

Transfer & Consolidation Plan Central Heights Water System



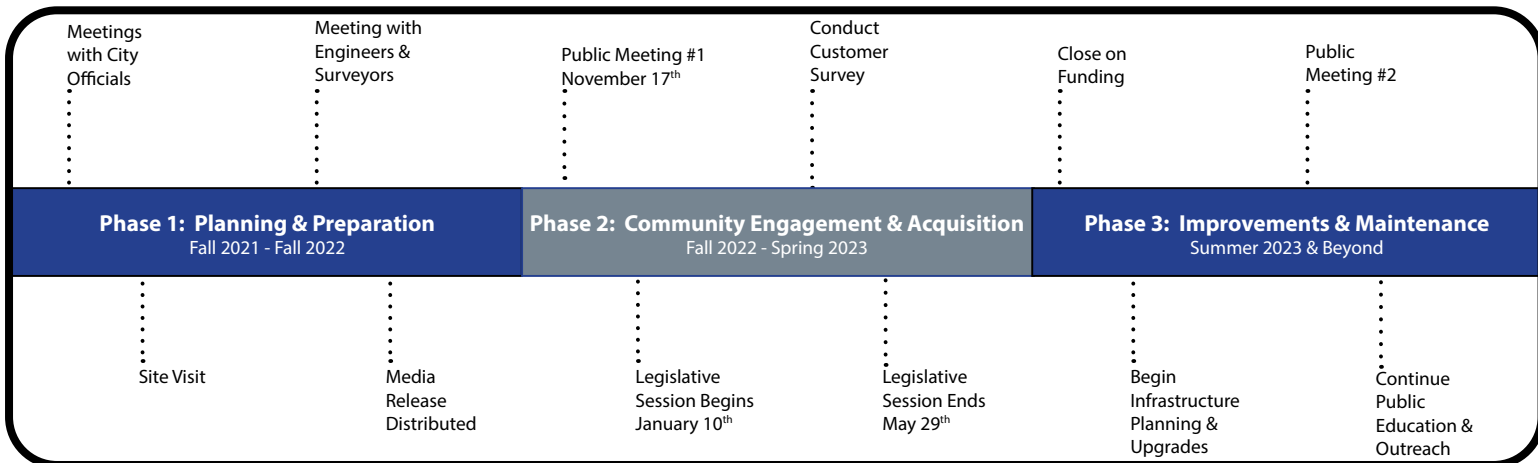
Project Summary

The City of Nacogdoches (City) and the Angelina & Neches River Authority (ANRA) began a conversation about the possibility of ANRA acquiring the Central Heights water system, which is owned and operated by the City of Nacogdoches. The portion of the City's water system in Central Heights currently services approximately 363 connections. The City has indicated that this portion of the water system has reached its service capacity regarding the number of connections it can serve with the infrastructure currently in place. The City desires to focus its attention and finances on other infrastructure-related matters inside the city limits and has expressed a desire to partner with a public entity who shares similar governmental responsibilities and a legislative mission to initiate a transfer of the water system. After several technical meetings, both the City and ANRA participated in an initial due diligence process for sharing data, conducting site visits and exploring options for moving forward.

About ANRA

The Angelina & Neches River Authority was created in 1935 by the Texas legislature as a conservation and reclamation district. Its primary mission is to conserve, store, control, preserve, use, and distribute the storm water, floodwaters and the waters of the rivers and streams of the State of Texas. In short, ANRA's primary functions are water quality protection and the provision of services that aide in the preservation of water quality. In addition, ANRA provides wholesale and retail water and sewer services.

Project Timeline



Project Benefits

Central Heights customers will be able to enjoy infrastructure improvements after the transfer, including:

- Increased reliability
- Fire protection
- Improved water pressure
- Fewer water outages

These improvements could lead to other benefits including:

- Healthy population growth
- More economic and educational opportunities for citizens
- Allow Central Heights to become more independent and rely less on Nacogdoches resources as the area develops its own resources



Frequently Asked Questions

Q: Why is the City of Nacogdoches transferring the water system?

