
Double Horn Creek Water Supply Corporation

Minutes of Annual Membership Meeting
9:30 a.m. at Spicewood Community Center
7903 CR 404, Spicewood, TX 78669
January 25, 2025

Meeting called to order at 9:36 a.m.

1. Welcome and Introductions
 - a. Meeting Purpose
 - i. Two primary reasons for the meeting are to validate the results of an unopposed election and to approve the 2025 annual budget.
 - b. DHCWSC Directors Present
 - i. Curtis Raetz, President
 - ii. Harry Brunner, Vice President
 - iii. Pilar Chiodo, Secretary/Treasurer
 - iv. Roger Trejo, Director
 - v. Sig Sereno, Director
2. January 2024 Meeting Minutes
 - a. Distribution (via email attachment) and Quorum.
 - i. Five directors present and members present make up the quorum; quorum present.
 - b. Discuss and Approve
 - i. No member questions regarding the minutes. Motion to approve minutes by Harry Brunner, seconded by Sig Sereno, all approved.
3. Bottom Line Up Front
 - a. Our objectives remain the same: Ensure our members have access to safe and high-quality drinking water while satisfying a reasonable level of demand within our environmental limits at the most affordable price possible. Also safeguard and preserve our resources through conservation efforts, preventative maintenance, and capital enhancements.
 - b. Our challenges have changed. Drought conditions persist with no immediate relief anticipated. Two factors that previously enabled wells to recharge effectively during a drought have shifted. The wells are now at critically low levels, jeopardizing both demand and well integrity. Double Horn continues to expand and rising inflation and aging infrastructure continue to drive up operating costs.
 - c. What Are We Doing. The most economical and straightforward countermeasure is conservation. Everyone needs to prioritize this in 2025 as well as identify and repair leaks promptly, encourage rainwater collection, restrict outdoor irrigation and pool refilling until wells have had a chance to

recharge. We will begin supplementing our well capacity by obtaining bulk water to supplement demand and reduce the risk of damaging the wells and associated equipment. We will also be engaging knowledgeable and seasoned partners for technical, planning, and funding opportunities.

4. 2024 Annual Review

a. Continue Conservation

i. In 2024 we pumped 8.53 million gallons from our three wells to 128 water meters. The community has responded to conservation request by reducing consumption by 27% in the last six years. Reducing monthly consumption from 5,600 gallons to 4,000 gallons would result in reduction of almost 200,000 gallons each month.

b. Our Biggest Issues

i. Diminished rainfall. Received only 27.83 inches of rainfall which has had a direct impact on well recharge rates. In comparison to the 30-year average, our rainfall continues to be significantly lower. Over the past 6 years we've had only 5 years of accumulated normal rainfall. We must plan for this trend to continue; hope for the best but plan for the worst.

c. Impact On Wells

i. High demand and the extended drought has reduced all three wells to critical levels. The lack of rain at recharge areas is insufficient to bring wells back to safe levels. The last three months have been particularly demanding and we expect the pattern to continue.

d. Comparing Well #3 Levels Over Time

i. As the drought progressed the well levels continue to degrade year over year. Spent all of 2024 in the red Stage III condition. Degradation in later half of the year was especially bad with levels approaching the pump level.

e. Procure Bulk Water to Stabilize Our Wells

i. Main goal is to keep a safe water level in all three wells. Guarantee that the water quality provided is to the highest standard and complies with or surpasses state (TCEQ) regulations.

ii. Remove the risk of geological damage that could impair the wells' ability to recharge or, in the worst case, cause them to run dry.

iii. Maintain the water level above the pump head to prevent any potential damage to the pump.

f. Bulk Water Procurement

i. Sourced from TCEQ licensed supplier meeting state laws and regulations. Must compete with other commercial companies in the area. Start with buying 50,000 gallons weekly and measure the reduced stress on the wells to determine optimum amount required to stabilize the wells.

ii. Will adjust bulk water quantity based on well performance and community demand. Water will be delivered each business day and pumped into our existing storage tank.

iii. The process for receiving and blending bulk water with well water has been established.

iv. Members will be billed for bulk water according to their total water usage. Future water bills will detail the cost associated with each charge.

v. Impossible to predict how long we need to supplement the wells with bulk water.

5. Looking to 2025

a. Business/Operations

i. Continue to meet water delivery requirements while incentivizing conservation efforts.

- ii. Manage Operations Financials. Long term debt of \$176k with 0% interest; have 22 annual payments of \$8000 remaining. Also an annual lease payment of \$116 for the neighborhood firefighting water tank easement (increases 5% per year). Plan for inflationary impacts such as operations, insurance, material, etc.
- b. Engage Knowledgeable & Seasoned Partners
 - i. Water Finance Exchange (WFX) is a 501(c)(3) non-profit platform created by an experienced team of water and finance professionals to develop and fund community-based water projects.
 - ii. Texas Rural Water Association (TRWA) provides technical, legal, financial and administrative assistance.

