

San Jacinto River Authority



Conroe, Texas

PROPOSED BUDGETS

FOR FISCAL YEAR ENDING AUGUST 31, 2012
PRESENTED TO BOARD OF DIRECTORS
AUGUST 25, 2011

**SAN JACINTO RIVER AUTHORITY
PROPOSED BUDGETS
FOR FISCAL YEAR ENDED AUGUST 31, 2012**

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**San Jacinto River Authority
Operating Budget Summary
For Proposed Budgets
For the Fiscal Year Ending August 31, 2012**

The Texas Water Code Section 49.057 (b) requires the Board of Directors to adopt an annual budget. The proposed operating and capital improvement budgets for fiscal year 2012 (FY 2012) for the Groundwater Reduction Plan (GRP) Division, Highlands Division, Lake Conroe Division, Bear Branch Reservoir System, Region H Water Planning Group, and the General and Administration Division are presented in this report. The Woodlands Division budget is provided in a separate report.

This report includes a high level summary of the proposed operating budgets. A Budget Notes section details the budgeted revenues and expenses for each division. Many detailed division and department schedules, worksheets, notes and other documentation support the summary budget presented here and are included as elements of the approved budgets by reference.

All the summary and detail schedules within this report are presented using the cash basis of accounting.

The FY 2012 budget for the San Jacinto River Authority represents various key challenges in providing financial resources while expanding operations as noted below.

Groundwater Reduction Plan Division

During FY 2010, the Board of Directors established the Groundwater Reduction Plan (GRP) Division as a separate operating division of the Authority. The GRP Division now has a stable source of revenue from GRP pumpage fees budgeted as \$13,705,329 for FY 2012. GRP pumpage fees are supplemented by \$184,924 in interest revenue.

The Lone Star Groundwater Conservation District (LSGCD) issued its DRP Phase IIB proposed rules on August 20, 2009. These rules will require large volume groundwater users in Montgomery County to reduce the amount of groundwater pumped by 30% by 2016. Since the SJRA holds permits issued by the LSGCD to pump groundwater from its wells in The Woodlands, the SJRA is moving forward with a program to reduce its groundwater usage and offer other permittees within the county the opportunity to join the SJRA's Groundwater Reduction Program.

The SJRA has sold bonds totaling \$21,500,000 through the Water Infrastructure Fund (WIF) Deferred Loan administered by the Texas Water Development Board. The SJRA closed on the loan in late November 2009. The WIF loan is being used by the SJRA for planning and preliminary engineering associated with a program to introduce treated surface water to portions of Montgomery County. The remaining proceeds from these bonds will be used during FY 2012.

In June, 2011, SJRA sold bonds totaling \$83,155,000 for the GRP Project in the open market through an underwriting group. The bond proceeds will be used to pay the cost of

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(1) design and engineering of water transmission lines, a High Service Pump Station, a Raw Water Intake and Pump Station, and a Water Treatment Plant; (2) land acquisition and related costs; (3) contracting with a construction manager at risk for preconstruction services; (4) design, engineering and construction of a temporary access road, a storage building, and utility relocation; (5) pre-purchase of select water treatment plant equipment; (6) environmental mitigation; and (7) two years of capitalized interest payments and paying certain costs incurred in connection with the issuance of the Bonds.

The 2009 and 2011 bond proceeds described above will provide \$68,957,464 to fund the GRP capital improvements.

Budgeted operating expenses total \$13,851,131 including reservation fees. Bond interest and additions to the debt service reserve fund total \$6,544,410. A portion of the interest due on the 2011 bonds will come from the Capitalized Interest funds from the bond issue.

With an increase in net cash due to GRP pumpage fee collection, the budget proposes that the GRP Division utilize \$2,700,000 in available cash to repay the entire remaining balance advanced from the SJRA General Fund.

No operating or contingency reserve funds have been established for the GRP Division. A rate study will be conducted during FY 2012 to provide information to the Board on the water rates necessary to fund the program and maintain an appropriate level of reserves.

Highlands Division - Capital Improvements Plan

The Highlands Division is in need of a productive and reliable raw water delivery system. This system is critical to the SJRA's industrial, municipal and agricultural customers in the Highlands. As noted in the Highlands Facility Assessment completed in January 2009, key facilities within the delivery system are beyond their service life and are in need of repair and/or replacement. Critical facility repairs were planned for implementation beginning in FY 2010. Late in FY 2010, SJRA sold the \$25,380,000 in water revenue bonds to finance eligible projects of the Highlands Improvements program. This bond financing will allow all the existing Highlands reserve funds to remain fully funded. Debt service on the bonds is \$1,745,886 in the FY 2012 budget.

\$12,396,341 of the bond proceeds will be used in FY 2012 to fund Capital Improvements. Additional funds required for the repairs will be transferred from G&A revenue that is generated from water sales to customers in the Highlands.

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Budgeted expenses of the Highlands Division total \$2,757,177 excluding bond interest.

Due to the FY 2012 increase in the operating budget plus capital improvements, reserve funds should be increased by \$2,019,873.

Lake Conroe Division

The Lake Conroe Division is separated into four cost centers – Operations and Maintenance, Onsite Sanitary Sewage Facilities (OSSF), Licensing, and Invasive Species Management. These separate cost centers were developed in an effort to monitor the expenses associated with each of these individual operations within the Lake Division along with any revenues that may be generated from users and/or recipients of services associated with these operations. It is anticipated that over time the data generated from these separate cost centers will assist the SJRA in verifying the appropriate fees that should be assessed to the users and/or recipients of services.

Based on an analysis of the amounts needed to effectively manage and cover the costs of each of the Lake Conroe licenses, fees and permits, staff proposed an increase to the Board during FY 2010. The Board approved the increases which were phased in on renewals and effective for new licenses and permits beginning September 1, 2010.

Budgeted operating revenues from all Lake Conroe Division sources total \$2,552,416 while total expenses plus capital asset disbursements total \$3,688,141.

Due mostly to the increase in the FY 2012 operating expense budget, reserve funds should be increased by \$296,314.

Bear Branch Reservoir System

The operations and administrative expenses for Bear Branch are funded by participating Woodlands Municipal Utility Districts (MUD) based on the number of lots within each district to the total lots in the Woodlands for which storm water detention is provided by the Bear Branch system.

Based on the scope of services proposed by staff for Bear Branch maintenance of the system, \$68,434 would be required from the participating Woodlands MUD's for program expenses in FY 2012. From the MUD contribution balances, a two month operating reserve of \$61,997 would be maintained.

Of the \$371,674 operating expense budget, \$281,684 is for maintenance, repairs & parts. The budget for mowing three times per year will be \$72,000. \$300,000 will be requested for Capital Improvements to the system.

**San Jacinto River Authority
Operating Budget Summary
For Proposed Budgets
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General & Administration Division

Budgeted net G&A operating expenses total \$2,067,922 after allocations to operating divisions. This budget proposes the addition of employees that support operations to fill various positions in all G&A departments. Expenses to support G&A staff allocated to operating divisions totals \$2,584,889

\$2,121,705 will be required to make bond debt service and G&A building loan payments.

Budget Summary

GRP Division

Operating revenues total \$13,705,329 from GRP pumpage fees. Other revenue of \$184,924 is from interest earned on investments.

The proposed operating expense budget is \$13,851,131 which has increased from the FY 2011 Budget of \$4,794,050. Much of the increase in expenses is attributable to increased labor cost to add employees to support the program.

Capital Improvements total \$65,750,193 improvements funded by bond proceeds. Equipment and other assets total \$396,500.

From the increase in net cash collections, \$2,700,000 is repaid to SJRA to eliminate the balance due from advances.

In summary, the budget results in a net cash increase of \$149,893.

General Fund

The General Fund is the combination of the Lake Conroe, Highlands and G&A divisions.

Operating revenues total \$11,232,970 by combining revenues of the three divisions. Other revenues of \$175,948 are mostly from interest earned on investments.

The proposed operating expense budget is \$9,293,957 which has increased from the FY 2011 Budget of \$8,017,426. Much of the increase in expenses is attributable to increased labor cost to add employees to support the GRP program.

Under operating expenses, the payroll and employee benefits expense budget is \$4,186,635 which has increased from the FY 2011 budget of \$3,253,024. Salaries and wages were

**San Jacinto River Authority
Operating Budget Summary
For Proposed Budgets
For the Fiscal Year Ending August 31, 2012**

budgeted with a combined 4% allowance for promotions, market equalizations and performance based salary increases. Staff continues to develop a long term strategic plan to improve the overall health of SJRA employees and limit health insurance costs to SJRA. Staff continues to look at other options to be considered in the strategic plan for future years including improvements to the retirement plans, reducing benefits and/or partial contribution by employees for health insurance coverage. Our current health insurance carrier has proposed a decrease in rates for the plan year beginning October 1, 2011. The proposed budget leaves group health insurance rates at the FY 2011 levels and increases the employee percentage contribution for dependent coverage from 5% to 10%. Staff has researched self-insurance as an alternative to our traditional 3rd party payer plan and is confident that a conversion to a self-insured plan can be achieved without an increase in the overall cost per employee to SJRA.

Capital Improvements total \$12,806,338 with \$12,396,341 in Highlands improvements funded by bond proceeds. Equipment and other assets total \$915,667.

The GRP Division repays \$2,700,000 to eliminate the balance of advances accumulated from previous years.

The additional amount required for operating, emergency/contingency and capital reserve funds to maintain the reserve funds at levels adopted by the board is \$1,628,022

In summary, the 'General Fund' budget produces a small net cash increase while fully funding reserve funds.

Bear Branch Reservoir System

Other revenues from MUD Contributions total \$68,434 and operating expenses total \$371,674. Capital Improvements total \$300,000.

The cash balance carryforward is \$671,345. After a two month operating reserve of \$61,997 is provided, net cash is increased by \$6,108.

Region H Water Planning Group

Operating Revenue from a TWDB Grant for a Region H specific study totals \$346,900.

Operating Expenses budgeted for engineering fees for a study 100% funded by TWDB grant funds and local contributions are \$346,900.

In summary, The TWDB provides all funding to support the activity except for some SJRA administration expense

San Jacinto River Authority
Budget Summary By Funding Source
Proposed FY 2012 Budget
Cash Basis

	Highlands, LC & G&A Combined	GRP Division	Bear Branch	Region H
Revenues				
Operating Revenues	\$ 11,232,970	\$ 13,705,329		
Other Revenues	175,948	184,924	\$ 68,434	\$ 346,900
Total Revenues	11,408,918	13,890,253	68,434	346,900
Operating Expenses				
Salaries & Wages	2,803,773	2,045,827	24,515	
Professional Fees	811,900	550,450	6,000	340,000
Purchased & Contracted Services	837,420	270,000		2,600
Supplies, Material & Utilities	2,217,435	2,550,370	15,589	2,800
Rentals	295,300	10,000		
Maintenance, Repairs & Parts	565,750	4,000	281,684	
Employee Benefits	1,382,862	862,795	10,288	1,500
General & Administration Expenses	(1,819,073)	1,013,279	33,598	
Non-Operating Expenses	2,198,590	6,544,410		
Total Operating Expenses	9,293,957	13,851,131	371,674	346,900
Capital Assets				
Capital Improvements	12,806,338	65,750,193	300,000	
Equipment & Other Assets	915,667	396,500		
Water Rights	10,000			
Total Capital Assets	13,732,005	66,146,693	300,000	
Other Cash Uses				
Bond Principal	1,669,000	0		
Loan Principal	0	0		
Repay Advance to General Fund	0	2,700,000		
Total Other Cash Uses	1,669,000	2,700,000		
Other Cash Sources				
Bond Proceeds	12,396,341	68,957,464		
GRP Advance Repayment	2,700,000			
Cash Balance Carryforward			671,345	
Total Other Cash Sources	15,096,341	68,957,464	671,345	
Reserve Fund Requirements	1,628,022	0	61,997	
Net Unreserved Cash Increase (Decrease)	\$ 182,275	\$ 149,893	\$ 6,108	\$ -

SJRA FY 2012 Budget Risk Management
General Fund - Highlands, Lake Conroe and G & A Division
July 6, 2011

Risk	Probability	Management Method
Revenue		
Revenue from raw water sales and reservations less than projected	Low	<ul style="list-style-type: none"> • Long-term raw water supply contracts for industrial users are “take or pay”. • Long-term raw water supply contracts for municipal users based on previous demand with no increase. • Raw water supply contracts for irrigators are on annual basis, however contracted water amounts are very small. • Long-term GRP contracts with Participants <ul style="list-style-type: none"> ○ Revenue from reservation fees for SJRA water in Lake Conroe ○ Reservation fees for City of Houston water in Lake Conroe is a pass through to GRP Division.
Revenue from dock, marina, OSSF, etc. permitting/licensing less than projected	Low	<ul style="list-style-type: none"> • Improved billing and collection process • Collection rate in budget assumed at 95%
Delayed payments from large raw water customers	Low	<ul style="list-style-type: none"> • Billing collection process in place to identify late payments and work with customers to obtain payments • Working Capital Reserve Funds available
Delayed payments from City of Houston	High	<ul style="list-style-type: none"> • Delayed revenue from COH incorporated in budget • Labor dedicated to working with COH to obtain timely payments • Working Capital Reserve Funds available
Labor (Staffing)		
Inadequate qualified, motivated key G & A staff to support the operating divisions and satisfactorily implement strategic plan	Low	<ul style="list-style-type: none"> • Focused effort to identify and recruit remaining highly qualified, motivated and accountable key staff to complete the staffing plan • Long-term staffing utilization optimization
Inability to provide a competitive compensation package for qualified, motivated staff at a reasonable cost in a changing and volatile environment	Medium	<ul style="list-style-type: none"> • Conducting research regarding competitive compensation and benefits including health benefits • Researching possible alternative plan designs for both retirement and health benefit programs • Seeking competitive bids on health coverage, including quotes for self-insurance

**SJRA FY 2012 Budget Risk Management
General Fund**

Risk	Probability	Management Method
Professional, Construction and Miscellaneous Services		
Inadequate and/or poorly performing providers of professional, construction and/or miscellaneous services	Low	<ul style="list-style-type: none"> • SJRA staff in key management positions to oversee/ drive progress for most timely completion • Project management procedures implemented for effective project delivery including control of scope, fee, schedule and risk • All contracts contain termination clauses. • All professional services contracts are work order based which only authorize work one phase at a time allowing opportunity to adjust services provided • Standardization of construction contract front-end documents
Operations and Maintenance Costs		
Operations costs greater than budgeted	Medium	<ul style="list-style-type: none"> • Operations costs based on historic expenditures with contingency • Commodity costs such as fuel and power susceptible to spikes in prices therefore estimated conservatively • Extreme events, such as a hurricane landing in the area, are included in contingency plans • Emergency Reserve Funds available
Failure of a key system component requiring immediate repair in and/or maintenance costs greater than budgeted for Highlands	Medium	<ul style="list-style-type: none"> • Most facilities in Highlands have been in service 60 or more years. An assessment of the Highlands system identified system components in need of repair/rehabilitation. Those needs have been prioritized and placed in a phased capital improvement program (CIP). Critical needs are being addressed through the Highlands Private Activity Bond Program. System components are reviewed daily to assure continued system wide functionality and reliability. If a failure of a key component occurs, staff will identify the severity of the failure, methods to address the failure, appropriate repair method and requiring timing for the repair. If time is available, the CIP could be adjusted (reprioritized) to incorporate the additional repair/rehabilitation method. • Emergency by-pass pumping plan and pump

**SJRA FY 2012 Budget Risk Management
General Fund**

Risk	Probability	Management Method
		<ul style="list-style-type: none"> • mobilization contract to be put in-place (services continuation) • Emergency natural gas generator to supply electrical power to Lake Houston Pump Station during loss of power events (services continuation) • Emergency Reserve Funds available for critical and immediate repair of failed system components
<p>Failure of a key system component requiring immediate repair and/or maintenance costs greater than budgeted for Lake Division</p>	<p>Medium</p>	<ul style="list-style-type: none"> • Lake Conroe dam has been in service for over 40 years. A dam safety inspection was completed in 2009 and found the dam to be generally in good condition. Some specific needs/issues were identified and prioritized. Most needs are being addressed in a phased approach in a five year CIP. If a failure of a key system component occurs, staff will identify the severity of the failure, methods to address the failure, appropriate repair method and required timing for the repair. If time is available, the CIP could be adjusted (reprioritized) to incorporate the additional repair/rehabilitation method. Currently sand accumulation near Outlet Pond presents greatest risk for additional expenditures. • Emergency Reserve Funds available for critical and immediate repair of failed system components
<p>Capital Outlay</p>		
<p>Capital improvement program (CIP) project costs greater than budgeted</p>	<p>Low</p>	<ul style="list-style-type: none"> • SJRA staff in key management positions to oversee/ drive progress for most timely completion • Project management procedures implemented for effective project delivery including control of scope, fee, schedule and risk • Phased execution of construction projects allows a modification to CIP plan prior to commitment of funds • Commodity costs such as fuel and construction materials susceptible to spikes in prices therefore estimated conservatively • Capital Improvements Reserve Funds available for unanticipated CIP needs

San Jacinto River Authority
GRP Division
Proposed FY 2012 Budget
Cash Basis

	<u>Notes</u>	<u>Proposed FY 2012 Budget</u>	<u>FY 2011 Budget</u>	<u>8/1/2010 Through 7/31/2011 Actual</u>
Revenues				
Operating Revenues	GRP2-1	\$ 13,705,329	\$ 8,156,454	\$ 10,571,033
Other Revenues	GRP2-2	184,924	24,000	33,888
Total Revenues		13,890,253	8,180,454	10,604,921
Operating Expenses				
Salaries & Wages	GRP2-3	2,045,827	1,185,735	921,796
Professional Fees	GRP2-4	550,450	260,475	773,818
Purchased & Contracted Services	GRP3-5	270,000	105,800	115,622
Supplies, Material & Utilities	GRP3-6	2,550,370	2,084,883	1,713,517
Rentals		10,000	0	5,372
Maintenance, Repairs & Parts	GRP4-7	4,000	5,000	7,119
Employee Benefits	GRP4-8	862,795	428,768	274,703
General & Administration Expenses	GRP4-9	1,013,279	665,676	447,134
Non-Operating Expenses	GRP5-10	6,544,410	31,083	241,245
Amortization		0	26,630	44,821
Depreciation		0	0	4,405
Total Operating Expenses		13,851,131	4,794,050	4,549,552
Capital Assets				
Capital Improvements	GRP5-11	65,750,193	15,434,000	4,357,604
Equipment & Other Assets	GRP5-12	396,500	139,000	78,741
Total Capital Assets		66,146,693	15,573,000	4,436,345
Other Cash Uses				
Bond Principal		0	394,421	0
Loan Principal		0	0	390,888
Repay Advance to General Fund	GRP5-13	2,700,000	2,229,613	528,971
Total Other Cash Uses		2,700,000	2,624,034	919,859
Other Cash Sources				
Bond Proceeds	GRP5-14	68,957,464	14,784,000	13,009,288
Total Other Cash Sources		68,957,464	14,784,000	13,009,288
Reserve Fund Requirements		0	0	0
Net Unreserved Cash Increase (Decrease)		\$ 149,893	\$ (26,630)	\$ 13,708,453

FY 2012 Budget Notes
GRP Division
August 25, 2011

1. Operating Revenue – Operating Revenue is based on a previously Review Committee recommended and SJRA Board approved GRP Pumpage Fee of \$0.75 per 1000 gallons of groundwater pumped by SJRA GRP Participants which is projected to be a total of 18,487,962,000 gallons during the entire fiscal year.

