

# KCWSC

# 2022 Annual Meeting

## Board Members:

- Kenneth Eubanks - President
- Craig Hoffman - Vice President
- Pam Browning – Secretary
- Robin Hamilton - Treasurer
- Pamela Kellan
- Shauna Latham
- Ron White

<https://www.kcwsc.com/>

May 07, 2022



## Agenda

1. Call to order
2. Prior Meeting Minutes
3. Financial Report
4. Operations Report
5. Election for Open Board Seats
6. The Future Operation of KCWSC
7. Public Questions & Answers
8. Adjourn Membership Meeting
9. VIP: Tom Schenck – Texas Broadband Development
10. 1<sup>st</sup> Meeting of New Board (separate agenda)

## CALL TO ORDER

- The meeting will be also hosted virtually with audio available though Free Conference Call.
- Due to technical limitation only the audio will be hosted virtually.
- Please visit <https://www.kcwsc.com> and download the Member Packet.

**Dial-in number (US):** (978) 990-5064

**Access code:** 1408755#

(please join 5 to 10 minutes early to avoid technical delays)

For additional assistance connecting to the meeting text "Call Me" to the Dial-In number above and you will be called into the conference. Message and data rates may apply.

## Minutes

- Reading of 2021 Annual Meeting Minutes
- Amendments (if required)
- Motion / Vote to Accept

A copy of the Minutes are available on the King Creek WSC website:

**<https://www.kcwsc.com/>**

# King Creek Water Supply Corporation

## Financial Report – Account Balances

12:18 PM

01/09/22

Accrual Basis

### KCWSC

## Balance Sheet

As of December 31, 2021

- EXPLANATION OF ACCOUNTS**
- *Checking is used for utilities, testing, fees.*
  - *Money Market is for equipment replacement.*
  - *Membership reserve is for account deposits & membership fees.*

	<u>Dec 31, 21</u>
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
110.1 · FNB Checking 8848	28,278.42
110.2 · FNB Money Market 0984	115,354.35
110.3 · FNB Membership Reserve 8556	32,875.22
<b>Total Checking/Savings</b>	<u>176,507.99</u>
<b>Total Current Assets</b>	<u>176,507.99</u>
<b>TOTAL ASSETS</b>	<b><u>176,507.99</u></b>
<b>LIABILITIES &amp; EQUITY</b>	
Equity	
160 · Opening Bal Equity	169,850.96
Net Income	6,657.03
<b>Total Equity</b>	<u>176,507.99</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b><u>176,507.99</u></b>

# King Creek Water Supply Corporation

## Financial Report – Profit & Loss

4:40 PM

03/06/22

Accrual Basis

### KCWSC

## Profit & Loss

### January through December 2021

	<u>Jan - Dec 21</u>
Ordinary Income/Expense	
Income	
300.1 · Deposit	0.00
300.2 · Water Sales	37,918.49
300.3 · Account Adjustments	955.71
300.4 · Late Fees	950.00
300.5 · Reconnection Fees	100.00
300.6 · Account Service Fees (5.00 Fee)	4,860.00
330 · Interest Income	87.19
340.0 · Other Types of Income	28.87
<b>Total Income</b>	<b>44,900.26</b>
Expense	
410.7 · State & Regulatory Fee	406.88
430.6 · Insurance - Liability, Property	1,708.86
440.3 · Lab & Testing Fees	742.45
440.4 · Office Supplies	2,440.28
440.5 · Operational Supplies	1,807.48
440.6 · Postage, Mailing Service	8.10
440.8 · Repairs & Maintenance	8,522.45
440.9 · Utilities	2,435.22
450.1 · Bank Fees	63.10
450.2 · Merchant Fees	1,082.43
450.5 · Professional Dues	400.00
450.6 · Website Fees	417.45
460.1 · Annual Membership Meeting	565.78
470.0 · Contract Services	15,577.68
470.2 · Legal & Accounting Fees	2,256.25
<b>Total Expense</b>	<b>38,434.41</b>
<b>Net Ordinary Income</b>	<b>6,465.85</b>
<b>Net Income</b>	<b><u>6,465.85</u></b>

