

GROUNDWATER REDUCTION PLAN

MONTHLY OPERATIONS REPORT

**GRP Review Committee
Meeting
August 22, 2016**

**SJRA Board
Meeting
August 25, 2016**

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ACRONYMS AND DEFINITIONS

ACRONYMS

AWS	Alternative Water Source
AWWA	American Water Works Association
CIP	Capital Improvement Project
ECC	Early Conversion Credits
GIS	Geographic Information System
GRP	Groundwater Reduction Plan
GPY	Gallons Per Year
GST	Groundwater Storage Tank
HSPS	High Service Pump Station
ICO	Initial Conversion Obligation
LSGCD	Lone Star Groundwater Conservation District
LVGU	Large Volume Groundwater User
MSL	Mean Sea Level
ORS	Online Reporting System
RWI / RWPS	Raw Water Intake / Raw Water Pump Station
SCADA	Supervisory Control And Data Acquisition
SJRA	San Jacinto River Authority
SWF	Surface Water Facilities (SWTP, HSPS and RWI)
SWRF	Surface Water Receiving Facilities
SWTP	Surface Water Treatment Plant
TCEQ	Texas Commission on Environmental Quality
TQD	Total Qualifying Demand
TWDB	Texas Water Development Board

DEFINITIONS

GROUNDWATER REDUCTION PLAN (GRP)	The document developed and filed with the LSGCD indicating SJRA's plan to reduce the permitted 2009 groundwater pumpage of its GRP Participants by 30%. The GRP is administered by the SJRA, including any supplements, revisions, or amendments.
GRP ADMINISTRATOR	The SJRA General Manager's designee who administers the SJRA Groundwater Reduction Plan and GRP Contract with GRP Participants.
GRP CONTRACT	Contract between the SJRA and a Participant to be included in the SJRA's efforts to meet the surface water conversion requirements mandated by the LSGCD.
ICO ADJUSTED TQD	The ICO Adjusted TQD is the total amount of groundwater that can be produced by all Joint GRP Participants.
JOINT GRP	GRP which is prepared to include (takes into account) LVGUs who have executed a GRP Contract with the SJRA to join the SJRA's GRP. Contracted LVGUs obtain LSGCD groundwater reduction regulation compliance through the SJRA's Joint GRP without preparing and submitting a GRP.
LARGE VOLUME GROUNDWATER USER(S) (LVGU)	Any person or entity that, through a single well or a combination of wells, actually produces or is authorized by permit(s) issued by the LSGCD to produce 10 million gallons or more of groundwater annually on or after January 1, 2008.
PARTICIPANT(S)	Regulated User(s) that enters into and remains subject to a written agreement with the SJRA to be included in the SJRA's GRP and includes the legal successors or assigns of Participant(s).
REGULATED USER(S)	Any public or private entity or person that is or becomes subject to the District Regulatory Plan established by the LSGCD and includes any amendments, revisions or supplements thereto as may be adopted by the LSGCD.
SJRA GRP DIVISION	Division of the SJRA responsible for GRP compliance, and the management, administration, operation and maintenance of the surface water facilities and surface water transmission system.



1.0 REPORTED WATER USAGE

For the purpose of the GRP Monthly Operations Report, water usage is separated into two (2) categories; groundwater and alternative water source (AWS), and is tracked on a monthly basis. Pursuant to the GRP Rate Order, Participant water usage must be reported no later than ten (10) days from the end of the month. This is a new requirement, effective June 23, 2016. Water usage is self-reported by Participants through an online reporting system (ORS), TrueBill. The water usage data in Sections 1.1 - 1.3 is as of August 11, 2016 and is self-reported by the GRP Participants.

1.1 REPORTED GROUNDWATER USAGE

The amount of groundwater usage reported by GRP Participants for the month of July is **1,900,947,040** gallons.

1.2 REPORTED ALTERNATIVE WATER SOURCE USAGE

For the purpose of this report, reported AWS usage is separated into three (3) categories; surface water, Catahoula Aquifer usage, and reuse. The amount of AWS usage reported for the month of July is **749,785,700** gallons. The AWS data reflected in the tables below are reported by source and Participant for the month of July.

1.2.1 Reported Surface Water Usage

Reported Surface Water Usage in Gallons - July 2016	
City of Conroe	157,467,000
City of Oak Ridge North	6,703,000
MSEC - Montgomery Trace/Crown Oaks	22,608,000
Rayford Road MUD	47,631,000
SJRA - The Woodlands	424,392,000
Southern Montgomery County MUD	33,801,000
Total Gallons	692,602,000

1.2.2 Reported Catahoula Aquifer Usage

Reported Catahoula Aquifer Usage in Gallons - July 2016	
City of Willis	15,442,000
Corinthian Point MUD No. 2	5,573,000
Point Aquarius MUD	17,913,000
Total Gallons	38,928,000