2. Other Revenue – Interest Income is based on interest earned from any unused proceeds of the \$21,500,000 Texas Water Development Board Water Infrastructure Fund loan and the \$83,155,000 2011 bond sale remaining in investment vehicles throughout the year based on projected cash flow requirements for scheduled activities related to the management and implementation of the GRP Program.

3. Salaries & Wages – Staffing for FY 2012 includes 26.005 Full Time Equivalent (FTEs) the following:
 - GRP Division staff – 5.5 FTEs
 - GRP Administrator/Division Manager
 - GRP Implementation Coordinator
 - GRP Water Plant Manager
 - GRP Compliance Technicians (2, with 1 hired mid year)
 - GRP Administrative Assistant
 - General & Administrative staff – 20.505 FTEs to support the management and implementation of the GRP Program
 - Technical Services – 9.3375 FTE
 - SCADA/I & C – 2.10 FTE
 - Accounting – 3.15 FTE
 - Purchasing – 1.04 FTE
 - Information Technology – 2.2375 FTE
 - Risk Management – 0.45 FTE
 - Human Resources - 0.16 FTE
 - Administrative Services – 0.48 FTE
 - Public Relations – 0.75 FTE
 - Management - 0.80 FTE

4. Professional Fees – Professional Fees include funds for the following:
 - Legal Services – Includes \$200,000 in legal fees to support the GRP Program’s effort.

FY 2012 Budget Notes – GRP Division

- Arbitrage reporting – Includes \$1900 for arbitrage reporting fees
 - Auditing and Management Audit – Includes \$30,000 for auditing of the GRP Program and \$10,000 for GRP’s portion of the Management Audit of the SJRA as required by the state of Texas.
 - Paying Agent Fees – Includes \$2000
 - GRP Pumpage Rate Study - Includes \$50,000 for a study to identify GRP Pumpage Rate for FY 2013
 - GRP Division Organization Optimization Study – Includes \$100,000 for a study to verify the appropriate staffing and organization for the GRP Division once all facilities are placed into service.
 - Staffing Services – Includes \$156,550 in expenses associated with temporary employees (such as Temp-to-Hire) provided by third party staffing firms
5. Purchased & Contracted Services – Services purchased and contracted from third party providers including the following:
- Meter calibration services – Includes \$3000.
 - Employee Testing – Includes \$1000 in expenses associated with employee physical testing during the hiring process
 - Janitorial Services – Includes \$11,000 for janitorial services for buildings owned and maintained by the GRP Division.
 - Water Quality Testing – Includes \$27,000 for additional water quality testing during the design of the Surface Water Treatment Plant.
 - Public Relations Expense – Includes \$75,000 for program to inform the public of the activities of the GRP Program
 - Water Conservation & Public Education – Includes \$50,000 for program to educate the public about a key component of the GRP Program, water conservation.
 - Website Hosting & Maintenance – Includes \$20,000 for development, updating and maintenance of the GRP website.
 - Communication Services – Includes \$5,000.
 - GRP Online Billing/Accounts Receivable – Includes \$75,000 for the online billing system that is used for the GRP Participants to report groundwater pumpage monthly and develop invoices for the GRP pumpage fee. The service also includes receipt of all payments and other accounts receivable functions.
 - Posting Notice and Meeting Expenses – Includes \$3,000 for expenses related to conducting public meetings of the Review Committee and the GRP Division.
6. Supplies, Material & Utilities
- Office Supplies, Printing, Postage and Other Office Expenses – Includes \$27,500

FY 2012 Budget Notes – GRP Division

- Automobile & Truck Expense and Fuel – Includes \$25,000 for expenses related to operations and maintenance of GRP Division owned vehicles
 - Insurance – Includes \$11,457 for property, automobile, liability, and O & M insurance premiums
 - Training and Travel – Includes \$15,400 for expenses related to training and travel of GRP Division staff
 - Manager’s Expense – Includes \$8,000 for miscellaneous expenses by the GRP Division Manager to support the activities and staff of the GRP Division
 - Memberships and Professional Dues – Includes \$1,000 for expenses related to memberships and professional dues (such as Texas Board of Registration fee for Professional Engineers) for GRP Division and its staff
 - Signage – includes \$500
 - Janitorial Supplies, Copier, Scanner & Fax Expense, Freight & Delivery, and Utilities – Includes \$37,000 for expenses related to support of the GRP Division, its facilities and staff.
 - Reservation Fee – Consists of a total of \$1,715,063 for reservation fees for available surface water owned by the City of Houston and the SJRA. Reservation Fee for SJRA owned surface water is based on a fee of \$94.50 per acre-foot for 24,700 acre-feet. Reservation Fee for City of Houston owned surface water is based on 50% of the City of Houston’s share of the Lake Conroe Division budget for operations, maintenance and capital improvements.
 - Safety Equipment & Meetings – Includes \$3350
 - Health & Wellness Program – Includes \$800
 - Recruiting Expenses – Includes \$112,600 in expenses associated with identification and recruitment of direct hire staff by third party recruiting firms
 - Computer Hardware, Software, and Network Communications – Includes \$78,200 in non-capitalized expenses related to systems utilized by the GRP Division
 - Local, Long Distance and Wireless Telephone Services – Includes \$13,700
 - Additional Water Supply – Consists of \$500,000 for fees related to options on additional water supplies.
7. Maintenance, Repairs & Parts
- Building & Grounds and Security System Monitoring – Includes \$4,000
8. Employee Benefits - Includes group insurance, group retirement, Workers’ Compensation, payroll taxes, social security taxes, public office liability insurance and employee benefit services expenses for the staff previously identified.
9. General & Administrative Expenses – Includes expenses incurred by General & Administrative to support the work performed by the staff within G & A staff noted

above who support the management and implementation of the GRP Program and the GRP Division. These costs include such operational expense items as professional fees, purchased & contracted services, supplies, materials, utilities, rentals, maintenance/repairs & parts, non-operating expenses (such as interest expenses); and other costs such as capitalized equipment & other assets (such as computer hardware, software and network systems), principal payments and reserve fund contributions all associated with the support provided by G & A staff previously noted.

10. Non-Operating Expenses – Includes interest expense and additions to the debt service reserve fund on the 2011 bond issue.
11. Capital Improvements – Includes costs for the planning, permitting, engineering, design, program management, land acquisition, and other professional services provided by third parties for the Surface Water Facilities (raw water intake and pump station, surface water treatment plant, finished water storage, and high service pump station) and water transmission lines. The costs also include equipment pre-purchase and Construction Manager at Risk preconstruction phase services for the Surface Water Facilities, the construction of the access roadway for the Surface Water Facilities, the construction of Building No. 1 at the Water Treatment Plant site and relocation of existing utilities and access roadway within the existing Water Treatment Plant site.
12. Equipment & Other Assets – Includes costs for GRP owned vehicles, office furniture for Building No. 1 at the Water Treatment Plant site, and capitalized computer hardware and software.
13. Other Cash Uses, Repay Advance to General Fund – In previous years, the SJRA General Fund loaned money to the GRP Division for startup costs to perform a variety of tasks. The GRP Division eventually initiated a GRP Pumpage Fee in August 2010 to provide revenue for the GRP Program. This \$2,700,000 represents the final payment from the GRP Division to the SJRA General Fund to cover that loan.
14. Bond Proceeds – Proceeds from the Texas Water Development Fund Water Infrastructure Fund loan and the 2011 bond sale to be used in implement the GRP Program.

SJRA FY 2012 Budget Risk Management

GRP Division

July 6, 2011

Risk	Probability	Management Method
Revenue		
Revenue from GRP Fee less than projected	Medium	<ul style="list-style-type: none"> • Projected GRP Fee is based on groundwater pumpage for contracted Participants based on average year. • Reduced pumpage can be compensated with increased fee • Breach of contract allows recovery of costs from offenders.
Delayed payments from GRP participants	Medium	<ul style="list-style-type: none"> • Outside bookkeeping firm (with GRP collections experience) hired to oversee timely collection. • Online billing reporting and collection process in place to identify late payments and work with customers to obtain payments.
Labor (Staffing)		
Inadequate qualified, motivated key staff to drive the GRP Program	Medium	<ul style="list-style-type: none"> • Focused effort to identify and recruit remaining highly qualified, motivated and accountable key staff to complete the staffing plan
Inadequate qualified, motivated key G & A staff to support the GRP Program	Medium	<ul style="list-style-type: none"> • Focused effort to identify and recruit remaining highly qualified, motivated and accountable key staff to complete the staffing plan
Inability to provide a competitive compensation package for qualified, motivated staff at a reasonable cost in a changing and volatile environment	Medium	<ul style="list-style-type: none"> • Conducting research regarding competitive compensation and benefits including health benefits • Researching possible alternative plan designs for both retirement and health benefit programs • Seeking competitive bids on health coverage, including quotes for self-insurance
External forces places great demands on GRP Program staff and diversion from planned activities	Medium	<ul style="list-style-type: none"> • GRP staff dedicated to implementation of Certified GRP • GRP Administrator and Public Relations Manager focused on proactively addressing external forces to shield from implementation team. • DGM-O and DGM-A also available to address external forces to shield from implementation team.
Professional, Construction and Miscellaneous Services		
Inadequate and/or poorly performing providers of	Low	<ul style="list-style-type: none"> • SJRA staff in key management positions to oversee/drive progress

SJRA FY 2012 Budget Risk Management

GRP Division

Risk	Probability	Management Method
professional, construction and/or miscellaneous services		<ul style="list-style-type: none">• Project management procedures implemented for effective project delivery including control of scope, fee, schedule and risk• All contracts contain termination clauses• All professional services contracts are work order based which only authorize work one phase at a time allowing opportunity to adjust services provided
Capital Outlay		
Capital improvement program (CIP) project costs greater than budgeted	Low	<ul style="list-style-type: none">• SJRA staff in key management positions to oversee/drive progress• Program management procedures implemented for effective program and project delivery including control of scope, fee, schedule and risk

**San Jacinto River Authority
Highlands Division
Proposed FY 2012 Budget
Cash Basis**

	<u>Notes</u>	<u>Proposed FY 2012 Budget</u>	<u>FY 2011 Budget</u>	<u>8/1/2010 Through 7/31/2011 Actual</u>
Revenues				
Other Revenues	HD2-1	\$ 55,961	\$ -	\$ 30,646
Total Revenues		55,961	0	30,646
Operating Expenses				
Salaries & Wages	HD2-2	920,195	663,084	677,799
Professional Fees	HD2-3	43,700	60,845	22,382
Purchased & Contracted Services	HD3-4	245,800	234,990	163,296
Supplies, Material & Utilities	HD3-5	537,426	373,490	144,023
Rentals	HD4-6	118,500	1,980	426
Maintenance, Repairs & Parts	HD4-7	119,700	92,385	34,243
Employee Benefits	HD4-8	443,488	335,977	329,531
General & Administration Expenses	HD4-9	328,368	0	(8,598)
Non-Operating Expenses	HD5-10	1,110,886	987,264	1,069,530
Amortization		0	22,800	20,739
Depreciation		0	264,000	312,476
Total Operating Expenses		3,868,063	3,036,816	2,765,848
Capital Assets				
Capital Improvements	HD5-11	12,466,341	7,323,000	5,832,930
Equipment & Other Assets	HD5-12	343,000	200,250	205,034
Total Capital Assets		12,809,341	7,523,250	6,037,964
Other Cash Uses				
Bond Principal	HD5-13	635,000	0	645,000
Total Other Cash Uses		635,000	0	645,000
Other Cash Sources				
Bond Proceeds	HD5-14	12,396,341	5,308,000	21,870,840
Total Other Cash Sources		12,396,341	5,308,000	21,870,840
Reserve Fund Requirements	HD5-15	2,019,873	0	0
Net Unreserved Cash Increase (Decrease)		\$ (6,879,975)	\$ (5,252,066)	\$ 12,452,674

FY 2012 Budget Notes
Highlands Division
August 25, 2011

1. Other Revenue – Interest Income is based on interest earned from any unused proceeds of 2010 Private Activity Bond sale remaining in investment vehicles throughout the year based on projected cash flow requirements for scheduled activities related to the management and implementation of the Highlands Bond Program.

2. Salaries & Wages – Staffing for FY 2012 includes 14.6575 Full Time Equivalents (FTEs) the following:
 - Highlands Division staff – 8.0 Full Time Equivalent (FTEs)
 - Division Manager
 - Operations and Maintenance Manager
 - Lake Houston Pump Station Manager
 - Maintenance Technicians (4)
 - Intern (1)
 - G & A Division staff – 6.6575 FTEs to support the management and implementation of the Highlands Division
 - Technical Services – 2.8975 FTE
 - SCADA/I & C – 1.04 FTE
 - Accounting – 0.435 FTE
 - Purchasing – 0.385 FTE
 - Information Technology – 0.525 FTE
 - Risk Management – 0.32 FTE
 - Human Resources - 0.20 FTE
 - Administrative Services – 0.385 FTE
 - Management - 0.40 FTE
 - Lake Conroe Support Staff – 0.07 FTE

3. Professional Fees – Include funds for the following:
 - Legal Services – Includes \$12,000 in legal fees to support the Highlands Division’s effort.
 - Management Audit – Includes \$10,000 for Highlands Division’s portion of the Management Audit of the SJRA as required by the State of Texas.
 - Paying Agent Fees – Includes \$1000
 - Safety Inspections & Testing – Includes \$5,700

FY 2012 Budget Notes – Highlands Division

- Staffing Services – Includes \$15,000 in expenses associated with temporary employees (such as Temp-to-Hire) provided by third party staffing firms
4. Purchased & Contracted Services – Services purchased and contracted from third party providers including the following:
- Waste Disposal Services – Includes \$5,000
 - Meter calibration services – Includes \$1,000
 - Patrolling Services – Includes \$69,600 for patrolling of the area by Harris County Constables.
 - Employee Testing – Includes \$2,200 in expenses associated with employee physical testing during the hiring process and for DOT tests required for Commercial Driver's License
 - CWA Water Conveyance – Includes \$138,000 paid to the Coastal Water Authority to divert SJRA's permitted raw water from the Trinity River at the CWA Trinity River Pump Station, convey the water downstream via the CWA canal, and transfer the water from the CWA Canal to the SJRA South Canal.
 - Trucking – Includes \$4,800 for services provided by third parties to load, haul and unload oversized SJRA equipment from site to site.
 - Water Quality Testing – Includes \$25,200 for raw water quality testing.
5. Supplies, Material & Utilities
- Office Supplies, Printing, Postage and Other Office Expenses – Includes \$15,300
 - Automobile & Truck Expense and Fuel – Includes \$69,600 for expenses related to operations and maintenance of Highlands Division owned vehicles
 - Small Tools Purchases – Includes \$4,000
 - Chemicals – Includes \$36,000 for chemicals to be used for aquatic plant management
 - Pumping Costs – Includes \$221,787 for power costs associated with Lake Houston Pump Station
 - Insurance – Includes \$39,829 for property, automobile, liability, and O & M insurance premiums
 - Training and Travel – Includes \$10,100 for expenses related to training and travel of Highlands Division staff
 - Manager's Expense – Includes \$3,000 for expenses by the Highlands Division Manager to support the activities and staff of the Highlands Division
 - Memberships, Professional Dues and Publications – Includes \$1,700 for expenses related to memberships, professional dues and publications for Highlands Division and its staff
 - Safety – Includes \$5,900 for safety related equipment, meetings, and training.

FY 2012 Budget Notes – Highlands Division

- Supplies and Utilities – Includes \$19,340 for expenses related to support of the Highlands Division, its facilities and staff.
 - Health & Wellness Program – Includes \$1,000
 - Recruiting Expenses – Includes \$29,230 in expenses associated with identification and recruitment of direct hire staff (Highlands Division and G & A) by third party recruiting firms
 - Computer Hardware, Software, and Network Communications – Includes \$65,000 in non-capitalized expenses related to systems utilized by the Highlands Division
 - Local, Long Distance and Wireless Telephone Services – Includes \$15,600
6. Rentals
- Equipment Rentals – Includes \$100,000 for rental of bypass pumps for siphon work and emergency conditions
 - Office Rent – Includes \$6,500 for rental of office trailer
 - Office Equipment Rental – Includes \$12,000 for rental of copiers, scanners, printers, etc.
7. Maintenance, Repairs & Parts
- Building & Grounds and Security System Monitoring – Includes \$18,900
 - Machinery, Tools & Implements – Includes \$30,000
 - Bridges, Culverts, Siphon, Canals, Levees, Dams Streets and Roads Maintenance – Includes \$43,800 for routine maintenance. Does not include major or heavy maintenance.
 - Pump Station Maintenance – Includes \$27,000 for routine maintenance. Does not include major or heavy maintenance.
8. Employee Benefits - Includes group insurance, group retirement, Workers' Compensation, payroll taxes, social security taxes, public officials liability insurance and employee benefit services expenses for the staff previously identified.
9. General & Administrative Expenses – Includes expenses incurred by G & A Division to support the work performed by the staff within G & A noted above who support the Highlands Division. These costs include such operational expense items as professional fees, purchased & contracted services, supplies, materials, utilities, rentals, maintenance/repairs & parts, non-operating expenses (such as interest expenses); and other costs such as capitalized equipment & other assets (such as computer hardware, software and network systems), principal payments and reserve fund contributions all associated with the support provided by G & A staff previously noted.

