined area, contingent upon favorable election results and the City's consent to the annexation;
- The Board grants authority to the District General Manager to apply to the City for consent to the annexation; and
- The District records a copy of the order annexing the Subdivision to the District, attested by the Secretary of the Board, in the Travis County Public Records.



So how can Apache Shores join the District?

- **Step Three – Special Election (Timeline Continued)**
 - **October 2025:** The District submits application to City of Austin consent.
 - **February 2026 Board Meeting:** The District calls election to be held in May 2026.
 - **May 3, 2026:** The District holds an election with the following propositions:
 - The Subdivision's assumption of all or any part of the bonds, notes, obligations, or taxes created before the annexation;
 - The creation of a defined area and the Subdivision's assumption of its part of the District's bonds payable in whole or in part from taxes that have been voted previously but not yet issued or sold and the levy of an ad valorem tax on all taxable property within the Subdivision along with a tax on the rest of the District for the payment of the bonds; and
 - Whether the District may issue bonds payable in whole or in part from taxes to provide service to the area annexed.



Community Questions:

- Q: Has the scope of the Apache Shores water line replacement project been finalized? If so, can you send updated information with the final project description?
- A: This will be finalized as part of Capital Improvement Plan specifically for Apache Shores. This is being worked on, but the scope will not change from what has been previously shared.



Community Questions:

- Q: With regard to the project, is it a simple replacement of the lines or a redesign?
- A: All projects require complete design as we will be installing new lines and abandoning the previous lines in place. This allows us to ensure continuity of service throughout the project while also acting as a cost cutting measure.
- Q: Is there a master CapEx plan from WCID 17? What would the additional CapEx plan be for the next 10-15 years?
- A: Yes. We plan in 5- and 10-year increments. We are currently exploring a 75-year asset management program that will assist with this but will not be ready for approximately 24 months.



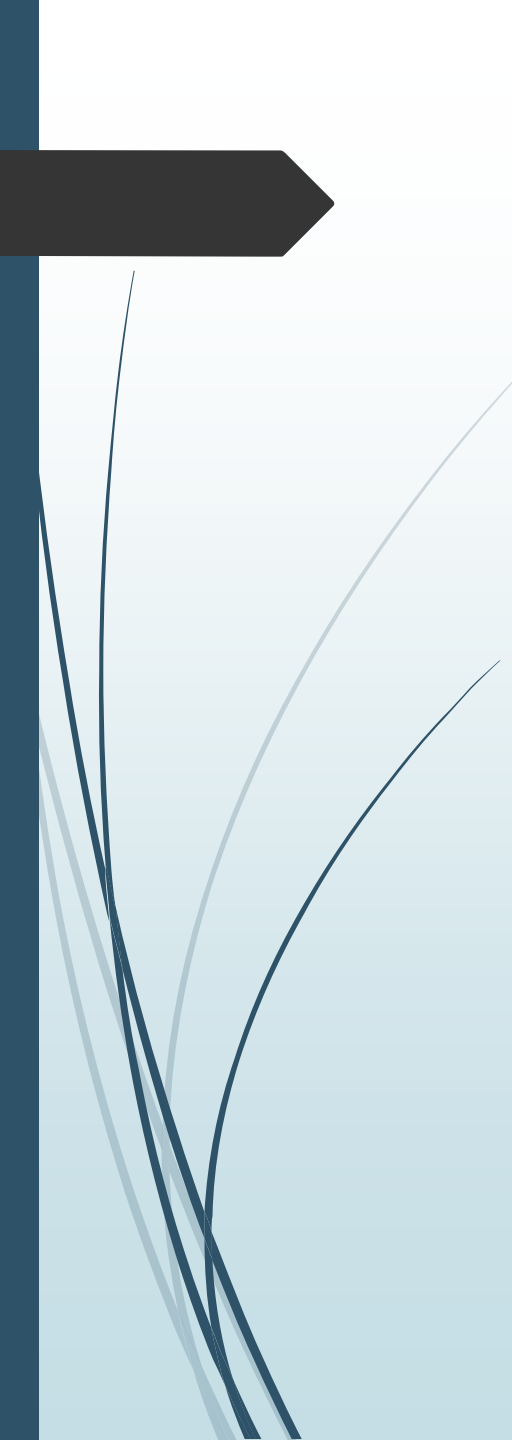
Community Questions:

- Q: Provide a list of WCID17 waterline replacement project procedures and timelines. Are these different for Defined Areas and Out of District Fee areas?
- A: These are publicly available on our Website and in our Rules and Policies. All District processes are unilateral across all service areas.
- Q: Although early in the project planning process, it will be helpful to know WCID general project procedures and timelines.
- A: In general, it take approximately 18-24 months to take a project from initial conception to being ready to publicly bid the project.



Community Questions:

- Q: If Apache Shores remains as an Out of District Fee area, how often can we expect our fees to increase?
- A: As determined by the Board of Directors. Typically, annually.
- Q: And by how much each time they increase?
- A: As determined by the Board of Directors to meet the financial needs of the area in question.
- Q: Do property owners that own more than one property have the opportunity for multiple signatures on the petition?
- A: Yes.