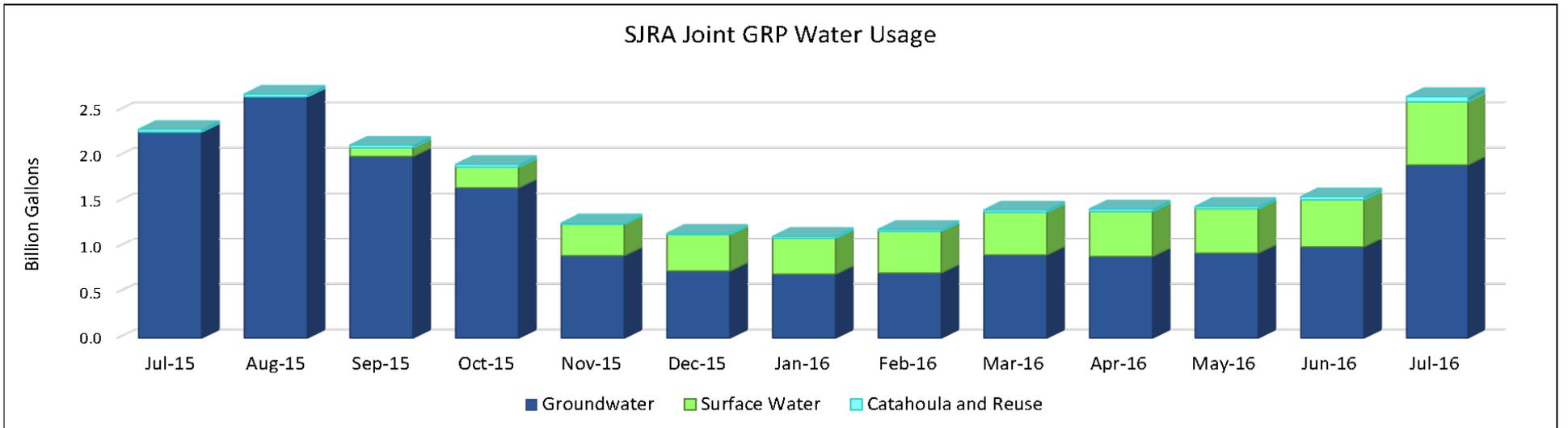
1.2.3 Reported Reuse Water

Reported Reuse Water in Gallons - July 2016	
Sequoia - Panther Trails	14,799,000
Southern Montgomery County MUD	3,456,700
Total Gallons	18,255,700

1.3 HISTORICAL DATA REPORTED BY PARTICIPANTS

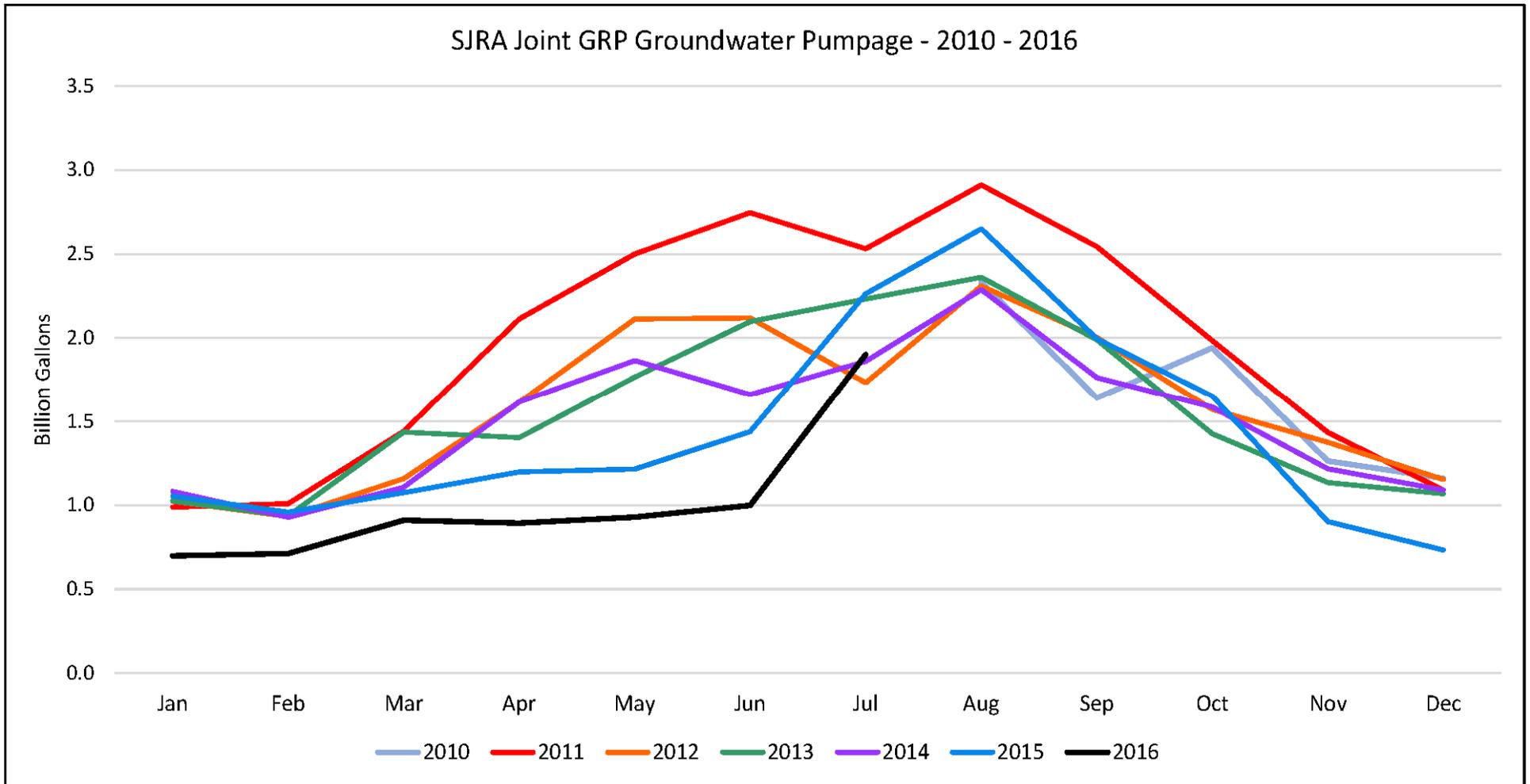
The table and chart below reflect the historical usage of groundwater and alternative water sources for all Joint GRP Participants. For representational purposes, historical surface water usage has been presented independently from other AWS usage. For an accounting of Early Conversion Credits, please refer to Section 3.2.