FY 2012 Budget Notes – Highlands Division

10. Non-Operating Expenses – Includes interest expense on the 2010 Private Activity Bond issue.
11. Capital Improvements – Includes costs for the planning, permitting, engineering, design, project management, program management, construction phase administration, inspection and other professional services; and construction provided by third parties for improvements to the Highlands Division facilities and systems.
12. Equipment & Other Assets – Includes costs for Highlands Division owned vehicles, furniture for the new Emergency Operations Center, and capitalized computer hardware and software.
13. Bond Principal – Payment of principal on the 2010 Private Activity Bond sale
14. Bond Proceeds – Proceeds from the 2010 Private Activity Bond sale to be used in implement the Highlands Bond Program.
15. Reserve Fund Requirement – Includes payments to the following reserve funds.
 - Operating Reserve Fund- Provides 90 days of working capital for cash flow.
 - Emergency/Contingency Reserve Fund – Provides cash reserves equivalent to 180 days of operations and maintenance expenses to be used for emergencies.
 - Capital Repair/Replacement Reserve Fund – Annual contributions are equal to 10% of the expenditures on capital improvements for the fiscal year. This fund accumulates reserves to be used for future repair and replacement of the equipment, structures, and facilities constructed.

**San Jacinto River Authority
Lake Conroe Division
Proposed FY 2012 Budget
Cash Basis**

	<u>Notes</u>	<u>Proposed FY 2012 Budget</u>	<u>FY 2011 Budget</u>	<u>8/1/2010 Through 7/31/2011 Actual</u>
Revenues				
Operating Revenues	LC2-1	\$ 2,552,416	\$ 3,363,866	\$ 1,613,008
Other Revenues				28,674
Total Revenues		2,552,416	3,363,866	1,641,682
Operating Expenses				
Salaries & Wages	LC2-2	1,082,362	823,616	802,347
Professional Fees	LC3-3	120,900	172,965	100,215
Purchased & Contracted Services	LC3-4	358,720	347,036	250,969
Supplies, Material & Utilities	LC3-5	416,729	301,350	244,916
Rentals	LC4-6	129,600	89,197	30,057
Maintenance, Repairs & Parts	LC4-7	278,650	296,824	102,678
Employee Benefits	LC5-8	533,564	411,666	444,865
General & Administration Expenses	LC5-9	437,449	369,272	272,222
Depreciation		0	132,000	131,536
Total Operating Expenses		3,357,974	2,943,925	2,379,805
Capital Assets				
Capital Improvements	LC5-10	290,000	1,681,000	23,426
Equipment & Other Assets	LC5-11	40,167	252,250	63,563
Total Capital Assets		330,167	1,933,250	86,989
Reserve Fund Requirements	LC5-12	296,314	0	0
Net Unreserved Cash Increase (Decrease)		\$ (1,432,039)	\$ (1,513,309)	\$ (825,112)

FY 2012 Budget Notes
Lake Conroe Division
August 25, 2011

1. Operating Revenues – Operating Revenue is based on fees collected for the following:
 - Residential permits, licenses and fees – includes \$518,700 based on rates approved by SJRA board in 2010 and historical data
 - Commercial permits, licenses and fees – includes \$426,000 based on rates approved by SJRA board in 2010 and historical data
 - Aquatic Plant Management contributions – includes \$5,000
 - City of Houston Share of Lake Conroe Division operations and maintenance costs

2. Salaries & Wages – Staffing for FY 2012 includes 20.075 Full Time Equivalents (FTEs) as follows:
 - Lake Conroe Division staff – 13.75 Full time equivalents (FTEs)
 - Division Manager
 - Operations Manager
 - Maintenance Manager
 - Water Quality Manager
 - Administrative Assistant
 - Receptionist
 - Customer Service Representatives (2)
 - Operations Technicians (2, with 1 hired in Q2)
 - Maintenance Technicians (3)
 - Interns (2, with each for a 6 month duration)

 - General & Administrative staff – 6.325 FTEs to support the management and implementation of the Lake Conroe Division
 - Technical Services – 0.695 FTE
 - SCADA/I & C – 0.26 FTE
 - Accounting – 1.585 FTE
 - Purchasing – 0.565 FTE
 - Information Technology – 1.275 FTE
 - Risk Management – 0.43 FTE
 - Human Resources - 0.40 FTE
 - Administrative Services – 0.625 FTE
 - Management - 0.44 FTE
 - Public Relations – 0.05 FTE

FY 2012 Budget Notes – Lake Conroe Division

3. Professional Fees – Include funds for the following:
 - Legal Services – Includes \$58,300 in legal fees to support the Lake Conroe Division’s effort, including enforcement of its license and permit program.
 - Auditing and Management Audit – Includes \$9,500 for auditing and \$10,000 for Lake Conroe Division’s portion of the Management Audit of the SJRA as required by the State of Texas.
 - Miscellaneous Engineering, Surveying and Consulting – Includes \$10,000 for non-capital related services
 - Crane, Confined Space and Safety Inspections & Testing – Includes \$15,500
 - Staffing Services – Includes \$17,600 in expenses associated with temporary employees (such as Temp-to-Hire) provided by third party staffing firms

4. Purchased & Contracted Services – Services purchased and contracted from third party providers including the following:
 - Waste Disposal Services – Includes \$10,000
 - Patrolling Services – Includes \$210,000 for patrolling of the area by Montgomery County Constables.
 - Employee Testing – Includes \$1,500 in expenses associated with employee physical testing during the hiring process
 - Janitorial Service – Includes \$7,120
 - Stream Gauging & Water Quality, USGS Co-Op – Includes \$98,500 for SJRA’s share in stream gauges maintained by the USGS
 - Water Quality Testing – Includes \$25,000 for raw water quality testing.
 - Public Relations - \$600
 - Website Hosting & Maintenance – Includes \$6,000 for rainfall gauge, lake level, water temperature, wind speed and other information included on the SJRA website.

5. Supplies, Material & Utilities
 - Office Supplies, Printing, Postage and Other Office Expenses – Includes \$16,100
 - Automobile & Truck Expense and Fuel – Includes \$100,944 for expenses related to operations and maintenance of Lake Conroe Division owned vehicles
 - Insurance – Includes \$31,381 for property, automobile, liability, and O & M insurance premiums
 - Training and Travel – Includes \$22,600 for expenses related to training and travel of Lake Conroe Division staff
 - Small Equipment – Includes \$10,944

FY 2012 Budget Notes – Lake Conroe Division

- Memberships, Professional Dues and Publications – Includes \$3,400 for expenses related to memberships, professional dues and publications for Lake Conroe Division and its staff
- Safety – Includes \$5,900 for safety related equipment, meetings, and training.
- Supplies, Signage, Janitorial Supplies, Freight & Delivery, Utilities, Laboratory Expense – Includes \$70,450 for expenses related to support of the Lake Conroe Division, its facilities and staff.
- Safety Equipment & Meetings – Includes \$8,300
- Health & Wellness Program – Includes \$3,000
- Recruiting Expenses – Includes \$20,350 in expenses associated with identification and recruitment of direct hire staff (Lake Conroe Division and G & A) by third party recruiting firms
- Computer Hardware, Software, and Network Communications – Includes \$98,400 in non-capitalized expenses related to systems utilized by the Lake Conroe Division
- Local, Long Distance and Wireless Telephone Services – Includes \$30,260

6. Rentals

- Equipment Rentals – Includes \$24,000
- Office Rent – Includes \$78,000 for leasing space from the SJRA for the Lake Conroe Division
- Office Equipment Rental – Includes \$6,000 for rental of copiers, scanners, printers, etc.
- U.S Forest Lands – Includes \$21,600 for leasing federally owned lands that are submerged under Lake Conroe

7. Maintenance, Repairs & Parts

- Instrumentation – Includes \$13,200
- Office Furniture – Includes \$2,250
- Building & Grounds – Includes \$71,700
- Machinery, Tools & Equipment – Includes \$20,100
- Boat, Dam, Ayer Island, Security, Streets and Roads Maintenance – Includes \$61,400 for routine maintenance. Does not include major or heavy maintenance.
- Invasive Species Control – Includes \$100,000 for control of invasive plant and animal control, including participation in Texas Parks & Wildlife Mussel Education Program and \$10,000 for plant control

FY 2012 Budget Notes – Lake Conroe Division

8. Employee Benefits - Includes group insurance, group retirement, Workers' Compensation, payroll taxes, social security taxes, public officials liability insurance and employee benefit services expenses for the staff previously identified.
9. General & Administrative Expenses – Includes expenses incurred by G & A Division to support the work performed by the staff within G & A noted above who support the Lake Conroe Division. These costs include such operational expense items as professional fees, purchased & contracted services, supplies, materials, utilities, rentals, maintenance/repairs & parts, non-operating expenses (such as interest expenses); and other costs such as capitalized equipment & other assets (such as computer hardware, software and network systems), principal payments and reserve fund contributions all associated with the support provided by G & A staff previously noted.
10. Capital Improvements – Includes costs for the planning, permitting, engineering, design, project management, construction phase administration, inspection and other professional services; and construction provided by third parties for improvements to the Lake Conroe Division facilities and systems.
11. Equipment & Other Assets – Includes costs for Lake Conroe Division owned vehicles, and capitalized computer hardware and software, and laboratory equipment.
12. Reserve Fund Requirement – Includes payments to the following reserve funds.
 - Operating Reserve Fund- Provides 90 days of working capital for cash flow.
 - Emergency/Contingency Reserve Fund – Provides cash reserves equivalent to 180 days of operations and maintenance expenses to be used for emergencies.
 - Capital Repair/Replacement Reserve Fund – Annual contributions are equal to 10% of the expenditures on capital improvements for the fiscal year. This fund accumulates reserves to be used for future repair and replacement of the equipment, structures, and facilities constructed.

**San Jacinto River Authority
Bear Branch System
Proposed FY 2012 Budget
Cash Basis**

	Proposed FY 2012 <u>Budget</u>	FY 2011 <u>Budget</u>	8/1/2010 Through 7/31/2011 <u>Actual</u>
Revenues			
Other Revenues	\$ 68,434	\$ 286,343	\$ 254,043
Total Revenues	68,434	286,343	254,043
Operating Expenses			
Salaries & Wages	24,515	55,212	8,246
Professional Fees	6,000	12,142	2,131
Supplies, Material & Utilities	15,589	17,193	2,625
Maintenance, Repairs & Parts	281,684	269,850	83,494
Employee Benefits	10,288	24,027	2,572
General & Administration Expenses	33,598	37,842	7,285
Depreciation	0	19,200	19,141
Total Operating Expenses	371,674	435,466	125,494
Capital Assets			
Capital Improvements	300,000	90,750	0
Total Capital Assets	300,000	90,750	0
Other Cash Sources			
Cash Balance Carryforward	671,345	0	0
Total Other Cash Sources	671,345	0	0
Reserve Fund Requirements	61,997	0	0
Net Unreserved Cash Increase (Decrease)	\$ 6,108	\$ (239,873)	\$ 128,549

**San Jacinto River Authority
Region H
Proposed FY 2012 Budget
Cash Basis**

	Proposed FY 2012 <u>Budget</u>	FY 2011 <u>Budget</u>	8/1/2010 Through 7/31/2011 <u>Actual</u>
Revenues			
Operating Revenues	\$ 346,900	\$ 98,789	\$ 141,924
Total Revenues	346,900	98,789	141,924
Operating Expenses			
Professional Fees	340,000	94,789	242,885
Purchased & Contracted Services	2,600	1,200	1,488
Supplies, Material & Utilities	2,800	2,800	225
Rentals			454
Employee Benefits	1,500		1,350
Total Operating Expenses	346,900	98,789	246,402
Net Unreserved Cash Increase (Decrease)	\$ -	\$ -	\$ (104,478)

San Jacinto River Authority
General & Administration Division
Proposed FY 2012 Budget
Cash Basis

	<u>Notes</u>	<u>Proposed FY 2012 Budget</u>	<u>FY 2011 Budget</u>	<u>8/1/2010 Through 7/31/2011 Actual</u>
Revenues				
Operating Revenues	GA1-1	\$8,680,554	\$8,488,927	\$8,819,421
Other Revenues	GA1-2	119,987	93,500	248,277
Total Revenues		8,800,541	8,582,427	9,067,698
Operating Expenses				
Salaries & Wages	GA1-3	801,216	686,888	842,428
Professional Fees	GA2-4	647,300	386,350	383,449
Purchased & Contracted Services	GA3-5	232,900	204,102	118,695
Supplies, Material & Utilities	GA3-6	1,263,280	829,041	797,953
Rentals	GA4-7	47,200	28,500	20,335
Maintenance, Repairs & Parts	GA5-8	167,400	41,340	79,215
Employee Benefits	GA5-9	405,810	331,793	330,372
General & Administration Expenses	GA5-10	(2,584,889)	(1,585,812)	(1,180,482)
Non-Operating Expenses	GA5-11	1,087,705	909,907	642,565
Amortization		0	32,076	24,878
Depreciation		0	172,500	86,830
Total Operating Expenses		2,067,922	2,036,685	2,146,238
Capital Assets				
Capital Improvements		50,000	1,275,000	2,921,710
Equipment & Other Assets	GA5-12	532,500	610,000	282,052
Water Rights		10,000	0	5,434
Total Capital Assets		592,500	1,885,000	3,209,197
Other Cash Uses				
Bond Principal	GA5-13	1,034,000	195,000	830,000
Loan Principal		0	231,271	254,595
Total Other Cash Uses		1,034,000	426,271	1,084,595
Other Cash Sources				
GRP Advance Repayment	GA5-14	2,700,000	2,229,613	528,971
Total Other Cash Sources		2,700,000	2,229,613	528,971
Reserve Fund Requirements	GA5-15	(688,165)	0	0
Net Unreserved Cash Increase (Decrease)		\$ 8,494,284	\$ 6,464,083	\$ 3,156,639

FY 2012 Budget Notes
General and Administration Division
August 25, 2011

1. Operating Revenues - Operating revenue is based on the sale of the SJRA's raw water related to water rights. The Board of Directors adopted an increase in the rate for untreated surface water to \$94.50 per acre foot from \$90 effective January 1, 2011. The rate for Entergy increased to \$68.50 per acre foot based on the special conditions under which Entergy takes water for the Lewis Creek plant. The rate for untreated water is not expected to increase during FY 2012. The total budgeted water sales revenue is \$8,097,016. Reservation fees from the GRP Division total \$583,538 as discussed in the GRP Division notes.
2. Other Revenues – Includes \$41,987 for interest earned on balances at an average interest rate of .39% and \$78,000 from the Lake Conroe Division for leasing space in the old G&A building.
3. Salaries & Wages – Staffing for FY 2012 includes 13.57 Full Time Equivalent (FTE's) from the following positions:
 - General and Administration staff
 - General Manager
 - Deputy General Managers (2)
 - Department Managers (9)
 - Administrative Assistants (4)
 - Receptionist
 - Maintenance Technician
 - Records Management Specialist
 - Benefits Specialist
 - Human Resource Specialists (2)
 - Systems Analyst (3)
 - IT Technicians (3)
 - Network Operations Supervisor
 - Network Administrator
 - Risk Analyst
 - Safety Coordinator
 - Accounting Manager
 - Accounting Supervisor
 - Accountants (3)
 - Accounting Assistants (3)
 - Assistant Construction Manager
 - Construction Inspector
 - Construction Manager
 - Engineers (3)
 - Project Managers (3)
 - GIS Technician
 - Interns (2)

FY 2012 Budget Notes
General and Administration Division
August 25, 2011

- Purchasing Buyers (3)
- SCADA Assistant Manager
- SCADA Supervisors (2)
- SCADA Technician
- SCADA Specialists (3)

- FTE's by department:
 - Management - .75 FTE
 - Administrative Services – 3.89 FTE
 - Human Resources – 1.72 FTE
 - Information Technology – 2.725 FTE
 - Risk Safety - .7 FTE
 - Accounting – 2.3 FTE
 - Technical Services – 0.0 FTE
 - Purchasing - .835 FTE
 - SCADA – 0.0 FTE
 - Public Relations - .15 FTE
 - Maintenance Technicians (Lake Conroe Division) - .5 FTE

4. Professional Fees – Professional Fees include funds for the following:

- Legal Services – Includes \$400,000 for general legal services and \$30,000 for legal services related to employment law.
- Disclosure Filing – Includes \$2,200 for assistance by disclosure counsel to file annual financial disclosure documents to comply with SEC regulations for SJRA bond issues.
- Auditing and Management Audit – Includes \$15,000 for the G&A Division's share of the annual audit of the SJRA comprehensive annual financial report (CAFR) and \$30,000 for G&A portion of the Management Audit required by the State of Texas.
- Paying Agent Fees – Includes \$1,000 for the paying agent fees for bond issues.
- Accounting Studies – Includes \$20,000 for an actuarial valuation to determine the annual expense and long term liabilities to provide SJRA paid group insurance to certain retired and current employees who will be eligible for the benefit at retirement.
- Engineering, Surveying and Other Consultants – Includes \$50,000 for engineering or other technical support related to water rights, permitting, or other special projects.

