

**GRP Review Committee  
Minutes of Regular Meeting  
March 20, 2017**

The San Jacinto River Authority (SJRA) GRP Review Committee meeting was held at 11:30 a.m., March 20, 2017, at the San Jacinto River Authority GRP Division Operations Building located at 11998 Pine Valley Drive, Conroe, Texas, 77304. A notice of said meeting was posted per GRP Contract requirements. Committee members Jackie Chance, Mike Mooney, Scott Taylor, Kerry Masson, and Joe Sherwin were present. GRP Division Manager Mark Smith, Senior O&M Utility Manager Don Sarich, Compliance & Administrative Manager Matt Corley, Deputy General Manager Ron Kelling, Technical Services Manager Steve Fenney, Administrative Assistants Lisa Yohner and Tina Felkai and General Counsel Mitchell Page were in attendance.

**1. CALL TO ORDER**

The meeting was called to order at 11:33 a.m.

**2. PUBLIC COMMENTS (maximum of 3 minutes per speaker)**

There were no public comments.

**3. APPROVAL OF MINUTES**

Mr. Mooney indicated that the minutes of the GRP Review Committee meeting on February 20, 2017, were before the Committee for consideration. Motion was made by Mr. Masson, seconded by Mr. Chance, motion was unanimously approved, with the noted addition requested by Mr. Chance regarding the TEEEX tour of the GRP Surface Water Plant. The TEEEX Instructor stated the GRP Surface Water Plant was one of the best he had ever seen.

**4. UPDATE ON FY 2018 BUDGET AND RATE DEVELOPMENT**

Mr. Smith explained to the Committee that staff is in the process of putting the last few numbers in the Fiscal Year 2018 Operating Budget and will be presenting the information next month.

- a. Receive official vote from the GRP Review Committee to direct the GRP Administrator to remove draft Fiscal Year 2018 budget line items related to payment of option fee for Trinity River Authority water supply and related legal and engineering cost.

Mr. Kelling addressed the Committee, explaining that he met with two members of the SJRA's Long Range Planning Committee to discuss the TRA Option. Unfortunately, at this time the present members did not feel they could make a recommendation in either direction until the Raw Water Master Plan is completed. The Raw Water Master Plan will not be completed until October, 2017. Mr. Page, General Counsel for SJRA, explained, to keep the TRA Option in the budget, no action was needed by the Committee. Mr. Taylor stated he would be fine with paying for the TRA Option for one more year. Mr. Masson stated that he feels we have time and agreed he would be fine with waiting one more year; Mr. Chance agreed. Mr. Mooney asked for a motion to remove the TRA Option from the Fiscal Year 2018 Operating Budget. None heard, motion died.

**5. GRP ITEMS FOR CONSIDERATION BY THE SJRA BOARD OF DIRECTORS  
ON March 23, 2017**

- a. Consider approval of amended Fiscal Year 2017 Operating Budget for the GRP Division.

Mr. Smith explained we amended the Fiscal Year 2017 Operating Budget last December for legal expenses and have spent approximately \$700,000 to date. In reviewing what will be needed for the remainder of the year, staff is proposing an amendment to add \$800,000 to Professional Services to cover legal expenses. Mr. Mooney inquired if any or all of the legal expenses were recoverable. Mr. Page, General Counsel for SJRA, stated based on the GRP Contract, yes it is possible. Mr. Masson inquired if these legal expenses included the line break litigation. Mr. Smith explained that a portion of the \$1.6 million paid out so far did include expenses for the line break but the additional \$800,000 being requested was only for the City of Conroe litigation. Mr. Smith explained that the \$800,000 would be funded from Operating Reserves. After a brief discussion, motion was made by Mr. Chance, seconded by Mr. Mooney and passed four to one. Mr. Taylor was the sole Committee Member to vote no on this item.

- b. Consider authorizing the General Manager, or his designee, to execute Letter(s) of Assurance to Lone Star Groundwater Conservation District for new Participants in the GRP Program, as requested, and approve the GRP Contract(s) as presented and authorize the execution of same by the General Manager.

No New Participants at this time.

**6. UPDATE REGARDING GRP DIVISION**

- a. Compliance and Customer Service Update

Ms. Felkai, Administrative Assistant, presented a compliance update. Ms. Felkai stated that for the month of February, 2017 groundwater usage was slightly above projections, while surface was slightly below projections. It was anticipated that surface water delivery would be down due to the water line break.

- b. Operations Update

Mr. Sarich, Senior O&M Utility Manager, presented an operations update. Mr. Sarich stated GAC replacement was underway with reactivated carbon. Calgon had been on site for the last couple of weeks to start the process of replacing carbon in four contactors. Everything was on schedule and doing fine.

Since last month's discussion regarding bypassing GAC by 5%, we have been notified of increased Total Trihalomethane (TTHM) concentrations at Montgomery County Municipal Utility District 60 (MCMUD 60) in The Woodlands. The Texas Commission on Environmental Quality conducted their routine samples, which came back with levels too high. A public notice is required to be sent to affected customers. We completed a check of surrounding areas and our tests confirmed higher levels of TTHM, which we are continuing to monitor. Our operators have tried to minimize chlorine levels to minimize TTHM formation. MCMUD 60, in The Woodlands, is the only receiving facility currently having this issue. We are currently running 100% through GAC. Mr. Smith stated that when a regulatory item arises, it will not be brought to the Committee for a vote, but instead the necessary changes will be made to correct the issue. We will

continue to monitor the situation, making processing changes as needed or make recommendations to receiving facilities as needed. We will share the data we are monitoring with Participants and keep the Committee informed of all findings.

**c. Financial Update**

Mr. Matt Corley, Compliance & Administrative Manager, presented the financial update. Mr. Corley provided that the total operating revenues for February were \$3,087,346 and operating revenues YTD were \$22,552,810, giving the GRP an unfavorable variance of (6%). Mr. Corley then provided that the total operating expenses for February were \$1,837,422 and operating expenses YTD were \$11,015,022, giving the GRP a favorable variance of 11%. Mr. Corley went on to provide that the cash balance as of February 28, 2017, was \$8,374,051 and the GRP had approximately 4.2 months of budgeted Operating Reserve.

**7. DISCUSSION REGARDING FUTURE AGENDA ITEMS**

Mr. Smith stated the following items will be presented in the upcoming months:

- a. FY 2018 Budget and Rate Presentation – April
- b. Vote on Recommendation of Budget and Rate for FY 2018 - May

**8. FUTURE MEETING SCHEDULE**

- April 24, 2017
- May 22, 2017
- June 19, 2017
- July 24, 2017

**9. ADJOURN**

Without objection, the meeting was adjourned at 12:11 pm.

  
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Matt Corley  
Compliance & Administrative Manager

  
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Mark Smith  
GRP Administrator