	Reported Surface Water Usage in Gallons			Reported Groundwater Usage in Gallons			Reported Catahoula Aquifer and Reuse in Gallons		
	2014	2015	2016	2014	2015	2016	2014	2015	2016
Jan	0	0	402,401,000	1,081,148,860	1,053,121,573	697,916,241	11,308,000	12,875,000	20,047,800
Feb	0	0	464,506,000	927,403,262	957,449,001	711,999,491	9,329,000	11,616,332	21,042,100
Mar	0	0	472,880,000	1,106,284,834	1,073,944,063	909,196,029	12,338,000	17,476,258	24,494,500
Apr	0	0	497,328,000	1,615,439,368	1,197,285,858	892,397,014	16,715,000	14,505,905	27,835,300
May	0	0	492,059,000	1,864,139,670	1,214,339,213	928,947,323	17,904,000	12,331,000	24,949,500
Jun	0	0	520,498,000	1,660,110,972	1,437,279,301	998,493,881	13,515,000	17,789,706	34,617,000
Jul	0	0	692,602,000	1,860,403,649	2,261,950,683	1,900,947,040	20,530,000	30,200,834	57,183,700
Aug	0	0		2,287,169,292	2,648,950,746		18,629,000	29,510,064	
Sep	0	94,555,000		1,763,157,393	1,994,471,242		17,319,000	29,794,419	
Oct	0	226,715,000		1,584,949,550	1,650,433,000		14,035,000	29,198,500	
Nov	0	353,189,000		1,215,827,800	901,529,106		12,001,000	13,166,800	
Dec	0	408,797,000		1,089,683,728	732,581,838		13,203,000	13,202,100	
Total	0	1,083,256,000	3,542,274,000	18,055,718,378	17,123,335,624	7,039,897,019	176,826,000	231,666,918	210,169,900



1.3 HISTORICAL DATA REPORTED BY PARTICIPANTS (cont.)

The chart below reflects historical usage of groundwater pumped by all Joint GRP Participants, since August, 2010 through the month of July, 2016.