FY 2012 Budget Notes
General and Administration Division
August 25, 2011

- Engineering Studies – Includes \$25,000 for engineering support related to environmental flow studies or other special projects.
 - Other Professional Services – Includes \$20,000 for consulting services related to management
 - Staffing Services – Includes \$51,700 in expenses associated with temporary employees (such as Temp-to-Hire) provided by third party staffing firms.
5. Purchased & Contracted Services – Services purchased and contracted from third party providers including the following:
- Janitorial Services – Includes \$18,000 for janitorial services for the G&A building.
 - Employee Testing – Includes \$10,500 for pre-employment testing of new employees and as required for drivers by the DOT.
 - Public Relations Expenses – Includes \$125,000 for programs to inform the public of SJRA activities.
 - Water Conservation & Public Education – Includes \$25,000 for program to educate the public about water conservation, including the SJRA’s conservation education program for elementary school students.
 - Website Hosting & Maintenance – Includes \$4,000 for development, updating and maintenance of the SJRA website.
 - Director’s Fees, Meeting & Travel Expenses – Includes \$32,400 for the \$150 per day allowed as a fee of office for members attendance at SJRA board and committee meetings, board and committee meeting meals and meeting room expenses, and travel expenses to out of town conferences by board members.
6. Supplies, Material & Utilities – for expenses as described below:
- Office Supplies, Printing, Postage and Other Office Expenses – Includes \$64,800
 - Travel – Includes \$66,700 for lodging, public transportation, meals, parking and other allowable travel expenses for out of town trips related to training and conferences attended by SJRA staff.
 - Automobile & Truck Expense and Fuel – Includes \$112,200 for expenses related to operations and maintenance for G&A portion of SJRA-owned vehicles.
 - Insurance – Includes \$39,965 for property, automobile, liability, and O & M insurance premiums.
 - Training – Includes \$170,267 for expenses related to training and professional development of G&A staff.

FY 2012 Budget Notes
General and Administration Division
August 25, 2011

- Manager's Expense – Includes \$40,200 for expenses by the G&A Managers to support the activities and staff of the G&A Division.
- Employee Relations – Includes \$39,150 for promotional materials, SJRA-sponsored events, bereavement packages, and employee recognitions.
- Memberships and Professional Dues – Includes \$37,270 for expenses related to memberships and professional dues (such as dues for Attorney's, Engineer's, CPA's, HR, IT, Payroll, Purchasing and Safety professional organizations) for G&A Division staff.
- Janitorial Supplies, Copier, Scanner & Fax Expense, and Freight & Delivery, – Includes \$47,000 for expenses related to support of the G&A Division, its facilities and staff.
- Firming Up Costs – Includes \$24,000 to the City of Houston per contract.
- Safety Equipment & Meetings – Includes \$20,700 for safety equipment and meetings sponsored by safety personnel.
- Health & Wellness Program – Includes \$8,600 for activities to promote health and wellness such as 'Walk Across Texas' and American Diabetes Association event.
- Recruiting Expenses – Includes \$14,200 in expenses associated with identification and recruitment of direct hire staff by third party recruiting firms
- Computer Hardware, Software, and Network Communications – Includes \$359,750 for expenses related to computer hardware, software, data networks and support systems utilized by the G&A Division
- Local, Long Distance and Wireless Telephone Services – Includes \$132,720 for expenses related to communications and data transmission of SJRA staff via local and long distance telephone, conference calling, cell phones, data communications, and remote computer access data plans plus system installs, moves and changes.
- Utilities – Includes \$72,000 for electric and natural gas utilities for the G&A building.
- Pumping Cost – Indirect – Includes \$24,000 for Lake Houston pump station electricity.
- Bank Account Analysis Fee – Includes \$2,400 for fees required by the bank to support payroll direct deposit.
- Recruiting Expense - \$14,200
- Publications & Subscriptions – Includes \$15,558 for manuals, books and publications to maintain the skills and technical expertise of G&A staff.
- Emergency Operations Communications – Includes \$1,800 to maintain outside communications during emergency conditions.

FY 2012 Budget Notes
General and Administration Division
August 25, 2011

7. Rentals – Lease and rental of office space and equipment
 - Includes \$17,900 for lease of copiers
 - Includes \$26,000 for the lease of a modular building for SCADA personnel

8. Maintenance, Repairs & Parts
 - Building & Grounds and Security System Monitoring – Includes \$58,400
 - Office Furniture-New Offices – Includes \$44,000
 - Machinery, Tools & Implements – Includes \$30,000
 - Instrumentation Parts – Includes \$35,000 for SCADA instrumentation.

9. Employee Benefits - Includes \$405,810 for group insurance, group retirement, Workers' Compensation, payroll taxes, social security taxes, public official liability insurance and employee benefit services expenses for the staff previously identified.

10. General & Administration Expenses – Includes expenses allocated by the General & Administration division in support of work performed by the operating divisions. These costs include such operational expense items as professional fees, purchased & contracted services, supplies, materials, utilities, rentals, maintenance/repairs & parts, non-operating expenses (such as interest expenses); and other costs such as capitalized equipment & other assets (such as computer hardware, software and network systems), principal payments and reserve fund contributions all associated with the support provided by G & A staff previously noted.

11. Non-Operating Expenses – Includes \$1,087,705 interest expense on the 2003 and 2010 refunding bond issues and on the loan acquired for the purchase of a portion of the G&A Building.

12. Equipment & Other Assets – Includes \$532,500 for G&A owned vehicles, capitalized equipment, acquiring water rights, computer hardware and software.

13. Other Cash Uses – Includes \$1,034,000 for principal payments on bond debt service.

14. Other Cash Sources - Includes \$2,700,000 payment from the GRP Division to the SJRA General Fund to cover money advanced in past years to the GRP Division for startup costs.

15. Reserve Fund Requirement – Includes payments to the following reserve funds.

FY 2012 Budget Notes
General and Administration Division
August 25, 2011

- Operating Reserve Fund- Provides 90 days of working capital for cash flow.
- Emergency/Contingency Reserve Fund – Provides cash reserves equivalent to 180 days of operations and maintenance expenses to be used for emergencies.
- Capital Repair/Replacement Reserve Fund – Annual contributions are equal to 10% of the expenditures on capital improvements for the fiscal year. This fund accumulates reserves to be used for future repair and replacement of the equipment, structures, and facilities constructed.

GI Code	Project No. (GRP#0001.)	Project Description	Total Cost	Start Date	Amount spent as of Sept 1, 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	2012 Total	2013	2014	2015	2016
GRP Division														
Planning:														
1001.2A004		Program Implementation and Design Guidelines - 86E W04	\$1,596,451		1,596,451									
1002.2A005		Program Standard Drawings and Specifications - HDR W05	\$368,100		368,100									
1004.2A001		Real Estate Research & Support for GRP - RAS W01	\$70,000		70,000									
1004.2A003		Real Estate Research & Support for GRP - RAS W03	\$101,500		101,500									
1010.2A003		Transient Surge System Modeling - AECOM W05.2, 3, 4 & 5	\$101,500		101,500									
1010.2A004														
1010.2A005														
1021.2A001	1021.2A002	Program Implementation and Design Guidelines - 86E W05	\$2,500,000	7/1/2011	416,667	625,000	625,000	625,000	206,333	2,085,333				
1022.2A001	1022.2A002	Waterline F-Route West of Lake Conroe - Jones and Carter W05.1 & 2	\$923,031	6/1/2011	461,516	461,516				461,516				
1022.2A001	1022.2A002	Waterline F-Route North Fish Creek Thr. - Klotz Associates, Inc W05.1 & 2	\$630,724	6/1/2011	315,362	315,362				315,362				
1023.2A001	1023.2A002	Waterline F-Route South Fish Creek Thr. - Espay W05.1 & 2	\$530,341	6/1/2011	265,171	265,171				265,171				
1024.2A001	1024.2A002	Waterline Woodlands-SC - Research Forest to Greenbriar - Dammersbaum W05.1 & 2	\$408,701	12/1/2011	408,701					408,701				
1025.2A001	1025.2A002	Waterline Woodlands-SC - Research Forest to Greenbriar - Dammersbaum W05.1 & 2	\$920,018	6/1/2011	460,309	460,309				460,309				
1025.2A001	1025.2A002	Waterline Woodlands-SC - Research Forest to South Millbend - BBI W05.1 & 2	\$596,237	6/1/2011	478,119	478,119				478,119				
1025.2A001	1025.2A002	Waterline Woodlands-SC - South Millbend/45 East - Cobb Fenley W05.1 & 2	\$1,161,367	6/1/2011	380,984	380,984				380,984				
1027.2A001	1027.2A002	Waterline Woodlands-SC - Gozling/ Hops Rd - UA W05.1 & 2	\$354,719	6/1/2011	182,360	182,360				182,360				
1029.2A001	1029.2A002	Waterline C-Route - FM 3983 - R.G. Miller	\$243,359	7/1/2011	243,359					243,359				
1019.2A001	1019.2A002	Waterline C1/C2 Route - to FM 830 - Schaumburg & Peik W05.1 & 2	\$795,688	6/1/2011	397,849	397,849				397,849				
1019.2A001	1019.2A002	Water Plant Facilities Train - Malcom-Primie W05.1 & 2	\$860,333	7/1/2011	143,389	215,083	215,083		71,694	716,944				
1005.2A006		WTP Access Road - Aces W01	\$178,819	7/1/2011	178,819					178,819				
1006.2A005		GRP Buildings Campus Plan - HDR Engineering W0 6	\$63,186	5/1/2011	63,186					63,186				
1005.2A003		Intake Structure and Raw Water Pump Station - Freese and Nichols W0 3	\$793,800	5/1/2011	375,000	375,000	18,800			378,800				
1006.2A007		Water Treatment Plant - HDR Engineering W0 7	\$2,715,117	5/1/2011	905,039	678,779	452,520			1,810,078				
1010.2A007		Treated Water Storage and High Service Pump Station - AECOM W0 7	\$941,326	5/1/2011	488,682	393,907	58,737			452,644				
		Transmission Line SCADA	\$100,000	7/1/2011	100,000					100,000				
Final Engineering:														
1021.2A003	1021.2A004	Waterline F-Route West of Lake Conroe - Jones and Carter W05.3 & 4	\$1,536,071	8/1/2011	70,150	365,480	365,480			365,480				
1022.2A003	1022.2A004	Waterline F-Route North Fish Creek Thr. - Klotz Associates, Inc W05.3 & 4	\$813,216	8/1/2011	152,216	165,000	165,000			165,000				
1023.2A003	1023.2A004	Waterline F-Route South Fish Creek Thr. - Espay W05.3 & 4	\$1,125,268	8/1/2011	175,206	236,000	236,000			236,000				
1024.2A003	1024.2A004	Waterline Woodlands-SC - Research Forest to Greenbriar - Dammersbaum W05.3 & 4	\$920,000	12/1/2011	175,000	215,750	215,750			215,750				
1025.2A003	1025.2A004	Waterline Woodlands-SC - Research Forest to South Millbend - BBI W05.3 & 4	\$1,465,624	12/1/2011	325,656	325,656	325,656			325,656				
1025.2A003	1025.2A004	Waterline Woodlands-SC - South Millbend/45 East - Cobb Fenley W05.3 & 4	\$1,750,000	12/1/2011	350,000	350,000	350,000			350,000				
1027.2A003	1027.2A004	Waterline Woodlands-SC - Gozling/ Hops Rd - UA W05.3 & 4	\$330,361	12/1/2011	125,000	125,000	125,000			125,000				
1029.2A003	1029.2A004	Waterline C3 Route - FM 3983 - R.G. Miller	\$500,000	12/1/2011	100,000	100,000	100,000			100,000				
1019.2A003	1019.2A004	Waterline C1/C2 Route - to FM 830 - Schaumburg & Peik W05.3 & 4	\$853,000	12/1/2011	175,000	137,500	137,500			137,500				
1019.2A003	1019.2A004	Water Plant Facilities Train - Malcom-Primie W0 3	\$736,536	1/1/2012	175,000	140,384	140,384			140,384				
		WTP Access Road - Aces W0 2	\$300,000		300,000					300,000				
1003.2A005		GRP Temporary Offices/Storage Building - HDR Engineering W0 6	\$93,079	5/1/2011	93,079					93,079				
1006.2A009		Raw Water Intake Pump Station - Freese and Nichols W0 5	\$1,203,996	11/1/2011	300,999	300,999	300,999			300,999				
1010.2A009		High Service Pump Station & Storage - AECOM W0 9	\$7,965,644	11/1/2011	1,996,411	1,996,411	1,996,411			1,996,411				
1003.2A004		Raw Water Intake Pump Station CMAR Impacts - Freese and Nichols W0 4	\$250,000	8/1/2011	27,778	83,333	83,333			83,333				
1006.2A008		Water Treatment Plant CMAR Impacts - HDR Engineering W0 8	\$500,000	8/1/2011	33,333	100,000	100,000			100,000				
1010.2A008		High Service Pump Station & Storage CMAR Impacts - AECOM W0 8	\$250,000	8/1/2011	25,000	75,000	75,000			75,000				
		Transmission Line SCADA	\$75,000	1/1/2012	75,000					75,000				
Environmental:														
1007.2A005		Environmental Permitting - Half Associates W0 5	\$493,780	6/16/11	164,593	164,593	164,593			164,593				
Survey/Geotechnical:														
1013.2A001		Program Surveying Consultant - Landtech W0 1	\$514,524	2/1/2011	385,893	128,631				128,631				
1015.2A001		Program Geotechnical Consultant - Rabat-Kistner W0 1	\$710,020	2/1/2011	53,265	17,755				17,755				
CMAR:														
1001.2A004		CMAR Reconstruction Phase Service Contract	\$3,820,000	8/1/2011	254,667	764,000	764,000			764,000				
1002.2A005		FNI CMAR Assistance (PER and Design) - W0 2	\$35,000	4/1/2011	35,000					35,000				
1004.2A001		AECOM CMAR Assistance (PER and Design) - W0 6	\$35,000	4/1/2011	35,000					35,000				
1006.2A007		HDR CMAR Assistance (PER and Design) - W0 5	\$150,000	4/1/2011	150,000					150,000				
1010.2A008		CMAR Legal Consultant - Traugott	\$100,000		100,000					100,000				
1010.2A008		CMAR Engineering Consultant - Brown & Caldwell	\$100,000		100,000					100,000				

5 Year CIP
For GRP, Highlands, and Lake

GL Code	Project No. (GRPM0001.)	Project Description	Total Cost	Start Date	Amount spent as of Sept. 1, 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	2012 Total	2013	2014	2015	2016
Construction:														
		WTP Equipment Pre-purchase	\$2,000,000			2,000,000				2,000,000				
		Utilities Relocation/ Service to GRP Bldg/ Site Work Buffer	\$3,000,000		1,500,000	1,500,000				1,500,000				
		GRP Temporary Offices/Storage Building	\$1,420,000	12/1/2011	1,065,000	355,000				355,000				
		Temporary Access Road (7,700 LF)	\$1,500,000	2/1/2012			250,000			250,000				
		Waterline T Route West of Lake Conroe	\$20,350,800	8/1/2012				750,000		750,000	15,263,100	5,087,700		
		Waterline T Route North Fish Creek Thr.	\$17,733,936	8/1/2012							13,299,777	4,433,259		
		Waterline C Route South Fish Creek Thr.	\$15,484,000	8/1/2012							11,613,000	3,871,000		
		Waterline C Route East of Lake Conroe	\$6,882,164	8/1/2012							5,161,623	1,720,541		
		Waterline Woodlands-SC -- Research Forest to Greenbridge	\$19,440,576	8/1/2012							14,580,432	4,860,144		
		Waterline Woodlands-SC -- Greenbridge to South Millbend	\$19,930,000	8/1/2012							14,947,500	4,982,500		
		Waterline Woodlands-SC -- South Millbend/1-45 East	\$20,323,654	8/1/2012							15,242,741	5,080,914		
		Waterline C4 Route -- FM 830	\$6,102,046	8/1/2012							4,576,535	1,525,512		
		Waterline C3 Route -- FM 3083	\$3,456,948	8/1/2012							2,592,711	864,237		
		Waterline C1/C2 Route -- to FM 830	\$9,386,452	8/1/2012							7,039,839	2,346,613		
		Water Plant Facilities Tie-in	\$11,966,540	8/1/2012							8,974,905	2,991,635		
		Water Plant Permanent Access Road (531 AC)	\$25,000,000	9/1/2012							18,750,000	6,250,000		
		GRP Building	\$7,000,000	2/1/2012									7,000,000	
		Intake Structure and Raw Water Pump Station	\$14,000,000	4/1/2014				1,105,263	1,657,895	2,763,158	7,184,211	11,454,545	2,545,455	
		Water Treatment Plant	\$21,000,000	4/1/2012				4,218,750	4,218,750	4,218,750	52,734,375	7,736,842	3,315,789	
		Treated Water Storage and High Service Pump Station	\$35,000,000	8/1/2012				1,051,579	3,154,737	4,206,316	14,196,316	15,247,895	6,309,474	
		Construction Inspection (4% of Construction cost)	\$15,770,649	4/1/2012				116,274	381,255	497,529	8,246,283	5,247,508	1,779,329	
		Materials Testing (1% of Construction cost)	\$3,534,671	4/1/2012			30,000	145,342	285,941	461,284	1,316,678	1,311,877	444,832	
		Potential Environmental Mitigation	\$5,000,000	6/1/2012					2,500,000	2,500,000	2,500,000			
		Land (15 Months)	\$13,620,000	12/1/2011			2,724,000	2,724,000	2,724,000	8,172,000	5,448,000			
		Acquisition Costs (15 Months)	\$8,000,000	12/1/2011			1,600,000	1,600,000	1,600,000	4,800,000	3,200,000			
		Total			\$12,102,278	\$13,572,797	\$13,001,942	\$15,394,232	\$23,781,222	\$65,750,193				
		Final Engineering -- Bond Program:												
		Siphon 8	\$109,706.00		\$97,842	\$11,864				\$11,864				\$109,706
		Siphon 11	\$116,636.00		\$110,011	\$6,625				\$6,625				\$116,636
		Siphon 13	\$125,806.00		\$118,264	\$7,542				\$7,542				\$125,806
		Siphon 15	\$143,900.00		\$127,520	\$16,380				\$16,380				\$143,900
		Siphon 16	\$97,900.00		\$89,400	\$8,500				\$8,500				\$97,900
		Siphon 20	\$142,000.00		\$113,600	\$28,400				\$28,400				\$142,000
		Siphon 23	\$163,000.00		\$142,800	\$20,200				\$20,200				\$163,000
		Flow Measurement	\$69,000.00		\$69,000	\$0				\$0				\$69,000
		Reservoir	\$778,700.00		\$568,600	\$210,100				\$210,100				\$778,700
		SCADA Phase 1	\$622,411.00		\$322,411	\$400,000				\$400,000				\$622,411
		EDC												\$0
		Program Management	\$169,800.00		107,400	\$62,400				\$62,400				\$169,800
		Construction -- Bond Program:												