# King Creek Water Supply Corporation

## Financial Report – Capital Replacement & Improvement

KCWSC Item Inventory & Capital Reserve Projection					
	Today's Date	12/30/2021			
	Inflation Rate:	3%			
Priority	Item Description	Item Cost (\$)	Normal Useful life (Years)	Estimated Replacement Cost (\$)	Ideal Annual Contribution (\$)
1	Submersible Pump (480v, 3ph, 15hp, 38GPM)	\$ 17,200.00	10	\$23,405.45	\$ 2,340.54
5	Booster Pump #1 (230v, 1ph, 7.5hp, xxgpm)	\$ 6,500.00	8	\$8,013.90	\$ 1,001.74
5	Booster Pump #2 (230v, 1ph, 7.5hp, xxgpm)	\$ 6,500.00	8	\$8,013.90	\$ 1,001.74
5	Chlorine Dosing Pump	\$ 250.00	5	\$284.16	\$ 56.83
5	Pressure Tank (2000 gal)	\$ 9,575.00	30	\$21,799.25	\$ 726.64
5	Ground Storage Tank (25,000 gal)	\$ 30,000.00	30	\$65,822.97	\$ 2,194.10
4	Master Meter Replacement	\$ 800.00	3	\$874.18	\$ 291.39
5	Air Compressor	\$ 500.00	4	\$551.77	\$ 137.94
3	Ronk Add-a-Phase	\$ 1,100.00	15	\$1,262.70	\$ 84.18
3	Pump House	\$ 500.00	30	\$3,521.72	\$ 117.39
5	Chemical Building	\$ 2,500.00	30	\$4,319.45	\$ 143.98
5	HP Laptop Elitebook 840 G3	\$ 500.00	5	\$571.13	\$ 114.23
2	Group #1 Meter Replacement (16)	\$ 3,500.00	10	\$3,552.11	\$ 355.21
2	Group #2 Meter Replacement	\$ 3,500.00	10	\$4,786.32	\$ 478.63
2	Group #3 Meter Replacement	\$ 3,500.00	10	\$4,929.91	\$ 492.99
2	Group #4 Meter Replacement	\$ 3,500.00	10	\$5,077.81	\$ 507.78
2	Group #5 Meter Replacement	\$ 3,500.00	10	\$5,230.14	\$ 523.01
<b>Total</b>					<b>\$ 10,568.34</b>
Ideal Monthly Capital Reserve =		\$ 880.69			

\$5/month fee only accounts for \$405 of this amount (\$476 short or \$6/Member per month).

## OPERATION – Water Usage

- **2021 Water Usage**
  - **Total gallons pumped:** **3,330,100** (down 864,000 from 2020)
  - **Total water loss:** **6.65%** (down 1.17% from 2020)
  - **Average monthly gallons:** **271,825** (down 50,798 from 2020)
  - **Average customer use/mo:** **3,134** (down 538 from 2020)
- **Water Restrictions**
  - **Defined within State required Drought Contingency Plan**
  - **Implemented in Stages (1 thru 6)**
    - **Stage 1: Voluntary,**
    - **Stages 2 -6: are mandatory with penalties possible**
  - **Necessity & Responsibilities**
    - **Water restrictions are implemented when well run-time or amount pumped in 24hrs exceeds a specified criteria**
    - **Restrictions are designed to protect the system availability for all**
    - **Must be taken seriously**
    - **Fines and potential water rationing, including service disconnect, far out weigh the risk of maintaining a landscape**



## **OPERATION – Issues, Maintenance, Planning**

- **System**
  - **Issues and outages in 2021**
    - Low capacity (gpm) triggering Stage I restrictions
    - Overload began tripping in December
  - **Relocated Storage Tank Gauge**
  - **Replacements**
    - Air Compressor
    - Chlorine Dosing Pump
- **Improvement Planning**
  - **Justification**
    - The water system infrastructure is at the end of its expected service life and does not meet the minimum State requirements for a public water system.
  - **Engineer Selected – Phil Elledge (Tyler, TX)**
    - Application for SEARCH grant submitted to USDA
    - SEARCH grant to pay for system evaluation and design
    - Up to \$30,000
  - **USDA Funding for System Wide Improvements**
    - Seeking a “forgivable long-term loan”
    - Expecting a complete system overhaul to exceed \$1,000,000
    - Up to 50% “forgivable” as grant

## Elections to Board of Directors

- **2022 Board Seats**

Two seats on the Board of Directors are expiring in 2022 and one seat was replaced by the Board. As of the deadline (March 18, 2022) one application was submitted to KCWSC.

- Term Expirations (2019-2022)
  - Class III, Seat 1: Pam Browning
  - Class III, Seat 2: Shauna Latham
  - These seats serve a 3 year term (2022-2025)

- Board nominated replacement

- Class II, Seat 4: The Board removed and replaced Tyler Dunlap with Robin Hamilton. Tyler sold his property and was no longer eligible to serve on the Board since he was no longer a Member of KCWSC.

- Next Year (2023) Expirations

- Class II, Seats 3 & 4
  - Craig Hoffman
  - Robin Hamilton

# King Creek Water Supply Corporation

## The Future Operation of KCWSC

- **Concerns**
  - **Lack of Membership Participation in KCWSC**
  - **Long-term financial and operational commitment**
  
- **Options in Consideration**
  - **Continue to operate as KCWSC – no improvements**
    - Keeps water rights within membership
    - Risk of major system issues, failures, and compliance
    - Possible water outages and/or reduced availability (restrictions)
    - Requires participation from membership
  - **Continue to operate as KCWSC – with improvements**
    - Maintain water rights within membership
    - Increase in rates necessary but within membership control
    - Incurs a significant debt
    - Increased government oversight into business operation
    - 3-5 years of construction work
    - Requires participation from membership
  - **Sell water system and cease operation as KCWSC**
    - All water rights will be lost
    - No participation required in operation or business
    - Probable increase in rates outside of our control
    - No assurance the water system will be improved
  
- **The Future Operation of KCWSC is in your hands!**
  - **Motion requested from membership on path forward**

# King Creek Water Supply Corporation

## Closing

- Open Floor
  - General Questions & Answers
- Adjourn Annual Membership Meeting

# King Creek Water Supply Corporation

## Board of Director's Meeting - Agenda

- May 1, 2021
  - Location of, and time following the Annual Membership Meeting
- New Business
  - Election of Officers
- Adjourn