2.0 LAKE LEVEL IMPACTS

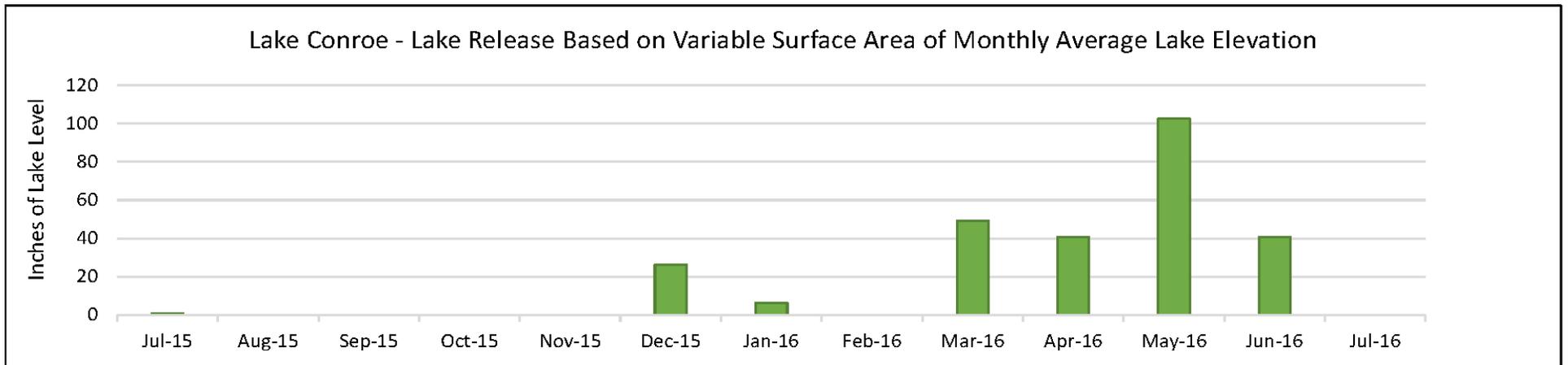
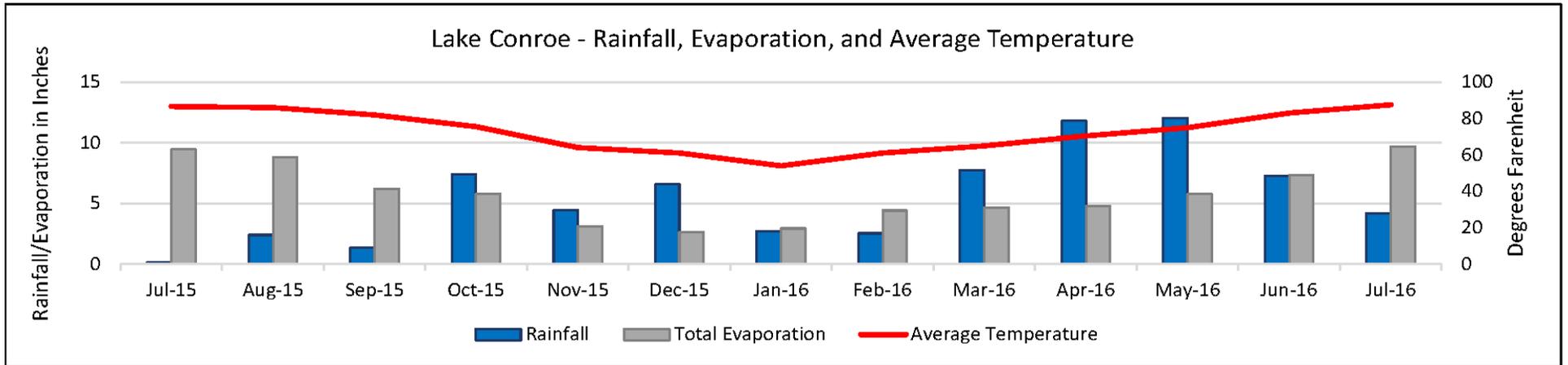
For the purpose of this report, GRP Division staff will monitor and report on several indicators, which impact the lake level of Lake Conroe.

2.1 SURFACE WATER WITHDRAWAL

Surface water withdrawal is the amount of surface water that is metered through the Raw Water Intake. For the purpose of the GRP, the amount of surface water withdrawal for the month of July was **699,610,000** gallons or approximately 1.33 inches.

2.2 OTHER IMPACTS

The associated tables reflect other impacts to Lake Conroe and denotes averages and in some cases approximations. Lake Conroe data was provided by the SJRA - Lake Conroe Division.



3.0 COMPLIANCE

The following information is related to the Joint GRP’s compliance with Lone Star Groundwater Conservation District’s (LSGCD) rules and regulations, along with Participant compliance with the GRP Contract.