6. 2025 Rate Change

- a. The current rates are insufficient to meet our key goals. Revenue is expected to decline because of conservation initiatives and inflation will further reduce our reserves.
- b. There are no reserves available for financing exploration efforts to identify long-term capacity, and no reserves set aside for future capital improvement projects.
- c. We are anticipating an \$11,000 reduction in revenue from 2024 to 2025. It is essential that we keep a reasonable management reserve.
- d. We need to prepare for the new operations contract with Spicewood Utility Services for 2026.
- e. New rates minimize impact to lowest users and adds a step-up charge at 10,000 gallons and again at 20,000 gallons. These rates will be effective March 1, 2025.
- f. The new rates cover 2025 operating expenses while maintaining a management reserve. Does not cover expenses for long term water security projects and capital improvements.

7. 2025 Budget Overview

- a. Net zero financials for bulk water deliveries and a \$84k shortfall for expenses to develop long-term water security plan.
- b. A motion was put forth to approve the 2025 budget. The current rates are insufficient to meet our key goals. Revenue is expected to decline because of conservation initiatives and inflation will further reduce our reserves. Motion to accept budget as presented by Karen Maxwell, seconded by Jim Lindsey, all members approved except for one nay.

8. Questions/Comments from Attending Members

- a. Attendee mentioned that as a family who has not built yet, the situation looks bad but appreciates the honesty. Trucking in of water is not sustainable and selling real estate is a hindrance. Wanted to know about the deep aquifer. Curtis Raetz replied that the deep aquifer (Hickory) and the Ellenberger is also risky, and Marble Falls is not interested in providing us with water.
- b. Member asked if the quarry next to us was pulling from the same water source as us. It is not; their well is deeper and about a mile away.
- c. Roger Trejo, three term board member/director, certified Petroleum Geologist and Professional Geologist with the State of Texas relayed his opinion on the current well status and performance. He stated that the Double Horn Subdivision is flanked by two quarries, the Spicewood quarry on the east side and Vulcan quarry on the southeast side. Since 2011 thru 2019 there were no noticeable changes on our water consumption except when rainfall was inadequate. There are four water wells

in Double Horn of which three are production wells. These wells have been monitored since 2019 with a stop light chart showing water levels over time. Starting in 2024, after the Spicewood quarry began blasting operations, well number three has not been recharging regardless of rainfall. Wells number one and two continue to recharge but not as before. Our plant operator shut well number three down for a month and let the pressure buildup, but when the well head was opened the pressure declined rapidly. In Roger's geological opinion the blasting by these two quarries has created newly formed fractures extending into well number three; it has displayed a dramatic drop in pressure because the water is being diverted into these newly created fractures. As blasting continues the fractures could increase eventually affecting the other two wells. Close monitoring of wells number one and two is essential. Well number three is located 5,000 ft. (~1 mi.) west of Spicewood quarry making it the well closest to quarry and blasting operations. Wells one and two are west of well three. Double Horn has a number of faults beneath the surface and blasting could reactivate these faults causing movement along fault lines. Well bore collapse has been reported by a member of the Double Horn community. According to the Burnet County surface geology map, each well is located on separate fault lines trending NE-SW. Well bore samples taken from wells one and two describe fractures providing groundwater flow confined in solution channels and fractures. Well three has both fractures and cavities and has been affected by blasting causing collapse of fractures/cavities. Ordovician rocks, according to USGS charts, are 500 million years old and are brittle and subject to collapse due to blasting. Because faults trend NE-SW, blasting from the Spicewood quarry will be perpendicular to the fault planes causing collapse of fractures and cavities diverting groundwater flow away from our wells. Two geologic reports were released by the Spicewood quarry. The first report was written in 2018 before blasting operations began and discussed only regional geology and stratigraphy. The report included the presence of faults within the quarry and did not include faults within Double Horn. The second report was written in 2021 and included well tests within the quarry and concluded that there was no hydrologic connection to any wells within Double Horn. Blasting operations probably began in early 2021 and the report did not mention any blasting. Blasting operations is causing concerns on homes within Double Horn since they are within .6 to .7 miles from the Spicewood quarry.

- d. Member asked what is the worst case scenario regarding the drought. This cannot be answered, but the reality is that most households should aim for four thousand gallons per month in order to get us through this drought phase.
- e. Ed Coleman stood up and said that we have plenty of water - what we have is a well problem. He asks us not to get discouraged. The Texas Water Development Board has a list of aquifers and our community sits on a sizable amount of water. It just so happens that our current wells are skirting the edges of this aquifer. We need to use our funds to dig a well that is in the middle of these aquifer locations. We need to take action and not wait months to get water. We need to protect our property which is the largest investment we have - we need to find water!

9. Adjourn

- a. Adjourned at 10:40 a.m.