5 Year CIP
For GRP, Highlands, and Lake

GL Code	Project No. (GRPM0001)	Project Description	Total Cost	Start Date	Amount spent as of Sept 1, 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	2012 Total	2013	2014	2015	2016
	Siphon 8		\$0.00							\$0				\$0
	Siphon 10		\$1,361,310.00		1,361,310	\$473,750	\$473,750	\$473,750	\$473,750	\$1,895,000				\$1,361,310
	Siphon 11		\$1,895,000.00			\$628,650	\$628,650	\$628,650	\$647,700	\$1,895,000				\$1,895,000
	Siphon 13		\$1,905,000.00						\$366,250	\$366,250	\$1,098,750			\$1,905,000
	Siphon 15		\$1,465,000.00							\$0				\$1,465,000
	Siphon 16		\$0.00							\$0				\$0
	Siphon 20		\$1,765,000.00			\$441,250	\$441,250	\$441,250	\$441,250	\$1,323,750				\$1,765,000
	Siphon 23		\$2,015,000.00			\$503,750	\$503,750	\$503,750	\$503,750	\$1,511,250				\$2,015,000
	Flow Measurement		\$0.00						\$1,253,080	\$1,253,080	\$5,012,320			\$6,265,400
	Reservoir		\$6,265,400.00						\$867,000	\$2,550,000				\$940,050
	UHPS Generator		\$940,050.00		940,050	\$270,600	\$270,600	\$278,800		\$820,000				\$2,550,000
	SCADA Phase 1		\$820,000.00			\$270,600	\$270,600	\$278,800		\$820,000				\$820,000
	EOC		\$820,000.00			\$270,600	\$270,600	\$278,800		\$820,000				\$820,000
	Contingency		\$1,479,381.00							\$820,000	\$1,479,381.00			\$1,479,381
	Total		\$25,000,000		\$4,068,208	\$1,516,361	\$3,159,500	\$3,167,700	\$4,552,780	\$12,396,341	\$8,535,451			\$25,000,000

Final Engineering - Non-Bond Program:

Siphon 30	\$100,000.00	\$10,000	\$10,000		\$100,000					\$10,000				\$100,000
Siphon 31	\$100,000.00	\$90,000	\$10,000		\$10,000					\$10,000				\$100,000
Siphon X	\$200,000.00	\$200,000.00								\$200,000				\$200,000
Siphon Y	\$200,000.00	\$200,000.00								\$200,000				\$200,000
Comprehensive System Evaluation	\$500,000.00	\$500,000.00								\$500,000				\$500,000
Operator Residence	\$20,000.00	\$20,000.00								\$20,000				\$20,000

Construction - Non-Bond Program:

Siphon 30	\$500,000.00	\$500,000.00								\$500,000				\$500,000
Siphon 31	\$2,000,000.00	\$2,000,000.00								\$50,000				\$2,000,000
Siphon X	\$2,000,000.00	\$2,000,000.00								\$1,000,000				\$2,000,000
Siphon Y	\$2,000,000.00	\$2,000,000.00								\$1,000,000				\$2,000,000
Operator Residence	\$200,000.00	\$200,000.00								\$200,000				\$200,000
Total	\$7,820,000	\$7,820,000			\$180,000	\$20,000	\$0	\$0	\$50,000	\$70,000	\$3,650,000	\$1,720,000	\$1,200,000	\$7,820,000

Lake Conroe

Final Engineering:

Painting Gates (1,2) & Hoisting Equipment	\$100,000	\$100,000				\$100,000				\$100,000				\$100,000
Painting Gates (3-5)	\$100,000	\$100,000				\$50,000				\$50,000				\$100,000
Outlet Road	\$50,000	\$50,000				\$0				\$0				\$50,000
Site Security	\$100,000	\$100,000				\$0				\$0				\$100,000
Entrance	\$20,000	\$20,000				\$0				\$0				\$20,000

Construction:

Painting Gates (1-2) & Hoisting Equipment	\$1,000,000	\$1,000,000				\$125,000				\$125,000				\$1,000,000
Painting Gates (3-5)	\$500,000	\$500,000				\$25,000				\$25,000				\$500,000
Outlet Road	\$100,000	\$100,000				\$25,000				\$25,000				\$100,000
Site Security	\$100,000	\$100,000				\$25,000				\$25,000				\$100,000
Entrance	\$300,000	\$300,000				\$30,000				\$30,000				\$300,000
Total	\$3,900,000	\$3,900,000				\$320,000	\$150,000	\$150,000	\$250,000	\$670,000	\$2,275,000	\$275,000	\$275,000	\$3,970,000



OPINION OF PROBABLE CONSTRUCTION COST

San Jacinto River Authority - Bear Branch Dam

		FY 2012				FY 2013			
ITEM	DESCRIPTION	QUANTITY	UNIT	UNIT PRICE	TOTAL	QUANTITY	UNIT	UNIT PRICE	TOTAL
1	GALV. SECURITY FENCE (8' FABRIC, POSTS, OUTRIGGERS WITH 3 STRAND OF BARBED WIRE)	500	LF	\$40.00	\$20,000.00				
2	CONSTRUCTION/EXPANSION JOINT REPAIR (INCLUDING WEED REMOVAL)	800	LF	\$12.00	\$9,600.00				
3	VEGETATION REMOVAL (TREES, DENSE BRUSH, ETC)	1	LS	\$5,000.00	\$5,000.00				
4	LOW FLOW BOX	1	1	\$25,000.00	\$25,000.00				
5	TRESSPASSING SIGNS (PLACED @ APPROX. 500' O.C.)	15	EA	\$35.00	\$525.00				
6	SELECT BACKFILL OPERATIONS	1	LS	\$10,000.00	\$10,000.00				
7	FLOATING BARRIER	1	LS	\$55,000.00	\$55,000.00				
8	REMOVE AND REPLACE TOP 8" OF ERODED SPILLWAY (ELEVATION 155 - 170 FT-MSL) REMOVE TOP 8" OF ERODED SOIL CEMENT BY JACKHAMMER REPLACE TOP 8" WITH REINFORCED CONCRETE DEWATERING / QUALITY CONTROL	22000	SF	\$19.83	\$436,269.16				
		550	CY	\$325.00	\$178,750.00				
		1	LS	\$50,000.00	\$50,000.00				
	CONTRACTOR MOBILIZATION (Items 4, 6, & 7 @ 5%)	1	LS	\$35,000.96	\$35,000.96				
9	CONSULT CONSULTING ENGINEERING (10%)				\$82,514.51				
	Survey and Geotechnical Services								
	Survey: 10 days @ \$2,500 per day (including office time)				\$25,000.00				
	Geotechnical: 6 borings at 60 feet + Geotechnical Report				\$38,000.00				
					\$270,639.51				\$700,020.12
					\$27,063.95				\$70,002.01
					\$297,703.46				\$770,022.13
				Use	\$300,000.00				



San Jacinto River Authority

The Woodlands Division

PROPOSED OPERATING FUND BUDGET FOR FISCAL YEAR 2012

August 17, 2011

To Woodlands Joint Powers Agency Trustees and MUD Directors, and Harris-Montgomery Counties MUD No. 386 Directors:

The following pages summarize the proposed Draft FY 2012 SJRA Woodlands Division Operating Fund Budget for your consideration.

Significant Changes to Draft Budget Presented at July Meetings

The most significant changes to the proposed FY 2012 Budget are associated with wholesale rates. The proposed wholesale water rate for FY 2012 will remain the same as in FY 2011 (\$1.40/1,000 gallons) and the proposed wholesale wastewater rate is \$3.31/1,000 gallons (\$0.04 less than presented during the July 14th Budget Meeting and the same as presented during the July MUD Meetings). Additional changes that were considered in developing the proposed FY 2012 rates and Budget are as follows:

- Revenue projections for July 2011 and August 2011 were increased by 35%, which was the average increase in revenues for June 2011 when compared to projections.
- The projected FY 2012 beginning cash balance and revenues are nearly \$1.5M greater than anticipated during July due to sustained drought conditions and increased water demand. Therefore, the Woodlands Division will fund \$1,114,973 of FY 2012 O&M expenses from operating reserves.
- The projected cost difference between billed water volume and pumped water volume (\$340,013) associated with the GRP Fee will be added to FY 2012 operating expenses, instead of funding half of the cost through an approximate \$0.05/1,000 water rate increase.
- Overall, labor and benefits costs were reduced by approximately \$70,000 as a result of decreasing the pool of funds for payroll market adjustments, merit increases, and promotions from 5% to 4%; decreasing the amount associated with the deputy general managers' allocations to The Woodlands Division; and decreasing SJRA's contribution for health insurance premiums associated with employees' families from 95% to 90%.
- SJRA committed to engaging the services of a consultant in FY 2012 to study and develop a plan to modify its retirement program, including the possibility of implementing a defined contribution program.
- FY 2012 O&M and capital outlay expenses (not including labor) increased by approximately \$589,000. The majority of the increase is due to a project that was budgeted in FY 2011 (Lift Stations No. 4 and No. 17 Force Main Rehabilitation; \$521,649) being carried-over into FY 2012 as a result of uncontrollable circumstances.
- The required rate to fund FY 2012 total wastewater system expenses increased from \$3.31/1,000 gallons (reported at the July MUD Meetings) to \$3.48/1,000 gallons due to additional expenses that were recently realized. However, the additional expenses will be funded by operating reserves.
- During July MUD Meetings, The Woodlands MUDs did not express any objections to The Woodlands Division utilizing surplus capital funds (Future Facilities, 1999 Bond, and 2007 Bond Funds) in FY 2012 to provide approximately \$9M required for SCADA water system improvements, SCADA wastewater system design and installation, and capacity-related capital improvements.
- Copies of a Capital Improvement Plan (CIP) for FY 2013 – FY 2016 were distributed at the July Woodlands MUD Meetings. The Woodlands Division will seek guidance from its customer districts concerning funding sources for FY 2013 – FY 2016 capital improvements and major maintenance prior to preparing the FY 2013 Budget. (The Five-Year CIP will be updated annually. It is based on current information and The Woodlands Division's best professional judgment of probable costs. Currently, the CIP does not include costs associated with rehabilitation or replacement of underground infrastructure. Such costs will be incorporated into the CIP upon completion of a system-wide sanitary sewer evaluation in 2012.

General

Proposed Change in Methodology for Determining Wastewater Rate

- An extensive engineering study and further evaluation of billing and operating data recently presented an opportunity to more closely evaluate the methodology for calculating wholesale wastewater rates. Results of the evaluation led to proposed changes in the method of determining the wholesale wastewater rate for FY 2012, as described below.
- The volume of wastewater contributed to the wastewater conveyance system cannot be measured for billing purposes. Therefore, SJRA Woodlands Division has historically charged its customer districts for their contribution to the wastewater system based on their metered water use, with credits provided to those customer districts that report irrigation meter data. Wastewater volumes utilized in establishing rates have been primarily based on a percentage of the 10-year historical per capita sewer use to metered water use. While it was logical that the amount of wastewater generated was not comparable to metered water volumes, the historical method of determining wastewater volume was reasonably acceptable due to the inability to measure wastewater contributions to the conveyance system and the absence of sufficient data to merit a change.
- Preliminary findings from a Planning Criteria Study associated with The Woodlands Division's water and wastewater systems suggest that the volume of wastewater planned for a single family dwelling unit equivalent (SFDUE) should be approximately 68% (217 gal/day/sfdue) of the current planning criteria (320 gal/day/sfdue). This finding prompted discussion with The WJPA and a subsequent evaluation of metered water volumes during the coldest billing periods, which, due to limited irrigation, are generally representative of the amount of metered water that is contributed to the wastewater system.
- Data associated with metered water volumes for each Woodlands MUD's coldest billing cycle during calendar year 2010 was analyzed by The WJPA and projected over a twelve month period. Further evaluation of the data as a percentage of total water consumption (metered plus estimated unmetered water use) in 2010 suggested that, on average, approximately 51% of the volume of water billed to customer districts (metered water less adjustments approved by the Districts) enters the wastewater system. The Woodlands Division subsequently analyzed the measured total annual effluent volume discharged from all wastewater treatment plants as a percentage of the total annual billed wastewater volume. The percentages for the past three years are as follows: 54% in 2010, 53% in 2009, and 55% in 2008.
- As a result of these findings, The Woodlands Division proposes to utilize a more realistic method of estimating an annual wastewater volume for the purpose of establishing the wholesale wastewater rate. The proposed method applied in the Draft FY 2012 Budget is as follows: Percentages of billed wastewater volumes that were estimated to have been discharged from the wastewater treatment plants during the past three years averaged to 54%. Each customer district's projected monthly metered water volume in the FY 2012 Budget was multiplied by the three-year average of 54% and then added to produce estimated total monthly and annual wastewater volumes. The wholesale rate was calculated by dividing the estimated total annual expenses by the estimated total annual wastewater volume.
- For comparative purposes, the historical method of calculating wastewater volume was also exercised. This method resulted in a volume that is 88% of the projected annual metered water volume.
- Utilizing a lower, yet more realistic, wastewater volume for calculating the rate will result in a higher unit cost (dollars per 1,000 gallons) required to fund a given amount of expenses. However, the total out-of-pocket expenses will not change. The following two examples demonstrate this concept.

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Example No. 1:

Given: Expenses of \$11,077,459
Wastewater volume of 3,306,704,000 gallons

Find: Required wastewater rate/1,000 gallons

Rate Calculation: $\$11,077,459 / 3,306,704 \text{ thousand gallons} = \$3.35/1,000 \text{ gallons}$

Payment: $\$3.35 \times 3,306,704 = \$11,077,458$

Example No. 2:

Given: Expenses of \$11,077,459
Wastewater volume of 5,359,492,000 gallons

Find: Required wastewater rate/1,000 gallons

Rate Calculation: $\$11,077,459 / 5,359,492 \text{ thousand gallons} = \$2.066886/1,000 \text{ gallons}$

Payment: $\$2.066886 \times 5,359,492 = \$11,077,458$

Rates

Wastewater Rate:

- The FY 2012 Budget proposes to increase the wastewater rate from \$1.99/1,000 gallons to \$3.31/1,000 gallons. The proposed rate was calculated based on the suggested method of calculating wastewater volume. If the historical method were applied to the rate calculation, the rate would be \$2.04/1,000 gallons (a 2.5% increase in out-of-pocket expenses when compared to the current rate of \$1.99/1,000 gallons).
- The proposed increase in wastewater rate is due primarily to increased operating and maintenance costs associated with an aging system and due to the planned increase in labor associated with SCADA/I&C personnel needed to install and maintain a recommended SCADA system.
- The proposed wastewater rate of \$3.31/1,000 gallons is presented for consideration as a rate that will be applied uniformly to all of The Woodlands Division's customer districts in FY 2012.

Water Rate:

- The FY 2012 Budget proposes no increase in the water rate. The draft Budget proposed increasing the water rate from \$1.40/1,000 gallons to \$1.47/1,000 gallons (a 5% increase). Approximately \$0.02 of the increase was due to increased operating and maintenance costs, including labor associated with necessary upgrades to SCADA in the water system in FY 2012. Slightly more than \$0.05 of the increase was associated with a revised SJRA Woodlands Division/WJPA MUD method of billing GRP Fees to customer districts based on their billed water volumes. (The Woodlands Division must pay GRP Fees based on the volume of water pumped at all well sites. Some of the water

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that is pumped, i.e. system flushing, leaks/line breaks, etc., is not metered by customer districts.) Due to an increase in projected revenues as the result of sustained drought conditions and increased demand, The Woodlands Division proposes to fund the GRP Fee difference between billed water volumes and pumped water volumes from operating reserves.

- When determining the proposed water rate, only a 2% reduction in projected per capita water use in September 2011 through May 2012 was assumed for water conservation, since the true effects of water conservation apart from drought conditions have not yet been determined.
- Drought conditions during the spring of 2011 resulted in activation of Stage 1 Voluntary Water Restrictions on May 26, 2011. Severe pumping conditions in some areas of the water system resulted in activation of Stage 3 Mandatory Water Restrictions on August 11, 2011. Effects of the Stage 3 restrictions are not yet fully discernable.

Revenues and Cash Flow

- A detailed analysis of projected cash flow has been completed. This proposed budget utilizes preliminary financial statements through June 2011, incorporates invoiced and metered water volumes through a portion of June 2011, estimates expenses through August 31, 2011, and estimates summer revenues through August 2011 billing periods.
- Revenue projections for July 2011 and August 2011 were increased by 35%, which was the average increase in revenues for June 2011 when compared to projections.
- Operating reserves are projected to remain above a four-month minimum in FY 2012. Contractual agreements with customer districts include provisions for The Woodlands Division to maintain a two-month minimum operating reserve. An increase in operating reserves above a two-month minimum is warranted because reduced revenues are forecasted in any of the following circumstances: successful efforts by The Woodlands JPA and The Municipal Utility Districts (hereafter referred to as the Districts) to promote water conservation; frequent or sustained wet weather conditions; an increase in water conservation as a result of the Groundwater Reduction Plan (GRP) Fee increase; or a significant change in the difference between billed water volumes and pumped water volumes related to The Woodlands Division's payment of the GRP Fee to the GRP Division. Additionally, The Woodlands Division will likely need to increase its Lone Star Groundwater Conservation District (LSGCD) permitted volume during FY 2012 as a result of sustained drought conditions. This will result in a fee of \$0.06/1,000 gallons to LSGCD for the increased volume.
- The average annual per capita water use volume is expected to increase in FY 2012 from 63,402 gal./capita/year (projected in the FY 2011 Budget) to 64,219 gal./capita/year (a 1.1% increase).

GRP Fee

- The FY 2012 GRP Fee will increase in September 2011 (for water pumped during September 2011) from \$0.50/1,000 gallons to \$0.75/1,000 gallons (a 50% increase). The GRP Program, which became effective July 1, 2010, provides all Montgomery County Large Volume Groundwater Users (LVGUs) who have contracted with San Jacinto River Authority (SJRA) to be compliant with the Lone Star Groundwater Conservation District (LSGCD) Phase IIB rules. Implementation of the GRP Program requires that The Woodlands Division read the meters on its groundwater wells on the first day of every month and self-report total groundwater pumped. The Woodlands Division's payment to the GRP Division is due within 45 days of the final reporting day of each month (e.g. payment is due Oct. 14th for water pumped during August).
- The calculated budgeted amount for the GRP Fee is based on water pumped during the previous calendar year, as reported to LSGCD. The FY 2012 estimated fee is \$4,697,993, based on 6,263,991,000 gallons of water pumped in 2010, at the planned GRP Fee of \$0.75/1,000 gallons.