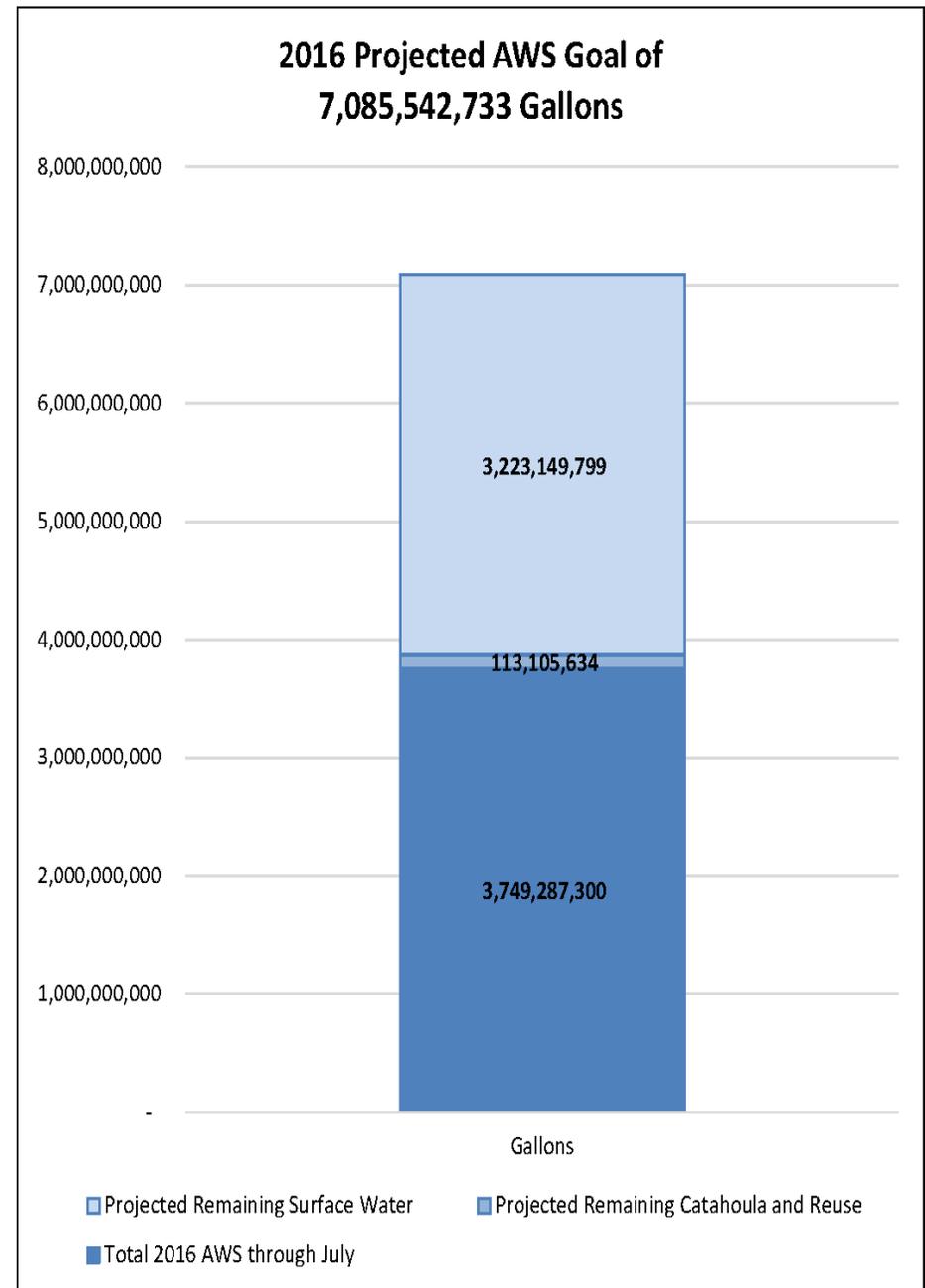
3.1 LONE STAR GROUNDWATER CONSERVATION DISTRICT REQUIREMENT STATUS

Per LSGCD rules and regulations, the Joint GRP is required to reduce its overall groundwater pumpage in 2016 to below its Initial Conversion Obligation (ICO) Adjusted Total Qualifying Demand (TQD). Currently, the Joint GRP’s Participants’ total ICO Adjusted TQD is **14,033,318,008 GPY**. The Joint GRP’s Participant’s total current projected demand for 2016 is **21,118,860,741 GPY**.

3.2 EARLY CONVERSION CREDITS

Early Conversion Credits (ECC) are earned through LSGCD by the implementation of AWS and surface water until January 1, 2016. ECC are designed to offset any groundwater production amounts in excess of a defined Joint GRP’s ICO Adjusted TQD. The Joint GRP applied and was approved by LSGCD to earn ECC by the early delivery of surface water to various GRP Participants. The Joint GRP is also accruing ECC through the City of Willis, who is producing groundwater through Catahoula wells. The Joint GRP will receive two (2) for one (1) credits on both projects (i.e., early surface water delivery and Catahoula wells). The following table represents the estimated ECC that the Joint GRP will receive from LSGCD. It does reflect the two (2) for one (1) credit that will be earned.

Early Conversion Credits in Gallons through December 31, 2015	
Early Conversion Credits - Surface Water	2,167,334,000
City of Willis Early Conversion Credits - 2013	17,802,000
City of Willis Early Conversion Credits - 2014	280,214,000
City of Willis Early Conversion Credits - 2015	265,908,000
Total Gallons	2,731,258,000



