



August 24, 2026

Dear Woodlawn Water Utilities Customers:

In 2025, ANRA took ownership of the Woodlawn water system knowing that the system had several existing problems. Fortunately, when ANRA took ownership, there was a fund balance of just over \$1 million.

During FY 2026, ANRA spent about \$283,000 to make important repairs and improvements to the system. These projects included:

- Plugging the non-working water wells at Plants 1 and 2.
- Installing technology that allows us to monitor both water plants 24 hours a day.
- Officially closing and capping the old Lancewood Circle water wells.
- Hiring engineers to prepare an Engineering Feasibility Report. This report will help us plan future major improvement projects.

For FY 2027, ANRA has identified an additional \$337,000 in needed capital improvements. These projects include:

- Reconnecting Pressure Plants 1 and 2 to provide backup service.
- Moving the water line that serves Lancewood Circle.
- Upgrading part of the water line on Richardson Road.
- Making improvements to the water system on Landrum Road.
- Replacing seven flush valves.

These improvements are needed to correct existing problems and meet regulatory requirements for a public water system. They will also increase the system's ability to provide water and help ANRA's operations staff reduce service interruptions when water line breaks occur.

The increased water demand and system losses have also resulted in higher operating costs. These costs include both the purchase of additional water from the City of Lufkin and the labor, materials, and equipment necessary to locate and repair the numerous water line breaks.

Attached is a condensed version of the FY 2027 Annual Budget for Woodlawn Water Utilities and the rate sheet for FY 2027 rates. The budget includes a column showing actual FY 2026 year-to-date and projected year-end expenses. Comparing the FY 2026 actual expenses with the FY 2027 budget provides a clear picture of the increased costs associated with purchasing water and maintaining and repairing the aging water treatment and distribution system.

The FY 2027 budget assumes that the number of water line breaks will decline from the unusually high level experienced during FY 2026. However, we must also recognize that the cost of goods, materials, equipment, labor, and other services continues to increase. The water and wastewater industry has experienced particularly significant cost increases since the COVID-19 pandemic, especially in construction, materials, equipment, and labor.

Depending on the particular cost category and inflation measure used, industry-specific construction and infrastructure costs have increased substantially since 2020. These increased costs directly affect Woodlawn Water Utilities because maintaining an aging water system requires increasingly expensive materials, equipment, contracted services, and labor.

Our goal in preparing the FY 2027 budget is to provide reliable water service while maintaining the system in a financially responsible manner. We will continue to monitor water usage, system losses, repair costs, and purchased-water expenses throughout the coming year and will make every effort to control costs while maintaining the level of service our customers expect. Unfortunately, many of these factors are beyond ANRA's control.

We appreciate your patience and understanding as we continue working to address the challenges facing the Woodlawn water system. We also appreciate the cooperation of our customers as we work together to protect and maintain this important community resource.

Sincerely,

Prairie Grove Utilities

**Angelina & Neches River Authority**  
**Woodlawn Water Utilities**  
**FY 2027 Budget**

| <b>Revenue</b>                 | <b>FY 2027<br/>Budget</b> | <b>FY 2026<br/>Actual Costs</b> |
|--------------------------------|---------------------------|---------------------------------|
| Water Sales                    | \$ 466,536.69             | \$ 457,696.29                   |
| <b>Total Revenue</b>           | <b>\$ 466,536.69</b>      | <b>\$ 457,696.29</b>            |
| <b>Direct Expenses</b>         |                           |                                 |
| Utilities                      | \$ 14,500.00              | \$ 10,387.92                    |
| Repairs & Maintenance          | \$ 51,500.00              | \$ 69,156.85                    |
| Wholesale Water Purchase       | \$ 125,000.00             | \$ 52,184.83                    |
| Supplies, Fees & Insurance     | \$ 33,008.17              | \$ 39,054.28                    |
| Reserve, Repairs & Maintenance | \$ -                      | \$ 24,529.57                    |
| Depreciation                   | \$ -                      | \$ -                            |
| Laboratory & Contract Services | \$ 6,100.80               | \$ 13,241.94                    |
| <b>Sub Total</b>               | <b>\$ 230,108.97</b>      | <b>\$ 208,555.39</b>            |
| <b>Operations Labor</b>        |                           |                                 |
| Operations Labor               | \$ 140,660.43             | \$ 112,216.67                   |
| Administrative Labor           | \$ 93,773.62              | \$ 74,811.12                    |
|                                | <b>\$ 234,434.05</b>      | <b>\$ 187,027.79</b>            |
| <b>Debt Service</b>            |                           |                                 |
|                                | \$ -                      | \$ -                            |
|                                | \$ -                      | \$ -                            |
| <b>Sub Total</b>               | <b>\$ -</b>               | <b>\$ -</b>                     |
| <b>Total Expenses</b>          | <b>\$ 464,543.03</b>      | <b>\$ 395,583.18</b>            |
| <b>Net Revenue</b>             | <b>\$ 1,993.66</b>        | <b>\$ 62,113.11</b>             |

**Note:**

- 1) FY 2026 costs for Direct Expenses based on actual expenses for 11 months and are estimated for the month of August 2026.
- 2) Operations Labor covers all field and administrative staff time, vehicles, SCADA, billing systems, cyber security, etc.