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- Since The Woodlands Division provides service to its customer districts through a looped water system, it is impractical to measure the volume of water that is pumped to each district. Therefore, in an effort to make the GRP Fee billing process more equitable, The Woodlands Division and The WJPA have agreed to bill the Districts for their metered water volume (which does not include adjustments approved by the Districts) instead of The Woodlands Division's pumped water volume. The projected annual fee associated with the difference between the Districts' metered volume and The Woodlands Division's pumped volume is \$340,013. Due to an increase in projected revenues as the result of sustained drought conditions and increased demand, The Woodlands Division proposes to fund the GRP Fee difference between billed water volumes and pumped water volumes with operating reserves. The Woodlands Division will evaluate FY 2012 pumped and billed water volumes at the end of the fiscal year in an effort to identify and rectify any significant discrepancy in costs related to actual volumes.
- A credit is due to the Districts in FY 2011 to rectify overpayment of GRP Fees as a result of the difference between metered and pumped water volumes, which was included in the wholesale rate.
- The WJPA requests that The Woodlands Division invoice ten of the eleven customer districts for the GRP Fee at their routine bi-monthly billing intervals until sometime after October 2011, at which time the Districts will move to a monthly billing period. Based on the current level of operating reserves, The Woodlands Division agrees to implement the suggested method of invoicing for a period that does not extend beyond the current calendar year.

Contingency Fund Management

- Contractual agreements between The Woodlands Division and its customer districts provide for The Woodlands Division to maintain a Contingency Fund. Contingency reserves serve as a buffer to cover unbudgeted expenses for emergency repairs. Historically, the practice followed by The Woodlands Division, and approved by its customer districts, was to maintain a balance in the Contingency Fund that would cover the cost of a replacement water well. With aging water and wastewater infrastructure, the likelihood of unbudgeted expenses related to a failure within both systems increases. Therefore, it is imperative that The Woodlands Division increase the Contingency Fund balance from \$1.242M to approximately \$2M in future years to provide adequate reserves for unbudgeted emergency situations.
- As of June 30, 2011 the Contingency Fund balance was \$1,242,208.60. During the presentation of the FY 2011 Budget, The Woodlands Division presented its plan to increase the Contingency Fund balance by making annual contributions to the Fund from operating reserves beginning in FY 2012. The proposed FY 2012 Budget includes an initial \$100,000 contribution to the Contingency Fund. Future annual contributions at an increased amount of \$100,000 each year are planned through FY 2015. The Contingency Fund is projected to slightly exceed \$2,000,000 in FY 2015 as a result of these planned contributions, assuming no expenses are charged to the fund in the interim.

5-Year Cash Flow Analysis

- A 5-year cash flow analysis is summarized in the attached chart (Exhibit "C" – SJRA Woodlands Division FY 2012 – FY 2016 Cash Flow Analysis). The chart assumes rates increasing in FY 2013, and then decreasing in FY 2014 - FY 2016 due to the use of an alternative source of funding for a large portion of required capital expenditures (maintenance, capacity, and improvements). No increase in Lone Star Groundwater Conservation District fees in FY 2012 through FY 2016 is projected in the Cash Flow Analysis.
- The analysis is based on a growth rate of 936 equivalent connections in FY 2012 and a similar number of equivalent connections in subsequent years. The development schedule used in preparing the FY 2012 Budget uses updated planning criteria to project 44,338 single-family dwelling unit equivalents (SFDUEs) at full development, in 2019. Based on the updated development schedule, development as of the end of 2010 was projected to have been 40,060 SFDUEs. The development schedule used in preparing the FY 2011 Budget projected 49,053 SFDUEs at the end of 2010. A comparison of the 2010 SFDUE projections suggest that the

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updated development schedule is more representative of actual development, based on the historical number of persons per SFDUE. Projections of SFDUE increases include the Montgomery County section of Harris-Montgomery Counties MUD No. 386. Although the updated development schedule is believed to be more representative, efforts are currently underway to verify its information in comparison to current projections by The Woodlands Development Company related to development; existing land uses; and a re-evaluation of criteria for converting various use categories into SFDUEs. Growth in the Woodlands does not play as significant a role in budget forecasts as in previous years.

- The 5-Year Cash Flow Analysis projects revenues and expenses that result in maintaining operating reserves above a four-month minimum in FY 2012 and FY 2013. Operating reserves are projected to decrease below a four-month minimum during FY 2014 and FY 2015, and then further reduce below a three-month minimum in FY 2016 at the projected revenues, expenses, and rates.

Woodlands Division Investment Funds

- SJRA currently invests funds in Texpool and TexStar.

Budget Highlights

1. Labor

- The proposed Budget includes 66.78 full time equivalent (FTE) persons. This total includes 52.25 FTEs in The Woodlands and 14.53 FTEs in SJRA General and Administrative (G&A) Division. Compared to the FY 2011 Budget, these totals represent an additional 2.25 FTEs in The Woodlands and an additional 4.68 FTEs in the G&A Division. However, current FTEs in The Woodlands and in G&A Divisions are 1.75 and 1.2 FTEs less than planned in the FY 2011 Budget, respectively. Refer to Exhibit "D" for a Woodlands Division FY 2012 Staffing Level Chart.
- Additional FTEs planned for The Woodlands in FY 2012 include an Administrative Assistant, an Operator, and a summer Intern. The FY 2012 Budget also includes a Senior Project/Construction Manager and a Maintenance Technician that were budgeted, but not employed, in FY 2011.
- The 14.53 FTEs in the G&A Division provide services to The Woodlands Division in the following areas: information technology, accounting, administrative, purchasing, human resources, risk management, technical services, SCADA/I&C, and management support. Five and two-hundredths (5.02) of the planned 14.53 FTEs in the G&A Division are part of a new SCADA/I&C (Supervisory Control and Data Acquisition/Instrumentation & Controls) Group within the G&A Division. A proposed SJRA G&A Division – FY 2012 SCADA/I&C Staffing Level Chart is provided as Exhibit "E".
- The objective of SCADA/I&C is to increase system operations reliability, improve efficiency, and reduce operational costs. SCADA currently exists in the water system, but equipment is inadequate and obsolete, often resulting in overtime man-hours to monitor and make adjustments during periods of peak demand.
- Introduction of SCADA into the wastewater system is planned for FY 2012. Information concerning Potential Benefits of SCADA in a Wastewater System is provided in Exhibit "F". An event that demonstrated how The Woodlands Division was significantly hindered by not having SCADA in the wastewater system was manifested during Hurricane Ike, when power and telephone service were not available for several days. The majority of lift stations are not equipped with an on-site generator. Therefore, they had to be powered by portable generators that were rotated between facilities. Due to the extended power outage and loss of telephone service, lift station auto dialers that typically alert personnel of abnormal operating conditions ceased to function. Therefore, Woodlands Division employees spent many hours driving to nearly thirty lift stations throughout The Woodlands to determine where a portable generator or pump was needed to prevent wastewater from overflowing or backing into homes or businesses. These circumstances were exhausting to employees due to prolonged working hours, and resulted in an

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extensive amount of overtime pay. Although adverse environmental effects associated with the extended power outage and loss of telephone service were significantly mitigated due to the dedication of Woodlands Division employees and the availability of portable generators and fuel, manpower and resources could have been managed much more efficiently and fewer wastewater overflows would have occurred if a SCADA system (at least the Data Acquisition feature) with an alternate power source had been in place at critical facilities. Although this example is representative of emergency conditions, it should be recognized that limited ability to remotely monitor critical aspects associated with the operation of wastewater facilities could result in increased adverse conditions in the event of a failure, and possibly significant regulatory fines and penalties. Exhibits "G" and "H" provide cost estimates and proposed funding sources associated with SCADA.

- The Woodlands Division's inception of a SCADA/I&C Group as part of the G&A Division is viewed as being more cost-effective than employing contract consultants and technicians for various SCADA needs at rates that include significant profit margins. As a result of the SCADA/I&C Group being part of the G&A Division, salaries, benefits, and overhead can be allocated to the various Divisions as appropriate, which is more cost-effective than employing contract consultants and technicians.
- The FY 2012 Budget includes a 4% allowance for payroll market adjustments, merit increases, and promotions. The FY 2011 Budget did not include an allowance for merit increases. It only included a 1.88% allowance for market adjustments and promotions associated with specific positions. Overall, projected labor costs for FY 2012 are 16.84% greater than budgeted in FY 2011.
- The Draft Budget projects an increase in the cost of health benefits. The budgeted amount for health insurance in FY 2012 is 18.37% greater than in FY 2011 due to an increase in the total number of employees. However, SJRA will reduce its contribution for health insurance premiums associated with employees' families from 95 % to 90% in FY 2012.
- During FY 2011 The Woodlands Division developed a Five-Year Staffing Plan. The Plan projects a total of 56 FTEs in The Woodlands by the end of FY 2016, compared to 52.25 FTEs in FY 2012. The Five-Year Staffing Plan will be updated at least annually to project staffing needs associated with operations and maintenance, changes in regulatory requirements, and the impact of new processes and equipment.

2. Power

- Electrical costs associated with pumping water are expected to increase relative to the projected increase in water demand. During August 2011 Entergy had a rate increase that was not anticipated in the FY 2011 Budget. The increase will result in energy costs in FY 2011 being greater than budgeted. Power costs associated with the wastewater system are expected to increase due to an additional 400 Horsepower digester blower that is planned for service at WWTP No. 2 during the first half of FY 2012. Although energy savings will be realized due to SCADA automation of blowers at WWTP No. 1, savings associated with that project will not be realized until the latter part of FY 2012, and thus, are not expected to significantly reduce the largest source of energy costs (blower operation) at WWTP No. 1 until FY 2013.

3. Maintenance:

- During the most recent two budget cycles there was significant discussion about increased major maintenance due to aging water and wastewater infrastructure. During presentation of the FY 2010 Budget, in the summer of 2009, during discussion about rates, two Districts expressed concern about whether or not proposed rates would be sufficient to support operation and maintenance associated with aging infrastructure. There was also significant discussion related to the matter during presentation of the FY 2011 Budget, during the summer of 2010, with acknowledgement of the need for additional resources (manpower and funds) to properly manage aging infrastructure, and an 11% increase in the water rate (from \$1.26/1,000 gallons to \$1.40/1,000 gallons) and a 22.1 % increase in the wastewater rate (from \$1.63/1,000 gallons to \$1.99/1,000 gallons).

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- The need to adequately fund major maintenance associated with aging infrastructure continues to be a matter of priority and of extreme importance. However, in an effort to limit the FY 2012 rate increase associated with major maintenance and increased capacity, SJRA proposes to pay for the portion of maintenance that is associated with increased capacity and with SCADA from surplus capital funds.
- The attached FY 2012 Budget Summary indicates a 19% reduction in the “Maintenance” line item due to a change in The Woodlands Division’s application of accounting practices. The revised application of accounting practices results in several items being identified as “Capital” items in the FY 2012 Budget. This change generally applies to tangible items that cost in excess of \$5,000 and have a useful life of greater than or equal to three years. Exceptions to these criteria are water well rehabilitations and sanitary sewer line rehabilitations. Application of these criteria to the proposed FY 2012 Budget contributed to a significant increase (676%) in the “Capital Outlay” line item in the attached Budget Summary (Exhibit “A”) when compared to the FY 2011 Budgeted amount. Major Maintenance items, non-capital and capital, are shown below.

Water System – Major Maintenance (Non -Capital)

Water Well 5 Rehabilitation	\$ 265,000
Water Well 18 Rehabilitation	\$ 265,000
Water Wells No. 1, No. 11, and 1 minor unspecified water well rehabilitation	\$ 700,000
One Unspecified Water Well lowering	\$ 20,000
Elevated Storage Tank 5 - interior piping rehabilitation/replacement	<u>\$ 150,000</u>
Total	\$ 1,400,000

Water System – Major Maintenance (Capital)

Water Plants No. 1 and No. 3, and Elev. Storage Tank No. 3 - Replacement of obsolete chlorination equipment and piping	\$ 22,500
Water Plant No. 3, Booster Pump No. 1 - Replacement of pump/motor skid	\$ 42,000
Water Plant No. 3, Booster Pump No. 2 - Replacement of pump/motor skid	<u>\$ 42,000</u>
Total	\$ 106,500

Wastewater System – Major Maintenance (Non-Capital)

WWTP No. 1 - Coat mechanical bar screen structure, grit chamber, and entrance structure	\$ 110,000
WWTP No. 1 - Replacement of grit pump	\$ 14,000
WWTP No. 1 - Replacement of Scum Pumps and piping for Clarifiers No. 1 and No. 2	\$ 40,000
WWTP No. 2 - Repair of Clarifier No. 3	\$ 50,000
Rehabilitation of 21"and 24" Sanitary Sewer at Split Rock (1400 Ft.)	\$ 600,000
Lift Station No. 3 - Replacement of 6" Force Main (1,422 feet)	\$ 85,000
Lift Stations No. 4 and 17 Force Main Replacements (Carried over from FY 2011 due to design delays related to field verification of an existing gas line and as the result of changes to Purchasing procedures.)	<u>\$ 521,549</u>
Total	\$ 1,420,549

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Wastewater System – Major Maintenance (Capital)

WWTP No. 1 - Replacement of PD Digester Blower	\$ 12,000
WWTP No. 2 - Replacement of three (3) HVAC pkg. units in Switchgear Bldg.	\$ 17,100
WWTP No. 2 - Repairs to four (4) Lift Pumps repairs	\$ 40,000
WWTP No. 2 - Rehabilitate process water chlorination system (Carried over from FY 2011 due to extended engineering period and rejection of a single bid)	\$ 275,707
WWTP No. 2 - Replacement of two (2) heaters in Belt Press Bldg.	\$ 12,000
WWTP No. 2 - Construction of Digester No. 4 Diffused Air System	\$ 236,000
WWTP No. 3 - Replacement of bar screen	\$ 165,000
WWTP No. 3 Replacement of return sludge pumps	\$ 27,250
Lift Station No. 5 - Construction of electrical improvements (Designed in FY 2011)	\$ 780,000
Lift Station No. 12 - Construction of electrical upgrades (Carried over from FY 2011 due to prolonged property negotiations)	\$ 380,650
Lift Station No. 12 - Installation of odor control equipment	\$ 125,000
Lift Station No. 17 - Replacement of (three 3) pumps	<u>\$ 50,000</u>
Total	\$ 2,120,707

4. Capital Outlay:

In addition to capital maintenance items identified above, the following are significant “Capital Outlay” items in the FY 2012 Budget:

Geographical Information System (GIS) Implementation in The Woodlands - Water	\$ 14,468
Geographical Information System (GIS) Implementation in The Woodlands - Wastewater	\$ 14,468
WWTP No. 2 - Driveway extension at Belt Press Building	\$ 11,100
WWTP No. 2 - Concrete driveway extension at lift station	\$ 15,000
WWTP No.3 - Concrete driveway completion	\$ 15,400
Lift Station No. 28 - Driveway improvements	\$ 40,000
Lift Station No. 16 - Installation of a Generator	\$ 90,000
One Heavy-duty 1 ton truck 4WD w/winch, inverter, bed liner for Maintenance Department	\$ 47,500
One 3/4 ton 4-door truck for Operations	\$ 25,000
Information Technology: Linq, Phones, SBA, Server, Software	\$ 41,000
Information Technology: Infrastructure Improvements	\$ 25,000
Information Technology: Server/Storage Upgrades	\$ 50,000
WWTP No. 1 Entry road and sidewalk modifications	<u>\$ 35,000</u>
Total	\$ 423,936

5. Capital Improvements Not Included in the FY 2012 Budget:

- During FY 2011 The Woodlands Division developed a Five Year Capital Improvement Plan. The Plan identifies \$6,088,820 of required infrastructure improvements (not inclusive of SCADA) in FY 2012. All of these improvements are in some way related to providing increased capacity in the water system or wastewater system. The Five Year Capital Improvement Plan also includes a total of \$2,900,512 for SCADA (Supervisory Control and Data Acquisition) improvements in the water system in FY 2012; incorporation of SCADA at WWTP No. 1 in FY 2012, engineering in FY 2012 to incorporate SCADA into WWTPs No. 2 and No. 3 in FY 2013; and further optimization of SCADA operations in FY 2014. Currently, it is anticipated that SCADA costs beyond FY 2014 will be limited to SCADA operation and maintenance. The Woodlands Division proposes to fund FY 2012 capacity-related projects and SCADA improvements with available surplus capital funds. Cost estimates for these expenditures are shown in Exhibits "G", "H", and "I". Lists of anticipated capital improvements and significant maintenance in FY 2013 – FY 2016 were provided during July WJPA Trustees' Meeting and July MUD Meetings for subsequent discussions with The WJPA concerning possible funding options.

6. Chemicals

- Chemical use currently consists primarily of chlorine for disinfection of effluent and the water supply, sodium hypochlorite for water supply disinfection at Elevated Storage Tank No. 5, calcium hypochlorite and sodium hypochlorite for cleaning and super-chlorinating at wastewater treatment plants, sulfur dioxide for effluent dechlorination, and polymer for sludge conditioning. Wastewater Treatment Plant No. 2 utilizes ultraviolet light for disinfection of the effluent in lieu of chemical disinfection.
- An increase in chemicals is anticipated due primarily to the use of sodium hypochlorite for disinfection at Elevated Storage Tank No. 5. A significant increase in the use of sodium hypochlorite is planned at WWTP No. 2 after replacement of the failed process water disinfection system. A slight increase in the use of polymer, sulfur dioxide, and calcium hypochlorite is anticipated in the wastewater system.