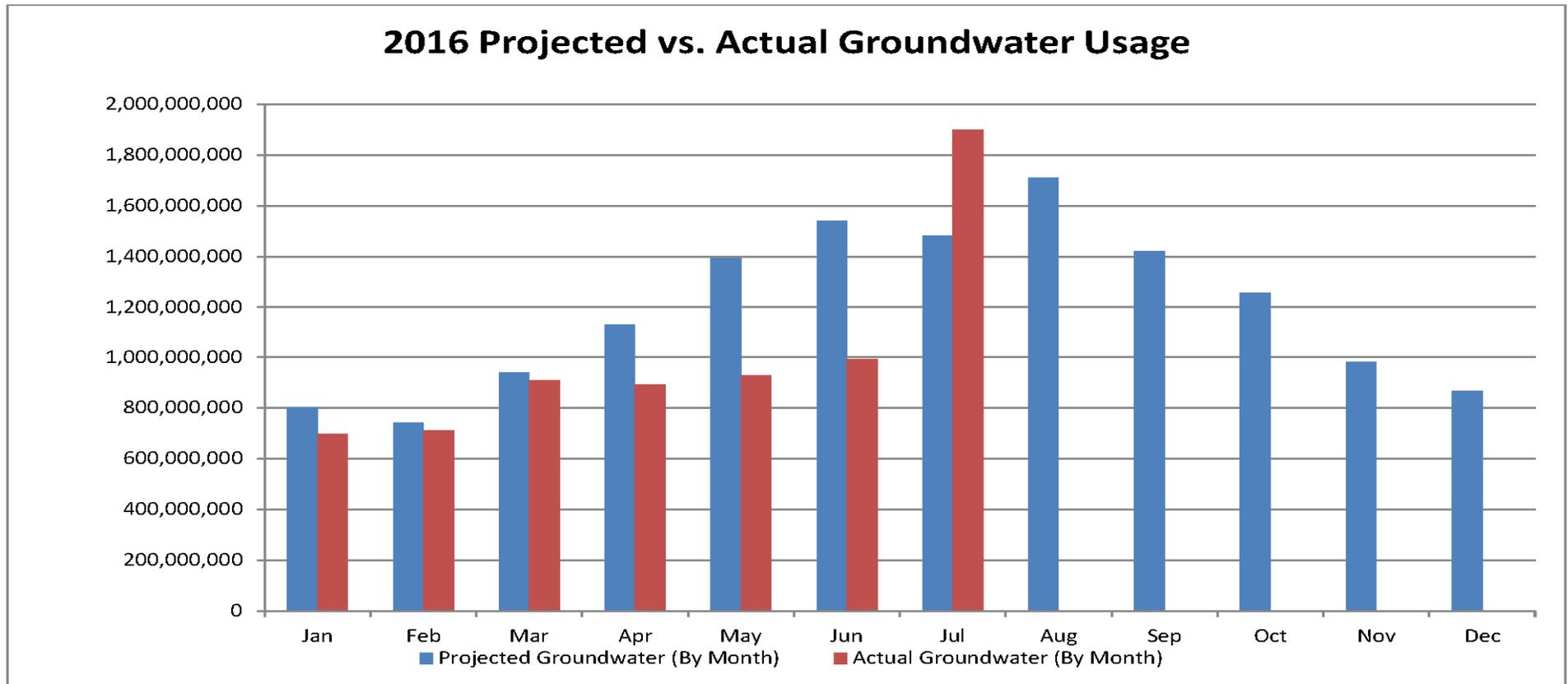
3.3 PARTICIPANTS

Following are recently received, new Joint GRP Contracts and/or amendments to existing Joint GRP Contract's exhibits for consideration:

- East Montgomery County MUD No. 9

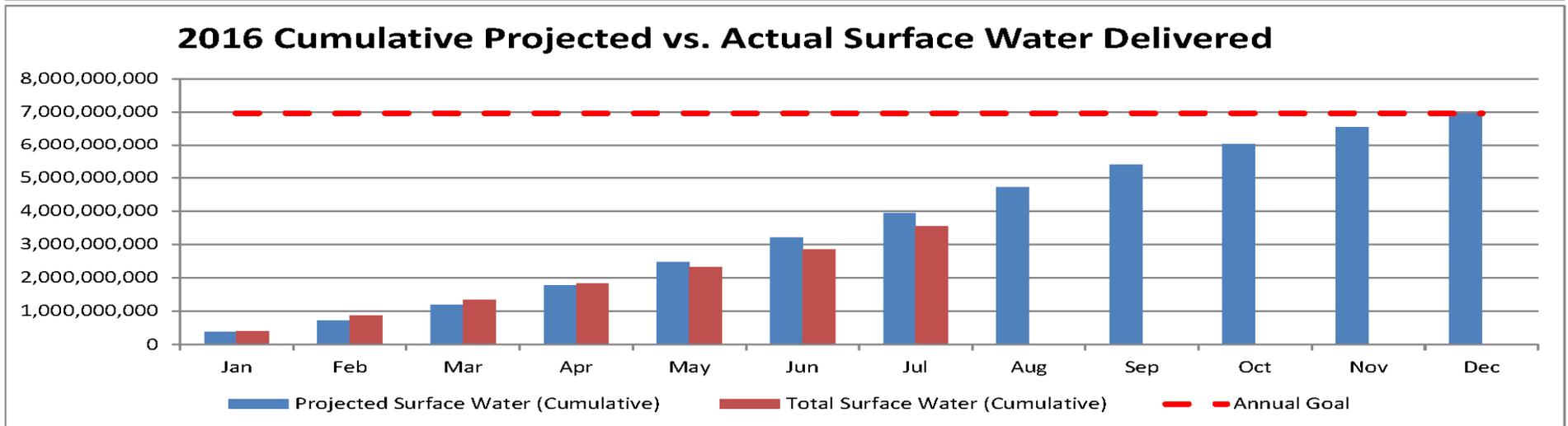
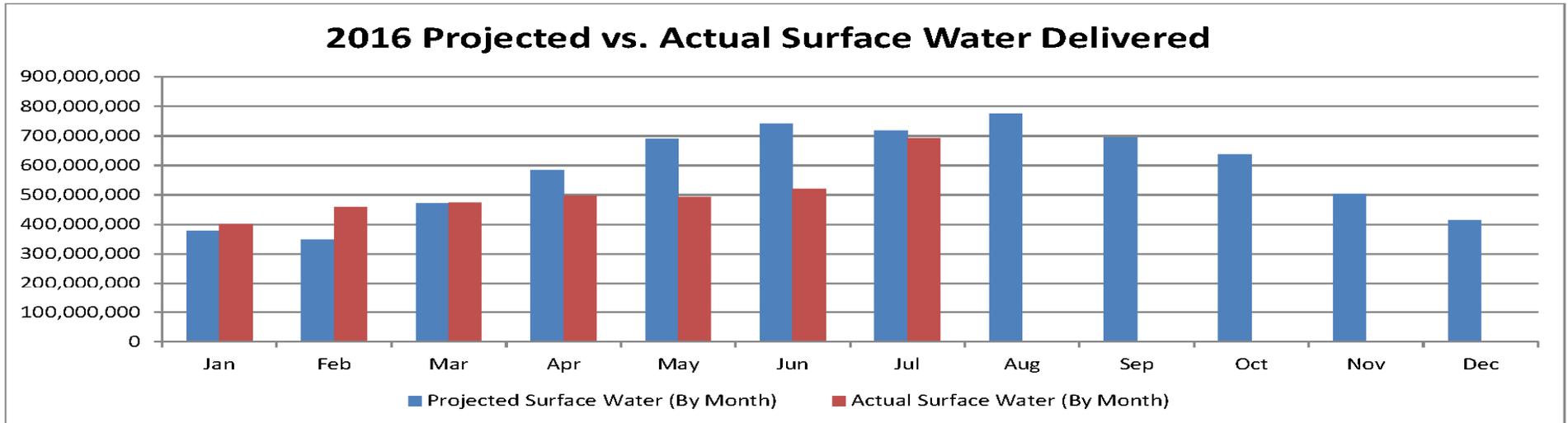
3.4 PROJECTED DATA VERSUS ACTUAL DATA FOR GROUNDWATER USAGE

In an effort to comply with LSGCD's rules for groundwater reduction, GRP Division staff tracks groundwater pumpage monthly to ensure that the Joint GRP does not exceed the Participant's total overall ICO Adjusted TQD as referenced in Section 3.1. Conversion status will be evaluated monthly by comparing projected demands with actual groundwater pumpage and surface water delivery. Projected surface water demands come from the 2016 Production Schedule. The surface water delivery data for this report comes from SJRA's SCADA system, while groundwater data is self-reported by the GRP Participants through the ORS.



3.5 PROJECTED VERSUS ACTUAL DATA FOR SURFACE WATER DELIVERY

The GRP estimates that it will need to deliver **6,813,979,199** gallons of surface water to meet its ICO. The surface water delivery estimate is based on mid-year evaluation of the GRP’s actual groundwater usage. The recalculation uses actual groundwater pumpage amounts for January – June and projections for groundwater for July – December. Early Conversion Credits are not considered in the graphs below. For the month of July, **693,105,000** gallons of surface water were delivered.



4.0 FINANCIAL

4.1 SCHEDULE OF REVENUES AND EXPENSES

Schedule of Revenues and Expenses—Actual and Budget For Eleven Months Ending July 31, 2016

