

LLANO COUNTY MUD #1 UPDATE

The Llano County MUD#1 (Board of Directors) approved an increase in the water and sewer rates for the district at its monthly meeting of September 13, 2010. This increase is effective December 1, 2010.

The Board stated that due to higher water rate increases by the LCRA, necessary infrastructure repairs, maintenance items to the water plant and wastewater systems the rate increase could not be avoided.

In addition, the TCEQ (Texas Commission on Environmental Quality) requires the district to **“ensure that the utility is sustainable and adjust rates to reflect the increasing costs of providing service.....”**

The rate increase includes an increase of \$1.50 per 1,000 gallons of water over the monthly base of 3,000 gallons in addition to converting to ascending rate schedule. This increase allows the district to reflect more of the actual cost of providing service to the district and places us more in line with the surrounding districts.

The District has seen significant increases in costs over the last five years primarily **due to** our aging infrastructure. The last rate increase was in December, 2005. The Water and Sewer operating expenses have exceeded revenue over the last 2 years. During the last two fiscal years the district incurred major expenses for:

- Repairs and infrastructure improvements to the Deerhaven lift station.
- Replacing 16 year old Grinder Pumps with new pumps rather than repair.
- Engineering fees for TCEQ Water Plant Compliance
- New Contract for Maintenance and Operation Provider (Water Plant and Sewer System)
- The decline in interest rates (Interest Income) for our “reserve funds”.

TCEQ recommends rate structures that promote “Water Conservation.” Llano County MUD #1 was the only district out of 8 surrounding districts that did not have an “ASCENDING RATE” prior to December 1, 2010. An ascending rate is a rate that promotes water conservation by charging each customer within a usage category a higher rate per 1,000 for the customers that use more water over their “base” amount.

The district has adopted an Ascending Rate which will encourage conservation. The additional cost for customers who use the most water is significantly higher than that of customers that use lower amounts of water. Llano County MUD #1 still has one of the lowest rates in the surrounding areas for high volume usage customers. Below is the rate structure for Llano County MUD #1 and some other surrounding districts.

Llano County MUD #1-Rates effective 12/01/2010

Monthly Minimum Gallons	Cost per 1,000 Gallons	Increase % per 1,000 Gallon from prior level
3,000	\$ 33.75	No Increase
3,001-10,000	\$ 3.00	New Base Rate per 1,000
10,001-20,000	\$ 3.10	3.0%
20,001-30,000	\$ 3.20	6.7%
30,001-40,000	\$ 3.30	10.0%
>40,001	\$ 3.40	13.3%
Sandy Harbor		
2,000	\$ 49.00	
2,001-5,000	\$ 3.50	
5,001-15,000	\$ 4.50	28.6%
15,001-25,000	\$ 6.50	85.7%
>25,001	\$ 7.50	114.3%
HSB		
5,000	\$ 21.50	
5,001-10,000	\$ 3.00	
10,001-25,000	\$ 3.50	16.7%
25,001-50,000	\$ 4.00	33.3%
50,001-100,000	\$ 4.50	50.0%
>100,000	\$ 5.00	66.7%
Marble Falls		
2,000	\$ 18.77	
2,001-10,000	\$ 3.28	9.3%
10,001-20,000	\$ 3.31	10.3%
20,001-30,000	\$ 3.34	11.3%
30,001-40,000	\$ 3.40	13.3%
>40,001	\$ 3.43	
9% increase scheduled for 2011		

The complete list of all districts in our area is available at the MUD office should you wish to review.

In spite of the necessity for this rate increase, your Llano County Municipal Utility District #1 remains in strong financial condition. Reserves for Water & Garbage, Streets & Lights, Sewer, and Tax & Debt remain well within the guidelines as prescribed by Texas Commission on Environmental Quality.

Should you have questions regarding this rate increase or the financials of the Llano County MUD #1, please stop by our office or contact us at lcmudone@zeecon.com.

Llano County MUD #1
Board of Directors