7. Professional Fees

- Professional fees include costs for engineering, legal, accounting, and auditing services. A total of \$125,000 is budgeted for engineering and legal support services related to EPA's action to federalize the permit for WWTP No. 1 and potential sublethal Wet (Whole Effluent Toxicity) issues related to WWTPs No. 1 and No. 2. The budget includes \$115,000 for preparation of effluent discharge permit applications and technical support associated with all three wastewater treatment plants. The FY 2012 Budget also includes \$40,000 for engineering related to the Industrial Pretreatment Program. Although regulatory approval of the Pretreatment Program has been pending since 2003, The Woodlands Division implements the program to the extent possible based on current legal authority. Budgeted engineering support associated with Pretreatment includes plans to launch a more aggressive public education and enforcement program related to grease, lint, and grit interceptors. Remaining engineering fees are for various water system and wastewater system projects. Significant consulting engineering fees in the FY 2012 Budget are itemized below.

Significant consulting engineering fees in the FY 2012 Budget associated with the water system are as follows:

Engineering and Inspections for Painting & Repairs to Elev. Storage Tanks Nos. 1,2, 3, 4 & 7	\$ 35,000
Engineering for Elevated Storage Tank 5 - interior piping rehabilitation/replacement	\$ 15,000
Engineering for rehabilitation of Water Wells No. 1, 5, 11, 18, & 1 unspecified well; and 1 well lowering	\$ 87,391
General Engineering Services associated with water well evaluations	\$ 25,000
Water Plant No. 1, Ground Storage Tank No. 1, and Engineering for interior and roof repairs. (Defer construction to FY 2013)	<u>\$ 25,000</u>
Total	\$ 187,391

Significant consulting engineering fees in the FY 2012 Budget associated with the wastewater system are as follows:

Engineering for major electrical rehab. at Lift Station No. 5 - Construction Phase	\$ 35,000
Engineering associated with providing odor control at Lift Station No. 12	\$ 15,000
Engineering for Replacement of Bar Screen at WWTP No. 3	\$ 12,500
Engineering associated with coating mechanical bar screen structure, grit chamber, and entrance structure - Construction Phase	\$ 6,000
Engineering to evaluate and specify repairs to Clarifier No. 3 at WWTP No. 2	\$ 10,000
Engineering for Generator at Lift Station 16	\$ 9,000
Engineering for construction phase of Lift Stations No. 4 and 17 Force Main Replacements (Carried over from FY 2011 due to design delays related to field verification of an existing gas line and as the result of changes to Purchasing procedures.)	\$ 25,200
Construction Phase Engineering for WWTP No. 2 - Rehabilitate process water chlorination system (Carried over from FY 2011 due to extended engineering period and rejection of a single bid)	<u>\$ 14,369</u>
Total	\$ 127,069

8. In-House Design Engineering

- During presentation of the FY 2011 Budget, the Woodlands Division informed the Districts of its intent to increase the number of projects it manages and decrease consulting engineering fees associated with small engineering projects by staffing and developing a Technical Services Group that effectively manages projects and performs some design in-house. Development of the Technical Services Group during FY 2011 included participation in Project Management Institute training and introduction of a Program Management Plan by G&A Technical Services for optimum, consistent, cost-effective engineering and construction management.
- In-house design engineering is planned for the following projects included in the FY 2012 Budget. The following list does not include numerous projects that are planned for project management by the Technical Services Group in FY 2012.

Significant In-House Design Engineering Projects:

- Lift Station No. 3 Replacement of 6" Force Main (1,422 feet)
- Rehabilitation of 21" and 24" Sanitary Sewer at Split Rock (1400 Ft.)
- WWTP No. 2 Driveway extension at Belt Press Building
- WWTP No. 2 Concrete driveway extension at lift station

OPERATING FUND BUDGET SUMMARY

WWTP No.3 Concrete driveway completion
WWTP No. 3 Replacement of return sludge pumps
Water Plant No. 3, Booster Pumps No. 1 and No. 2- Replacement of pump/motor skid
Groundwater Rule Compliance Plan Addendum
SPCC (Spill Prevention Countermeasure and Control) Review and Update

9. Commercial Laboratories

- Commercial laboratories are used for permit reporting requirements, bacteriological monitoring of the water supply, sludge quality analyses related to bio-solids management (landfill and land application), biomonitoring and toxicity investigations related to the wastewater system, wastewater analyses, Pretreatment analyses, and monitoring local streams that receive treated wastewater effluent.
- Commercial laboratory fees associated with the water system are expected to decrease primarily due to chemical analysis that were required by TCEQ in FY 2011 are not required in FY 2012.
- Overall, a slight reduction is anticipated in fees for the wastewater system due to reduced Toxicity Evaluation Identification testing, and minor adjustments to sampling schedules. The current TPDES permit for WWTP No. 2 contains sublethal TRE (Toxicity Reduction Evaluation) requirements that must be implemented in the event of persistent sublethality. This requirement is also anticipated in renewed permits. Although the requirement could significantly impact commercial laboratory fees in the event of persistent sublethal toxicity, the frequency of sublethal failures at WWTP No. 1 and at WWTP No. 2 during recent years does not merit budgeting for possible TRE expenses.

10. Sludge Disposal

- A decrease in Sludge disposal costs is anticipated due to improved sludge digestion and dewatering.

11. Insurance (Health, Auto, Property, and Liability)

- Overall, recent insurance quotes reflect a small decrease in costs when compared to the draft Budget. However, the projected FY 2012 costs for insurance are approximately 19% greater than the FY 2011 costs due to an increase in the number of employees.

12. Analysis of "Other O & M Expense"

- State Fees: No significant increase is anticipated in wastewater treatment plant discharge permit fees. The Lone Star Groundwater District fee for calendar year 2011 will remain \$0.06/1,000 gallons pumped. The expected fee is \$399,139 for FY 2012, based on the 2011 permitted volume. The Woodlands Division increased the permitted volume from 6.5 billion gallons in calendar year 2010 to 6.673 billion gallons in calendar year 2011 due to increased water demand. Permittees may apply for reimbursement of paid water use fees in an amount not to exceed 10% of fees paid. The Woodlands Division applied for, and received, a \$14,160.54 reimbursement in Mar. 2011 for the full amount of its unused allocation (236,009,000 gal.). The refund was credited to The Woodlands Division Operating Fund.
- Miscellaneous Services: "Miscellaneous services" include meter calibrations, pest control, security, gas utilities, and janitorial services.
- Communications: "Communications" includes telephone costs for business phones and lines to remote facility locations, internet charges, and cell phone charges. The increase in this category is associated with an overall

FISCAL 2012
OPERATING FUND BUDGET SUMMARY

increase in the magnitude of these services.

- **Vehicle Maintenance:** Vehicle maintenance is less than budgeted in FY 2011 due to the majority of vehicles being in good condition, and the plan to reassign vehicles that have high mileage to persons who drive fewer miles, thereby incurring less wear and tear overall.
- **Fuel and Lubricants:** An increase in fuel costs is budgeted due to additional oil that must be purchased for new water wells (Water Wells No. 35 and No. 36) and low sulfur (more expensive) oils that is required in auxiliary engines and generators.
- **Other Operating Expenses:** "Other operating expenses" include document management services, employee recruiting and testing, staffing services, newspaper advertisements, and USGS monitoring services, and SCADA/I&C overhead. The FY 2012 Budget indicates significant increases in "Other Operating Expenses" due primarily to The Woodlands Division's share of overhead associated with the planned SCADA/I&C staff, newspaper advertisements associated with construction projects, and newspaper advertisements required for wastewater treatment plant effluent discharge permit renewal applications.
- **Miscellaneous Expenses:** "Miscellaneous expenses" include office supplies, travel expenses, operator training, uniforms, lab supplies and chemicals, Earth Day promotions, equipment rentals, computers, and work supplies. The FY 2012 Budgeted amount for this category is significantly less than the FY 2011 Budget due primarily to a reduction in the amount of computer hardware that will be purchased.

Exhibits:

Exhibit "A" – Proposed Woodlands Division Budget – FY 2012 – and Historical Summary

Exhibit "B" – FY 2012 Annual Operating Budget (chart)

Exhibit "C" – SJRA Woodlands Division FY 2012 – FY 2016 Cash Flow Analysis

Exhibit "D" – SJRA Woodlands Division FY 2012 Staffing Level Chart

Exhibit "E" – SJRA G&A Division – FY 2012 SCADA/I&C Staffing Level Chart

Exhibit "F" - Potential Benefits of SCADA in a Wastewater System

Exhibit "G" – SCADA - Wastewater Summary Sheet

Exhibit "H" – 1999 and 2007 Bond Funds Summary Sheet

Exhibit "I" – Future Facilities Escrow Fund Summary Sheet

EXHIBIT "A"

SAN JACINTO RIVER AUTHORITY
PROPOSED WOODLANDS DIVISION BUDGET - FY 2012
AND HISTORICAL SUMMARY

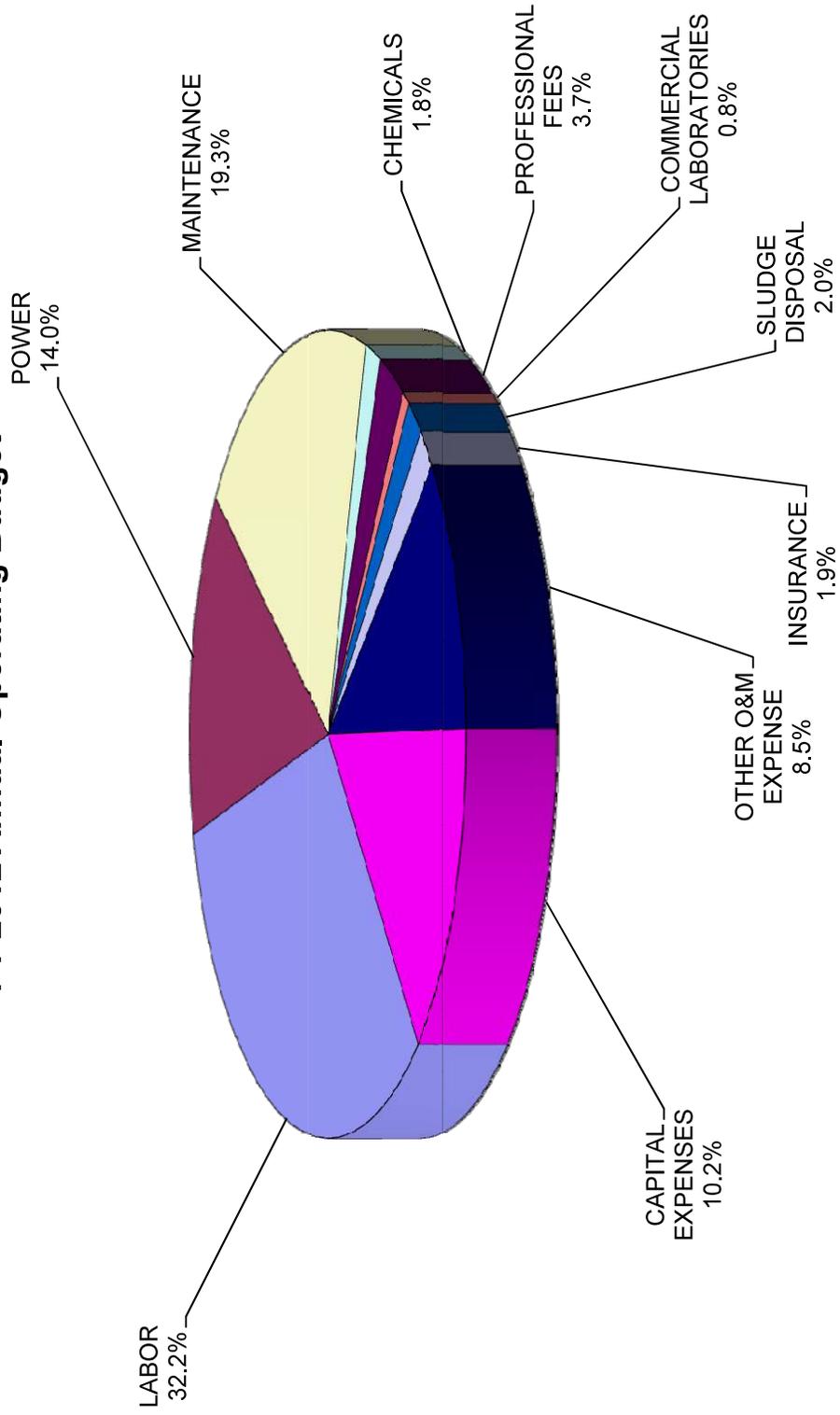
DRAFT

FY 2012
% Increase
Over
FY 2011
Budget

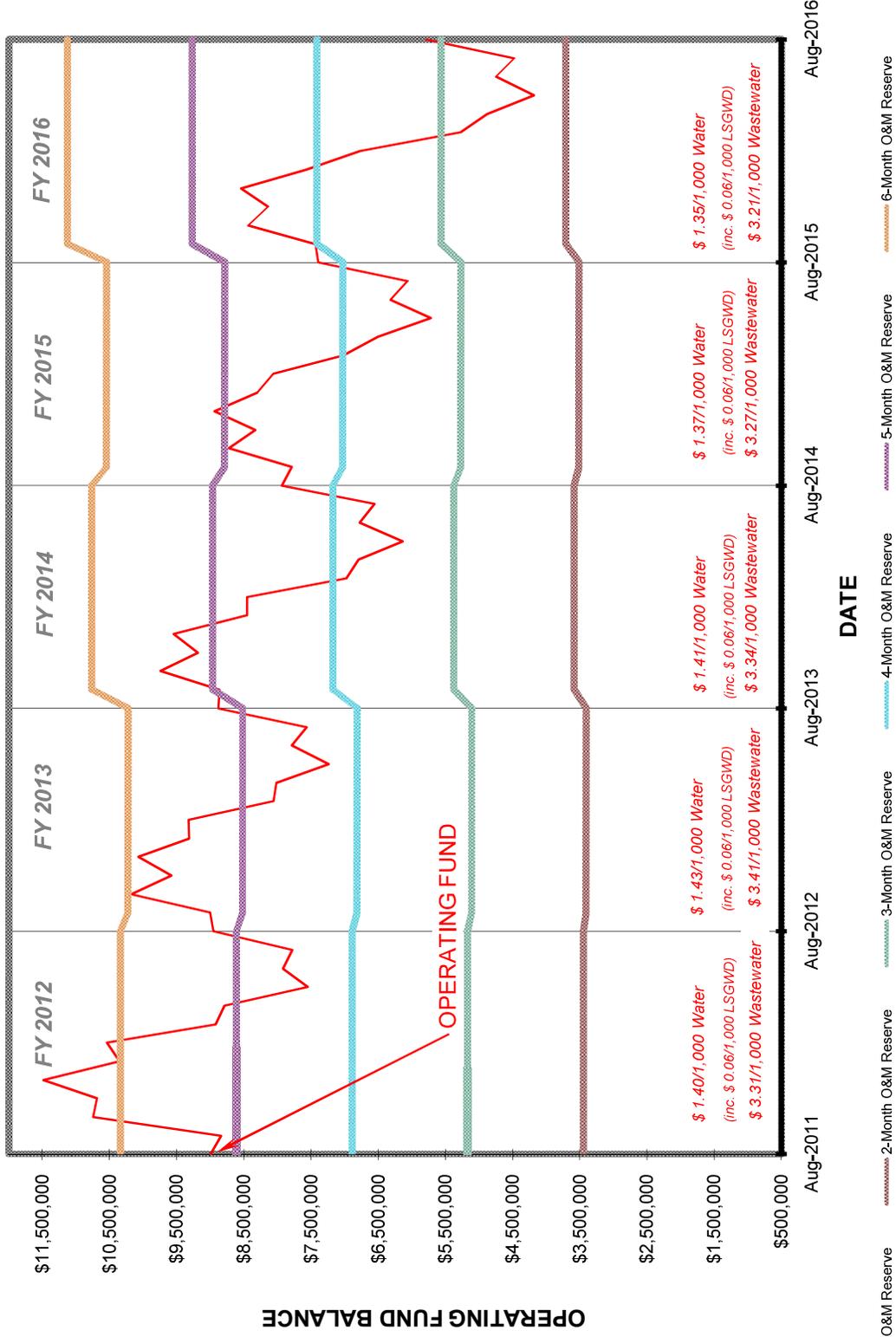
NO. OF EMPLOYEES: Woodlands + General & Administrative

