

**GRP Review Committee
Minutes of Regular Meeting
January 23, 2017**

The San Jacinto River Authority GRP Review Committee meeting was held at 11:30 a.m., January 23, 2017, at the San Jacinto River Authority GRP Division Operations Building located at 6627 Longmire Road, Conroe, Texas 77304. Committee members Jackie Chance, Mike Mooney, Scott Taylor, Kerry Masson and Melanie White were present.

1. CALL TO ORDER

The meeting was called to order at 11:40 a.m.

2. SEATING OF MEMBERS OF THE REVIEW COMMITTEE

Mr. Smith announced the seating of the following to the GRP Review Committee:

a. Melanie White to fill the appointment by the Lone Star Groundwater Conservation District.

b. Kerry Masson to fill the appointment for MUD's East of I45.

c. Mr. Scott Taylor was reappointed to fill the committee seat for the City of Conroe.

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

There were no public comments.

4. APPROVAL OF MINUTES

Mr. Mooney indicated that the minutes of the GRP Review Committee meeting on December 5, 2016, were before the Committee for consideration. Motion was made by Mr. Masson, seconded by Mr. Taylor, motion was approved, with the exception of Mr. Chance who abstained due to him not being present at the December meeting.

5. OPTIMIZATION PRESENTATION

Mr. Smith gave a brief overview regarding the optimization study conditions. The testing occurred in the summer of 2016 and is based on raw water quality for that time. Savings based on annual average production of 24 MGD and annual savings are in 2016 dollars.

The first area the optimization study analyzed was the Pretreatment System. By reducing chlorine dosage for turbidity from 6mg/L to 3mg/L, the potential savings would be \$33,000 / year. The additional benefits is a lower THM formation, which assists in GAC bypass selection and Blower operation. The Blower System was the next area identified in the optimization study, where by reducing blower speeds by eleven (11%) percent caused no impact on process effectiveness and would generate a potential savings of \$262,000 / year. The operational impact by reducing the blower speed would mean GST storage levels must be reduced by three feet ~1M gallons of storage. After analyzing the GAC System it was identified if the GRP revised GAC backwash protocol to a shorter backwash time and lower flow rate, the potential savings would be around \$4,800 / year. It was also identified that if we would optimize GAC bypass to an average of five (5%) percent we could potentially save around \$170,000 / year. Mr. Smith explained that we sample the water throughout the day and adjustments will be made based on test results. Taste and odor events could still happen and we need to be prepared for complaints from customers. The optimization study further recommended to modify the GAC replacement schedule by replacing two (2) contactors at a time. Also, replace GAC at ninety (90%) percent vs eighty (80%) percent. The additional savings identified was around \$310,000 / year. This modification in schedule would take two (2) years to implement and is just an operational change with no effect to the taste and odor of the water. The GRP has already made the recommended changes to the Pretreatment System and the adjustments to the Blower System. We are currently in the process of

implementing the new GAC Replacement Schedule to replace two contactors at a time.

Mr. Smith stated the last item of the optimization study report is the GAC Fines Process, which was another area identified that could save an additional \$1,000,000 / year. This would require the construction of a basin to reduce GAC Fines, which would reduce GAC replacement time and cost. This would require a capital expenditure of \$1.5 million.

Mr. Smith concluded with a summary stating the identified potential savings based on current testing conditions came to \$469,800 year. The potential future savings with the GAC average five (5) percent bypass is \$310,000 year and improvement to the GAC fines processing would come to \$1,000,000 year but would require a capital expenditure of \$1.5 million. Mr. Mooney asked if there had been any other items identified in the study. Mr. Smith stated we would like to continue with the plant rerating. Mr. Chance stated if we could set aside the \$469,800 in yearly savings for three years we could pay for the basins. Mr. Smith stated he was not asking for any recommendations at this time, but wanted to present the information to the Committee and would be asking for recommendations at a later time.

No action was required.

6. GRP ITEMS FOR CONSIDERATION BY THE SJRA BOARD OF DIRECTORS ON JANUARY 26, 2017

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

No action was required.

7. UPDATE REGARDING GRP DIVISION

- a. Compliance and Customer Service Update
Mr. Matt Corley, Compliance & Administrative Manager, presented a compliance update. Mr. Corley stated the GRP had met our LSGCD goal without using any of the Early Conversion Credits. Mr. Corley stated at this time he had nothing further to add.
- b. Operations Update
Mr. Don Sarich, Senior O&M Utility Manager, presented an operations update. Mr. Sarich stated that the plant had suffered some minor damage from the freeze on the night of January 6, 2017 and early morning hours of January 7, 2017. The pressure transmitters failed at some of the receiving facilities, there were a few line beaks, and the sludge line froze. All repairs have been made and there was no disruption in the delivery of water. The repairs to the line break in The Woodlands is on schedule. The existing pipe has been removed and is in the process of being replaced with the new pipe. Mr. Sarich concluded with the news that the GRP Maintenance Superintendent Sam Meza had resigned and the GRP was in the process of looking for a replacement.
- c. Financial Update
Mr. Matt Corley, Compliance & Administrative Manager, presented the financial update. Mr. Corley provided that the total operating revenues for December were \$2,994,602 and operating revenues YTD were \$16,588,455, giving the GRP a unfavorable variance of (7%). Mr. Corley then provided that the total operating expenses for December were \$1,678,372 and operating expenses YTD were \$5,486,976, giving the GRP a favorable variance of 8%. Mr. Corley went on to provide that the cash balance as

of December 31, 2016 was \$10,693,926 and the GRP had approximately five (5) months of budgeted operating reserve.

8. DISCUSSION REGARDING FUTURE AGENDA ITEMS

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

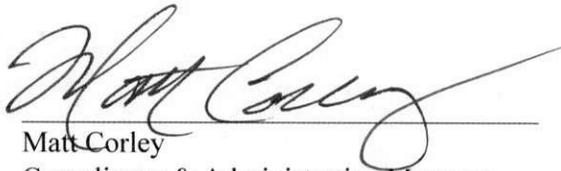
- a. Process of Budget Goal Setting - February
- b. Update on FY 2018 Budget and Rate Development - March
- c. FY 2018 Budget and Rate Presentation – April
- d. Vote on Recommendation of Budget and Rate for FY 2018 - May
- e. Mid-South Water Receiving Facility Upgrades - February

9. FUTURE MEETING SCHEDULE

- February 20, 2017
- March 20, 2017
- April 24, 2017
- May 22, 2017

10. ADJOURN

Without objection, the meeting was adjourned at 12:21 pm.



Matt Corley
Compliance & Administrative Manager



Mark Smith
GRP Administrator