Aqua Water Supply Corporation
Board of Directors Budget Workshop
Thursday, November 13, 2025

Present: Bill Tomsu, Mark McArthur, Mark Hippler, Barry Barker, Pam Harkins, Linda Garcia, Howard McCall, and Craig Williams

Absent: David Glass

Staff: Heather Tucker, Emily O'Leary, Christie Nutt, Cody Boatright, Frank Pacheco, Hollye Fain, and Alma Villarreal

Consultants: N/A

Guests: N/A

Vice President Linda Garcia called the meeting to order at 11:05 a.m.

Mrs. Garcia invited all in attendance to stand and recite the Pledge of Allegiance to the national and the state flags.

Mr. Tomsu delivered the Invocation.

There was no member communication.

Vice President Garcia proceeded to the budget workshop.

The board reviewed the two draft versions of the proposed 2026 budget.

Emily O'Leary presented the prioritized CIP list, noting that it is subject to change based on various factors. The board reviewed the list, and Mrs. O'Leary highlighted several major projects scheduled to begin construction next year, including the Operations Center and the North–South connection project, for which materials will be purchased in advance. She emphasized that many priority projects are already contracted and underway, making delays costly; therefore, related expenses will continue into the 2026 budget. She also reported ongoing easement acquisition efforts and stressed the importance of initiating new waterline projects now while funding is available, as costs will continue to rise in the coming years.

Staff answered additional questions from the board regarding line items on the CIP list.

The Board expressed concerns about staffing capacity for overseeing upcoming projects. Emily O'Leary assured the board that Aqua WSC has sufficient staff and is also supported by qualified consultants assisting with project design, construction, and phase coordination.

Linda Garcia expressed concern about justifying the 10% rate increase, considering two recent rate increases. Heather Tucker reminded the board that the first increase in 2022 was the first since 2013 and that the need for additional increases had been anticipated. Mrs. Tucker emphasized that the upcoming projects are essential to maintaining the system and ensuring reliable water service for members in the future.

Emily O'Leary explained that removing the rate increase from the proposed 2026 budget would require a 27% reduction in the operating budget, even though staff have already cut their department budget by 15%. She noted that major expenses such as power and chlorine cannot be significantly reduced because they are essential for operating cites, wells, and facilities, and must account for current system demands. Such a reduction would also severely impact the CIP budget. Mrs. O'Leary reminded the board that the previous financial study done by NewGen recommended rate increases to support system growth and infrastructure needs.

Craig Williams noted that the Electric and Power budgeted amount was not increased and should be. The cost associated with new sites, wells, etc. should be considered. Emily O'Leary will update the budget accordingly to reflect new amounts.

Staff answered additional questions from the board regarding line items on the proposed 2026 budget.

Heather Tucker noted that, in response to earlier comments about developer fees, staff have discussed revising procedures so that large-volume service applicants and MUDs would pay their fees upfront rather than on a scheduled basis. This change would provide additional revenue at the start of the budget cycle. The board expressed support for this approach.

Mark Hippler recommended informing members about the upcoming rate increase. Hollye Fain confirmed that notices will be mailed to all members and posted on Aqua WSC's website.

Craig Williams suggested presenting information to the members at the next Aqua WSC Annual Meeting to explain the justification for the rate increase and allow members to ask questions. Hollye Fain noted that a CIP project presentation was given at last year's meeting and confirmed she will prepare a more detailed presentation for the upcoming meeting.

An updated budget from today's workshop will be provided for the December 2nd meeting and approval. A rate increase presentation will also be provided for approval.

There was not an Executive Session under the Texas Government Code, Section 551.071, for purposes of legal advice and consultations with Aqua's general counsel, Texas Government Code, Section 551.072, for the purposes of deliberating real property, and Texas Government Code, Section 551.074, for purposes of discussing personnel matters.

There being no further business, Vice President Garcia adjourned the meeting at 12:47 p.m.

Approved: December 2, 2025

William F. Tomsu, Secretary-Treasurer

Linda Garcia, Vice President