A: The City of Nacogdoches took over the operation of Central Heights Water Supply Corporation in 2000 to save the failing water system. As part of the agreement, the City pledged to invest over \$2 million dollars in the repair and upgrade of the distribution facilities. Since 2000, over \$3.8 million has been spent on upgrades and repairs in the Central Heights area. The City's Capital Improvement Plan describes needed water system upgrades of more than \$4.5 million, but other critical repairs to lines inside the City continue to take priority. The ability to fund significant water system projects in the Central Heights area is not anticipated in the near future under the City's ownership.

Q: Why is ANRA acquiring the water system and can they be trusted?

A: ANRA's legislative mission includes planning for and finding solutions to water supply issues within the Neches River Basin. ANRA was created in 1935, and has a proven legacy of helping water systems in need. ANRA seeks to expand its presence in the Neches River Basin in order to continue to help other struggling water systems and resolve water quality issues. ANRA owns three other water systems, two of which are retail water utilities. One of those systems is located in Jasper County and the other two are located in Angelina County.

Q: Does ANRA have a local office and how would customers pay their bill?

A: ANRA does not have a local office in Nacogdoches at this time. Customers can pay in person at ANRA's Central office located at 2901 N. John Redditt Dr., Lufkin Texas, 75904, pay by mail at the address noted above, or pay via a secured payment portal located at www.anra.org

Q: What improvements is ANRA going to make?

A: Upon a successful transition, ANRA intends to immediately begin the process of making more than \$3 million in system improvements. While it's important to note that preliminary planning has been done, final engineering design has not been completed and the final design aspects are subject to change slightly. With that said, the proposed plan is to double the capacity of the treatment plant located across from Central Heights ISD on CR 104, install a new 8" distribution line from the booster station northward to CR 122, and reconnect all of the lateral lines serving the county roads between those points. This new 8" distribution line will be routed so as to provide the Central Heights campus with adequate water supply for fire protection.

Q: When will these improvements begin/end?

A: There are three distinct phases to accomplish the improvements to the water system: 1) closing on the loan for construction phase activities, 2) engineering design and regulatory approval of the project elements, and 3) the construction activities themselves. ANRA will begin working to secure funding immediately upon official transfer of the water system. We estimate that construction will be completed approximately 18 to 24 months after funding is secured. If everything goes according to plan, construction activities could be completed by the end of 2024.

Q: Will my bill increase and if so, by how much?

A: Yes, your water bill will increase. Depending on water usage, we estimate that residential customers can expect to see an increase of \$30-\$40 on their monthly bill. The exact amount rates will increase is dependent on the cost of upgrades and ongoing water supply costs. ANRA will need to significantly increase rates in order to service the debt that will be incurred to implement the needed system upgrades. While we understand that rate increases are never desirable, increases are necessary to make improvements to the water system. The City of Nacogdoches has indicated that even if they retained the Central Heights Water System and made no improvements, significant rate increases would be necessary to cover increasing cost of the water system.

Q: How will this impact population growth and economic development and will this increase customer cost-of-living, property values, taxes, etc.?

A: While this information cannot be accurately projected at this time, growth throughout East Texas in general is expected to increase at a healthy, sustainable rate at about 6% per decade, according to the Texas Water Development Board's Regional Water Plan. ANRA is targeting customer growth to 750 meters, which is nearly twice the number of current connections.

Q: Will the quality or taste of the water change?

A: ANRA will continue to purchase water from Nacogdoches and there are no anticipated changes expected in the taste of the water, however, infrastructure improvements will improve the reliability of water pressures and availability.

Q: Can customers expect any other changes?

A: ANRA must abide by all TCEQ regulations as infrastructure upgrades are made. This will include requiring customers who have historically shared meter boxes to upgrade to a master meter or have individual water taps installed.

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ANGELINA & NECHES RIVER AUTHORITY