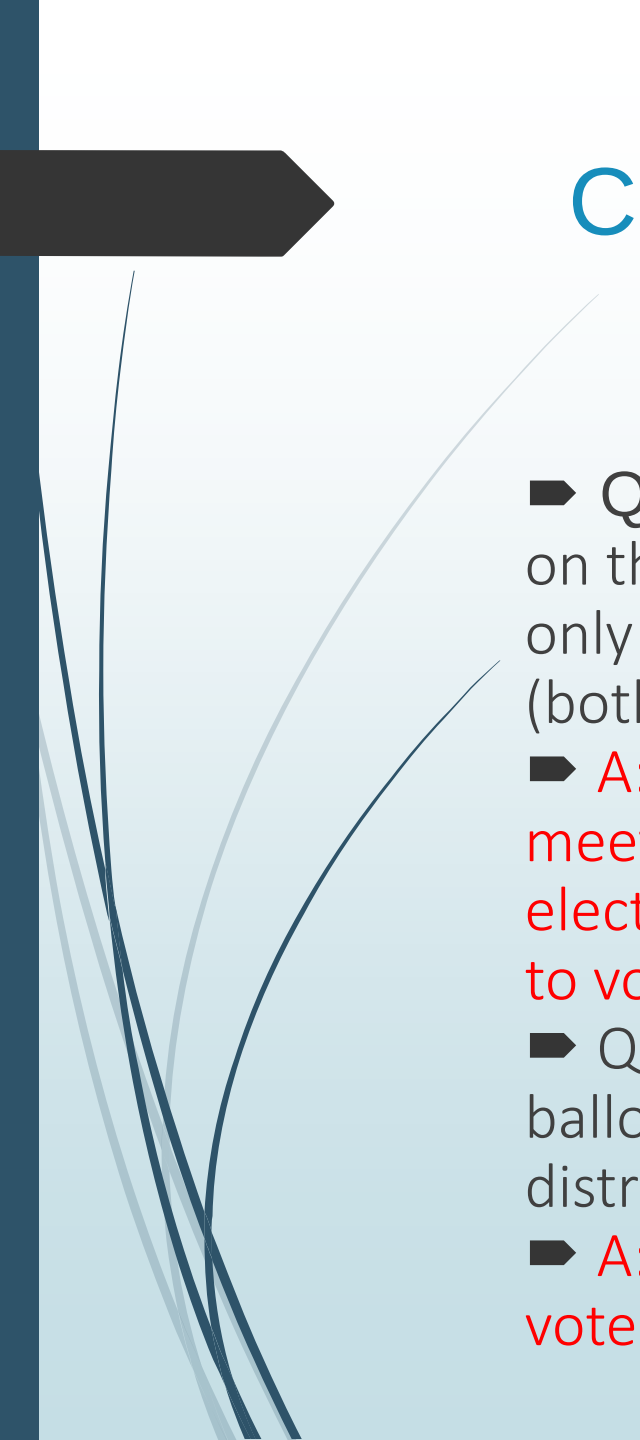
Community Questions:

► Q: If we were to join WCID17, would a seat get added to the board for our defined area? Does each WCID17 defined area have a seat on the WCID17 board? What does having a voice on the WCID17 board mean?

► A: No. All District Board seats are at large seats and open to anyone who is a resident or property owner to run for election, assuming they meet State rules for holding office. A voice means you would have the ability to vote on who holds office on our Board and could elect someone from your service area to serve on the Board. Giving AS direct input to all Board decisions.

► Q: Will our fees fund other projects outside of the Apache Shores Area?

► A: No. All funds would be segregated for only AS projects.



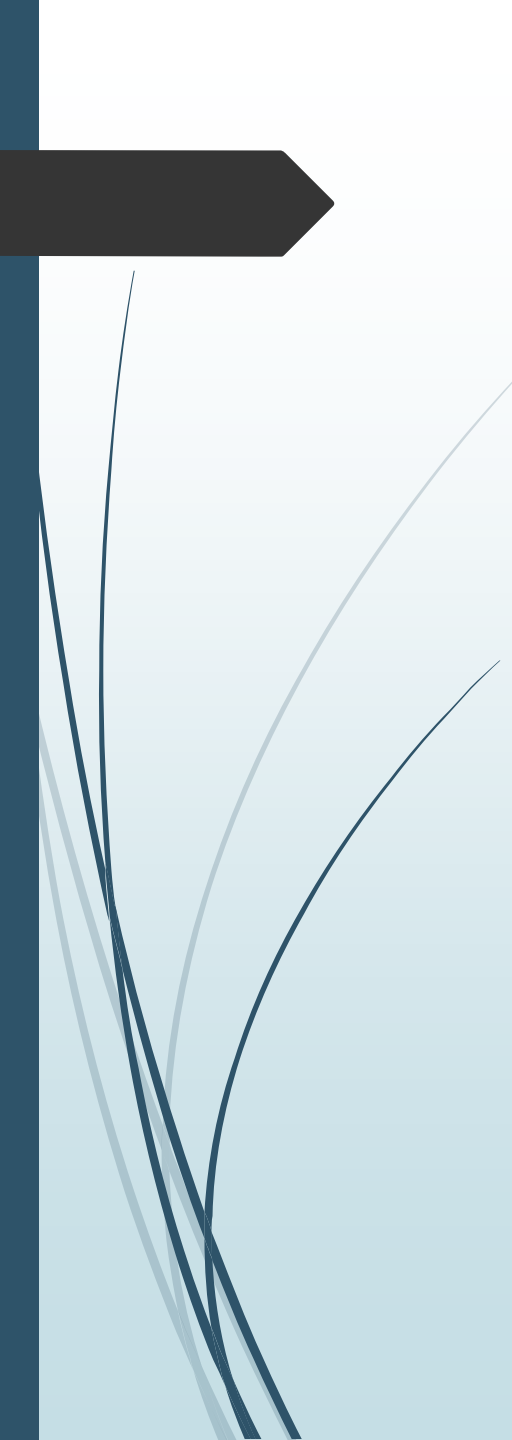
Community Questions:

➤ Q: If we choose to join the District and get the required signatures on the petition, can you clarify who is able to vote in the election (ie. only one vote per property, all individuals listed as property owner (both spouses if listed), or anyone of voting age living at property, etc.)?

➤ A: All property owners, renters, and residents of the property who meet Travis County voting requirements will be eligible to vote in the election. For properties with two people on the title, both will be able to vote in the election.

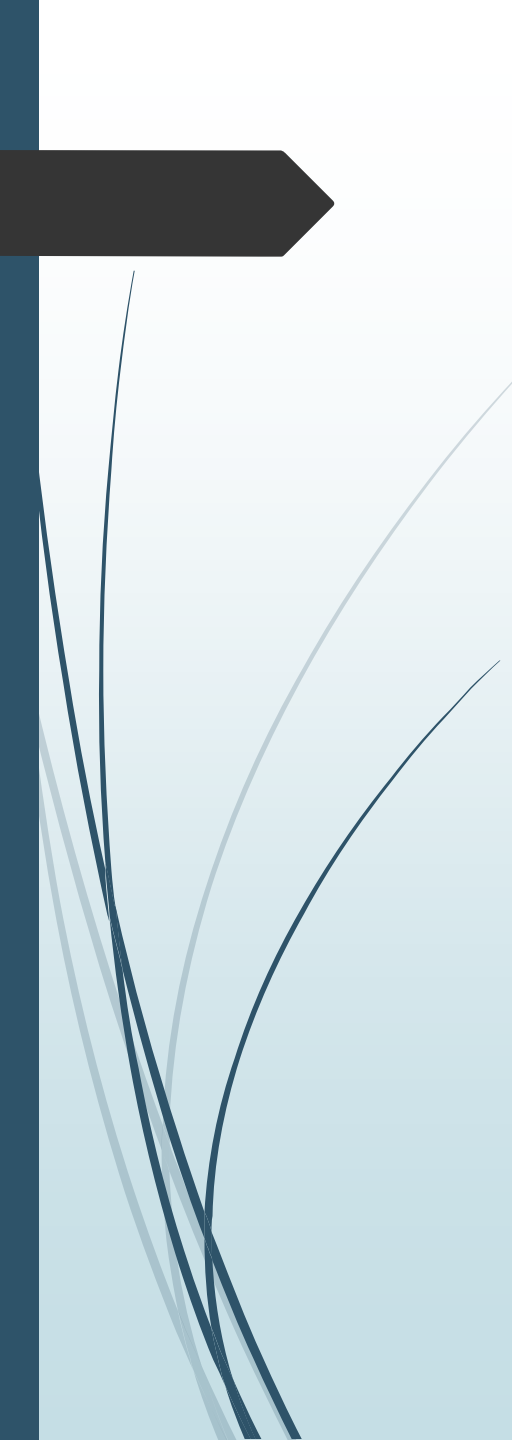
➤ Q: Who votes on the ballot? Do only property owners vote on the ballot? How will they vote if they reside in other voting districts/cities/etc.?

➤ A: All property owners or renters are eligible to vote. Absentee voters will have to follow Travis County Rules related to this process.



Community Questions:

- Q: For the engineering estimates, what happens to the 30% contingency if project comes in under budget or if less funds are incurred?
- A: Nothing. This is just for planning purposes. It is used so that we can ensure we have enough money available to complete the project when it comes time to do so. (We often plan years in advance where it is extremely difficult to predict the increase in construction cost inflation so a higher contingency is necessary.)
- The only money that will be actually spent is the amount of the project bid that the District Board of Directors will award. So, if a project comes in cheaper that will be the amount spent.



Next Steps:

- Complete TWDB Project Information Forms and submit prior to 7 March 2025. (Complete.)
- Engage Funding Consultant to assist with and manage the application process. (Complete.)
- Complete a Capital Improvement Plan for the proposed AS Defined Area. (In progress)
- Coordinate with Travis County to conduct a socio-economic survey of the Apache Shores service area. (In progress)
- Obtain petition signatures. (Commencing today)



Questions?