	Jul	Fiscal Year To Date				Fiscal Budget	
	Actual	Actual	Budget	Variance	% Variance	Total Year Budget	Actual YTD % of Total Year Budget
OPERATING REVENUES							
GRP pumping fees	\$ 3,831,938	\$ 27,930,325	\$ 26,143,333	\$ 1,786,992	7%	\$ 29,700,716	94%
GRP Surface Water Sales	1,738,431	11,582,831	17,549,504	(5,966,673)	(34%)	19,939,981	58%
LSGCD revenue	-	670,849	901,500	(230,651)	(26%)	1,202,000	56%
Compliance fee revenue	250	750	-	750	100%	-	0%
TOTAL OPERATING REVENUES	\$ 5,570,619	\$ 40,184,756	\$ 44,594,337	\$ (4,409,581)	(10%)	\$ 50,842,697	79%
OPERATING EXPENSES							
Payroll & employee benefit expenses	\$ 548,410	\$ 4,546,169	\$ 4,894,755	\$ 348,586	7%	\$ 5,310,918	86%
Professional fees	9,129	122,456	466,133	343,677	74%	505,050	24%
Purchased & contracted services	29,757	972,942	1,403,173	430,231	31%	1,757,462	55%
Supplies, materials & utilities	562,723	7,931,382	11,220,020	3,288,638	29%	13,008,558	61%
Maintenance repairs, parts & rentals	31,638	315,909	247,500	(68,409)	(28%)	270,000	117%
General & administration	53,555	516,136	764,563	248,428	32%	834,069	62%
TOTAL OPERATING EXPENSES	\$ 1,235,212	\$ 14,404,995	\$ 18,996,145	\$ 4,591,150	24%	\$ 21,686,057	66%
NON-OPERATING REVENUES & EXPENSES							
Interest on investments	\$ 13,611	\$ 355,910	\$ 3,621	\$ 352,289	9,730%	\$ 3,950	9,010%
Other revenues	-	3,219	11,275	(8,056)	(71%)	12,300	26%
Interest expense	(1,785,419)	(19,513,986)	(19,513,985)	(1)	0%	(21,299,405)	92%
Capital contributions	-	1,327,541	-	1,327,541	100%	-	0%
TOTAL NON-OPERATING (EXCLUDING ITEMS NOT BUDGETED)	\$ (1,771,808)	\$ (17,827,317)	\$ (19,499,089)	\$ 1,671,773	(9%)	\$ (21,283,155)	84%
NET INCOME (LOSS) (EXCLUDING ITEMS NOT BUDGETED)	\$ 2,563,599	\$ 7,952,444	\$ 6,099,102	\$ 1,853,342	30%	\$ 7,873,485	101%
NON-OPERATING REVENUES & EXPENSES (NOT BUDGETED)							
Depreciation	\$ (77,054)	\$ (525,089)	\$ -	\$ (525,089)	100%	\$ -	0%
Amortized debt issuance expense	363	(52,974)	-	(52,974)	100%	-	0%
TOTAL NON-OPERATING (NOT BUDGETED)	\$ (76,691)	\$ (578,063)	\$ -	\$ (578,063)	100%	\$ -	0%
NET INCOME (LOSS) (BUDGETED AND NOT BUDGETED)	\$ 2,486,907	\$ 7,374,381	\$ 6,099,102	\$ 1,275,279	21%	\$ 7,873,485	94%

4.2 CLARIFICATION OF ACTUAL AND BUDGET VARIANCES

Following is a schedule with an explanation of budget variances related to the SJRA GRP Division's Fiscal Year 2016 operating budget (revenue and expenditures) for the month of July.

For Eleven Months Ending July 31, 2016

(in thousands)		July	FYTD
Category	YTD - Driver	2016	2016
GRP Pumping Fees	Groundwater pumpage more than budgeted due to reduced Surface water delivery.	681	1,787
GRP Surface Water Sales	Surface water delivery less than anticipated.	(379)	(5,966)
LSGCD Revenue	Quarterly Billing of LSGCD pass through charges less than budgeted.	-	(231)
Payroll and related expenses	Budgeted positions not filled as scheduled.	26	348
Professional Fees	Professional fees less than budgeted.	30	344
Purchased & Contracted Services	Purchased and contracted services below budgeted.	10	118
	Quarterly LSGCD Regulatory fees less than rate budgeted.	-	312
Supplies, Materials, Utilities, Maintenance, Repairs, Parts & Rentals	Fuel, office supplies, phones, recruiting and misc. expenses less than budgeted.	49	464
	Chemicals-Aggregate usage of Chemicals lower than expected.	46	569
	GAC Replacement- Timing of replacement and life expectancy of material different than budgeted	-	(37)
	Utilities-Electricity costs lower than expected	194	1,410
	COH Reservation Fee less than budgeted	-	281
	SJRA Reservation Fee more than budgeted	1	(215)
	SJRA Supply Use Fee less than budgeted	60	817
	Maintenance repairs, parts & rentals expense more than budgeted due to unexpected pipeline repair.	(9)	(68)
General & Administration	Allocated labor and related expenses less than budgeted, anticipated a quicker rate of growth than has been actualized.	16	248
Non-Operating	Interest/Investment Income	13	352
	Other Revenues	(1)	(8)
	Bond interest expense	-	-
	Capital Contribution	-	1,328
	Depreciation expense	(77)	(525)
	Bond Issuance Cost Amort expense	-	(53)
		660	1,275



5.0 DIVISION UPDATES

5.1 DROUGHT CONTINGENCY PLAN TRIGGERS/STATUS

The GRP has not implemented any stages of its Drought Contingency Plan.

5.2 PUBLIC RELATIONS ACTIVITIES

There were no public relations activities to report.

5.3 UPCOMING ACTIVITIES

There are no public relations activities planned at this time.