ITEM	FY 2008 END BAL	FY 2009 END BAL	FY 2010 END BAL	FY2011 BAL ENDING 30-Jun-11	ESTIMATED FY2011 END BAL	FY2011 BUDGET	FY2012 BUDGET	FY 2012 % Increase Over FY 2011 Budget
					48.25 + 8.65	50 + 9.85	52.25 + 14.53	
1 LABOR								
1.1 Payroll	\$ 2,471,610	\$ 2,653,979	\$ 3,056,978	\$ 2,643,078	\$ 3,183,906	\$ 3,439,122	\$ 4,026,722	17.09%
1.2 Health Insurance (medical, life, disability)	652,744	533,592	684,668	599,401	722,051	862,916	1,021,454	18.37%
1.3 Retirement	276,021	347,173	347,363	282,455	340,251	465,714	539,767	15.90%
1.4 Workers Comp Insurance	74,063	76,858	89,049	57,255	68,970	87,039	80,921	-7.03%
1.5 Soc. Sec Tax	183,307	198,605	230,116	200,582	241,626	260,360	308,044	18.31%
1.6 Admn. & Gen Exp Allocation	363,740	381,898	441,559	381,351	459,383	513,090	599,021	16.75%
2 POWER	\$ 4,021,485	\$ 4,192,106	\$ 4,849,733	\$ 4,164,122	\$ 5,016,186	\$ 5,628,241	\$ 6,575,928	16.84%
3 MAINTENANCE	3,129,430	2,785,390	2,483,690	2,211,348	2,663,835	2,256,913	2,858,267	26.64%
4 CHEMICALS	2,748,998	2,368,624	2,213,360	2,277,937	4,723,231	4,857,407	3,945,331	-18.78%
5 PROFESSIONAL FEES	249,142	303,354	322,851	257,429	310,104	337,234	360,122	6.79%
6 COMMERCIAL LABORATORIES	391,855	388,538	429,938	237,827	360,585	776,155	591,191	-23.83%
7 SLUDGE DISPOSAL	199,081	132,812	141,243	147,911	178,177	185,438	158,787	-14.37%
8 INSURANCE	337,915	341,796	369,827	264,437	318,546	403,868	361,705	-10.44%
9 OTHER O&M EXPENSE	201,507	230,514	278,784	299,587	360,889	372,658	388,676	4.30%
10 State Fees (including Lonestar GW Fee)	394,833	561,074	377,294	389,572	389,572	450,734	469,793	4.23%
11 Misc. Services (Security, janitorial, uniforms, pest control, meter calibrations, etc.)	44,755	64,404	59,878	44,992	54,198	70,460	69,830	-0.89%
12 Communications	75,355	93,820	113,675	95,393	114,913	114,760	130,400	13.63%
13 Vehicle maintenance	50,212	43,547	55,356	36,447	43,905	70,000	65,300	-6.71%
14 Fuel and Lubricants	126,797	92,761	115,575	94,780	114,174	111,350	148,000	31.12%
15 Other Oper. Expenses (Doc. Mgmt., Staffing Serv., Newspaper Ads, USGS, SCADA Overhead, etc.)	126,900	123,998	130,676	105,392	126,957	219,143	873,249	288.48%
16 Misc. Expenses (computers, training, uniforms, supplies, equip. rentals, etc.)	278,835	308,279	435,206	334,767	459,632	684,601	563,947	-17.62%
17 GRP FEE EXPENSES						\$ 3,239,091	\$ 4,697,993	45.04%
18 TOTAL O&M EXPENSE	\$ 12,377,100	\$ 12,031,021	\$ 12,377,086	\$ 10,961,940	\$ 15,234,904	\$ 16,538,963	\$ 17,558,525	6.16%
19 TOTAL CAPITAL OUTLAY	44,572	1,409,133	2,207,538	238,486	-	372,500	2,891,012	676.11%
20 CONTINGENCY FUND CONTRIBUTION							100,000	
21 REIMBURSEMENT TO MUDDS FOR GRP FEE OVERPAYMENT					233,502			
22 TOTAL O&M EXPENSE & OUTLAY	\$ 12,421,672	\$ 13,440,154	\$ 14,584,624	\$ 11,200,427	\$ 15,468,406	\$ 16,911,463	\$ 20,549,537	21.51%
23 GRP FEE REVENUES BASED ON BILLED WATER VOLUME						\$ 3,239,091	\$ 4,357,981	
24 GRP FEE REVENUES BASED ON UNBILLED WATER VOLUME	\$ 12,850,409	\$ 15,777,221	\$ 14,659,154	\$ 15,972,224	\$ 21,571,729	\$ 18,167,621	\$ 19,434,564	
25 LESS REFUND								
26 LESS O&M EXPENSE & OUTLAY	(12,421,672)	(13,440,154)	(14,584,624)	(11,200,427)	(15,468,406)	(16,911,463)	(20,549,537)	
27 BUDGET DEFICIT SUPPLIED FROM OPERATING RESERVES							(1,114,973)	
28 NET O&M REVENUE IN FISCAL YEAR	\$ 428,737	\$ 2,337,066	\$ 74,530	\$ 4,771,798	\$ 6,103,323	\$ 1,256,158	\$ (1,114,973)	
29 POPULATION (8/31)	87,149	88,996	91,190	91,190	91,190	91,458	94,868	
30 METERED WATER USE x 1000 gal.	5,853,556	6,278,718	5,354,831	6,917,243	5,798,597	6,098,758	6,098,758	
31 PER CAPITA WATER USE, gallyear	67,167	70,550	58,722	75,855	63,402	64,219	64,219	
32 WATER RATE, \$ per 1000 gal	1.01	1.21	1.26	1.40	1.40	1.40	1.40	
33 SEWER RATE, \$ per 1000 gal	1.50	1.57	1.63	1.99	1.99	1.99	3.31	Equiv. to \$2.04 based on historical method
34 ESTIMATED ANNUAL SEWER VOLUME x 1000 gal.			5,127,820			5,091,405	3,304,561	
35 AVG. PER CAPITA EXPENSE & OUTLAY	\$ 142.53	\$ 151.02	\$ 159.94	\$ 169.63	\$ 203.71	\$ 216.38	\$ 216.38	

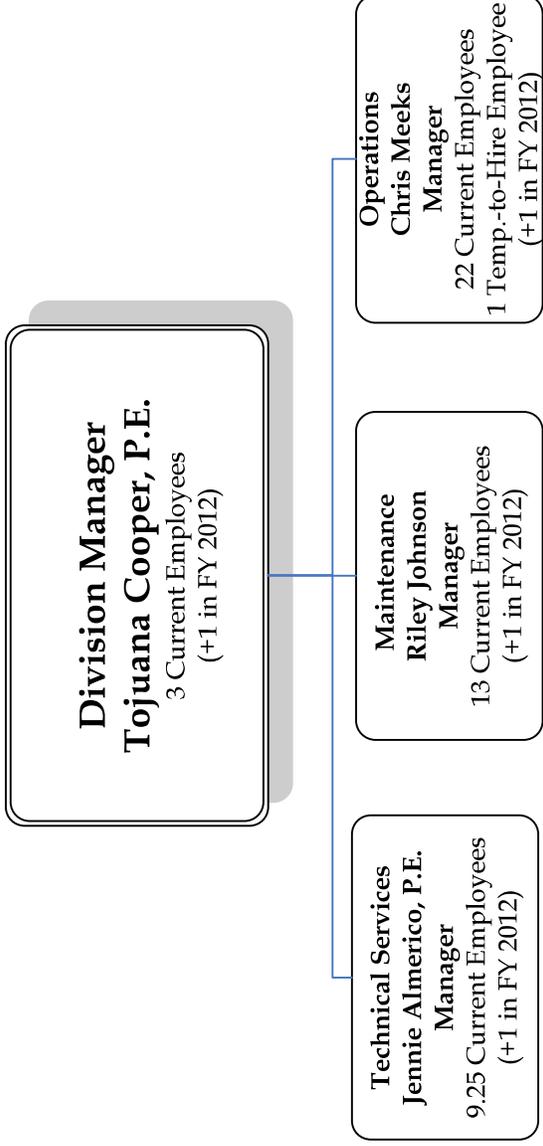
SJRA Woodlands Division FY 2012 Annual Operating Budget



**SJRA WOODLANDS DIVISION
FY 2012 - FY 2016 CASH FLOW ANALYSIS**

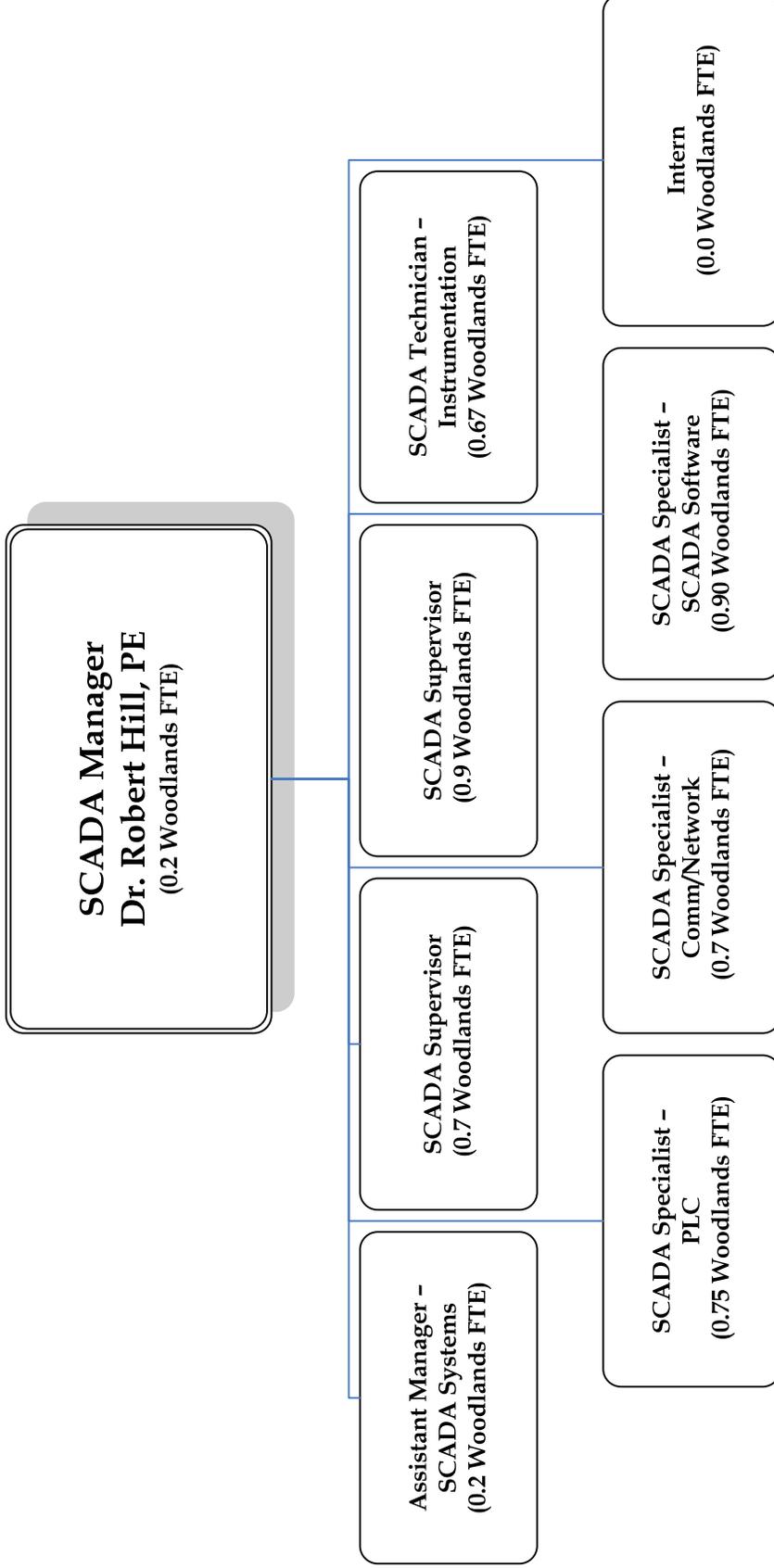


San Jacinto River Authority Woodlands Division - FY 2012 Staffing Level Chart



- FY 2012 - New Positions:**
- Administrative Group – Administrative Assistant 1*
 - Operations Group – Operator 1*
 - Technical Services Group – Intern (3 mo. during Summer 2012)*
 - Technical Services Group – Senior Project/Construction Manager (Carried-over from FY 2011)*
 - Maintenance Group – Maintenance Technician 2 (Carried-over from FY 2011)*

San Jacinto River Authority G&A Division - FY 2012 SCADA/I&C Staffing Level Chart



Potential Benefits of SCADA in a Wastewater System

1. Continuous 24/7 Monitoring of Critical Process Variables and Equipment
 - a. Reduce travel and windshield time
 - i. Better utilization of staff time
 - ii. Reallocation of staff time to more productive activities
 - iii. Save money on vehicle use
 - b. Faster identification and diagnosis of faults and problems
 - i. Faster response to faults and failures
 - ii. Reduces labor-hours required to troubleshoot
 - iii. Increases equipment life
 - iv. Reduces cost of equipment failures by catching them quickly
 - v. Reduces risk of unnoticed compliance issues
2. Better Treatment Process Performance
 - a. Early notification of influent and effluent quality and quantity changes enabling timely process adjustments
 - b. Improved dosing of chemicals (no overdosing just to be safe)
 - c. Improved flow control
 - d. Remote diagnostics
3. Better Emergency Operations Performance
 - a. Improved efficiency in prioritizing and scheduling the use of portable generators during extended power outages
 - b. A system wide view of the entire wastewater collection and treatment system
4. Reduced Energy Costs
 - a. Automatically control blowers to provide just the correct amount of air to meet process requirements (DO control)
 - b. Provide trends of energy usage and cost
 - c. Only treat to required level of permit compliance when economically advantageous with little risk
5. Reduced Chemical Costs
 - a. Use less chemicals due to automatic feedback control – specifically chlorine (Cl₂)
 - b. When less chlorine is dosed, less sulfur dioxide (SO₂) is used to neutralize the excess chlorine (double savings)
6. Optimization of Manpower
 - a. Automate tedious tasks (e.g., pumping down scum pits)
 - b. Minimize operator rounds
 - c. Minimize manual operator logs
7. Improved Reporting with Significantly less labor-hours (minimize data entry)
8. Improved Security and Reduced Vandalism (especially at unattended facilities)
 - a. Door and window alarms, panel door alarms, smoke and heat detectors
9. Overall: Enhanced System Performance, Efficiency, and Reliability

SCADA - Wastewater Summary Sheet

	Project	Cost
FY 2012	WWTP No. 1 Automation	\$1,276,805
	WWTP No. 2 and 3 Automation - Engineering Design	\$200,000
	Subtotal for FY 2012	\$1,476,805
FY 2013	WWTP No. 2 & 3 Automation - Construction	\$1,350,000
	SCADA at Select Lift Stations - Engineering Design and Construction	\$1,150,000
	SCADA Wrapup Project - Engineering Design and Construction	\$100,000
	Subtotal for FY 2013	\$2,600,000
FY 2014	Optimal Scheduling of Pumping for Energy Management	\$100,000
	Subtotal for FY 2014	\$100,000
	SCADA Wastewater Grand Total	\$4,176,805

All costs are preliminary and based on best professional judgment or proposed bid amount.
July 13, 2011

1999 and 2007 Bond Funds Summary Sheet

	Amount Available in Bond Funds as of May 31, 2011	\$7,246,365
	Committed Funds Include the Following Current Projects: WW 35&36, WW 39, and GST 2 at WP 1	\$3,926,725
	Project	Cost
FY 2012	SCADA - Water System Upgrades	\$1,423,706
	Remaining Balance	\$1,895,933
FY 2012	FY 2012 SCADA - Wastewater System	\$1,476,805
	Total Including Water System Upgrades and Wastewater System SCADA	\$2,900,512
	Remaining Balance	\$419,128

All costs are preliminary and based on best professional judgment or proposed bid amount.
July 13, 2011

Future Facilities Escrow Fund Summary Sheet

	Amount Available in FFEF as of May 31, 2011	\$7,876,973	
	Committed Funds for Projects Currently Under Contract	\$1,225,743	
	Proposed Projects Related to Capacity	Cost	Justification
FY 2012	16" Waterline from Water Plant 5 to Service Area 1 at Grogan's Mill Road	\$1,088,000	Water System Capacity in Service Area 1
	16" Well Collection Line from Water Wells 31 & 32 to Water Plant 5	\$1,296,000	Water System Capacity in Service Area 1 and 5
	12" Waterline to Complete MUD 39 Loop	\$109,000	Water System Capacity in Service Area 5
	WWTP No. 1 Filter Rehabilitation - Engineering and Construction	\$1,696,910	Wastewater Treatment Capacity
	Value Engineering Evaluation as Follow Up to Criteria Study	\$120,000	Wastewater Treatment Capacity
	Wastewater Conveyance System Capacity/Condition Assessment as Follow Up to Criteria Study (Includes Bear Branch Sanitary Sewer)	\$225,000	Wastewater Conveyance and Treatment Capacity
	Modeling to Evaluate WWTP No. 1 Capacity to Remove Nutrients	\$30,000	Wastewater Treatment Capacity
	Electrical Rehab at WW 7/8, 17/18 & 19/20 Construction Phase Engineering, Inspection, and Construction	\$750,910	Water System Capacity
	WW 11 & 12 Electrical Upgrades Construction Phase Engineering, Inspection, and Construction	\$355,000	Water System Capacity
	Construction of Water Well No. 2 Methane Stripper (Aeration Tower)	\$388,000	Water System Capacity
Water Well No. 3 Electrical Upgrade - Engineering	\$30,000	Water System Capacity	
	Subtotal	\$6,088,820	
	Remaining Balance	\$562,410	

All costs are preliminary and based on best professional judgment or proposed bid amount.
July 13, 2011

SJRA FY 2012 Budget Risk Management

Woodlands Division

June 28, 2011

Risk	Probability	Management Method
Revenue		
Revenue sales less than projected due to conservation or wet weather	Low	<ul style="list-style-type: none"> • Limited operating reserves are available • Maintain reserves in the Operating Fund at a two-month minimum, as contractually allowed.
Delayed payments from Municipal Utility Districts		<ul style="list-style-type: none"> • WJPA plans to incorporate a monthly billing process, allowing for payments to be received monthly instead of bimonthly. • Maintain reserves in the Operating Fund at a two-month minimum, as contractually allowed.
Labor (Staffing)		
Inadequate staff available for daily operations in Maintenance and Operations Departments.	Medium	<ul style="list-style-type: none"> • Cross train water and wastewater operators to allow for more flexibility to cover interchangeably if needed. • Increase interdepartmental cross-training and evaluate other cross-training alternatives.
Professional, Construction and Miscellaneous Services		
Inadequate and/or poorly performing providers of professional, construction and/or miscellaneous services	Low	<ul style="list-style-type: none"> • SJRA staff in key management positions to oversee/drive progress. • Project management procedures are implemented for effective project delivery including control of scope, fee, schedule and risk. Implement the Project Management Plan, as appropriate. • All contracts contain termination clauses. • Professional services contracts are typically work order based, which authorizes work one phase at a time, thereby allowing opportunity to adjust services provided.
Operations and Maintenance		
Operations costs greater than budgeted	Low	<ul style="list-style-type: none"> • Plan for operations costs based on historic and anticipated expenditures, with a contingency. • Extreme events, such as a hurricane landing in the area, are included in contingency plans. • Emergency Reserve Funds are available.
Failure of a key Water system component requiring immediate repair in and/or maintenance costs greater than budgeted for The Woodlands.	Low	<ul style="list-style-type: none"> • Emergency Reserve Funds are available for critical and immediate repair of failed system components. • Management drafted a Five Year Capital Improvement Program (CIP) in FY 2011 to phase and prioritize critical needs.
Failure of a key Waste Water system component requiring immediate repair in and/or maintenance costs greater than budgeted for The Woodlands.	Low	<ul style="list-style-type: none"> • Emergency Reserve Funds are available for critical and immediate repair of failed system components. • Management drafted a Five Year Capital Improvement Program (CIP) in FY 2011 to phase and prioritize critical needs.