

GROUNDWATER REDUCTION PLAN

MONTHLY OPERATIONS REPORT

**GRP Review Committee
Meeting
July 25, 2016**

**SJRA Board
Meeting
July 28, 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 - 1.4 is as of July 13, 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 June is **998,493,881** 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 June is **545,498,000** gallons. The AWS data reflected in the tables below are reported by source and Participant for the month of June.

1.2.1 Reported Surface Water Usage

Reported Surface Water Usage in Gallons - June 2016	
City of Conroe	126,906,000
City of Oak Ridge North	6,431,000
MSEC - Montgomery Trace/Crown Oaks	21,765,000
Rayford Road MUD	24,611,000
SJRA - The Woodlands	315,975,000
Southern Montgomery County MUD	24,810,000
Total Gallons	520,498,000

1.2.2 Reported Catahoula Aquifer Usage

Reported Catahoula Aquifer Usage in Gallons - June 2016	
City of Willis	10,900,000
Corinthian Point MUD No. 2	2,795,000
Total Gallons	13,695,000

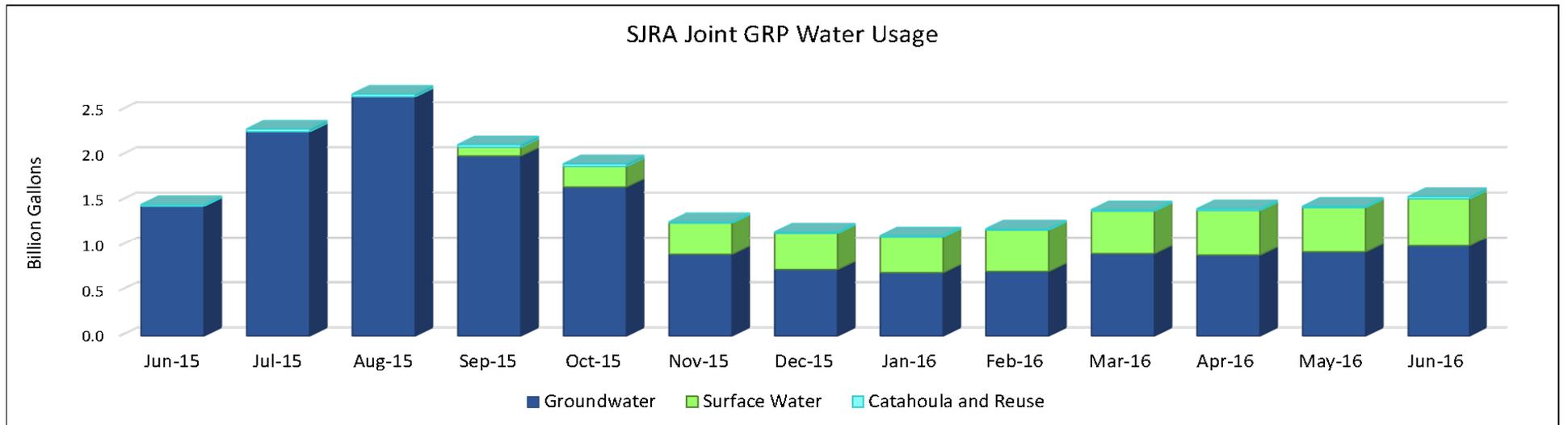
1.2.3 Reported Reuse Water

Reported Reuse Water in Gallons - June 2016	
Sequoia—Panther Trails	4,663,000
Southern Montgomery County MUD	6,339,000
Total Gallons	11,002,000

1.3 HISTORICAL DATA REPORTED BY PARTICIPANTS

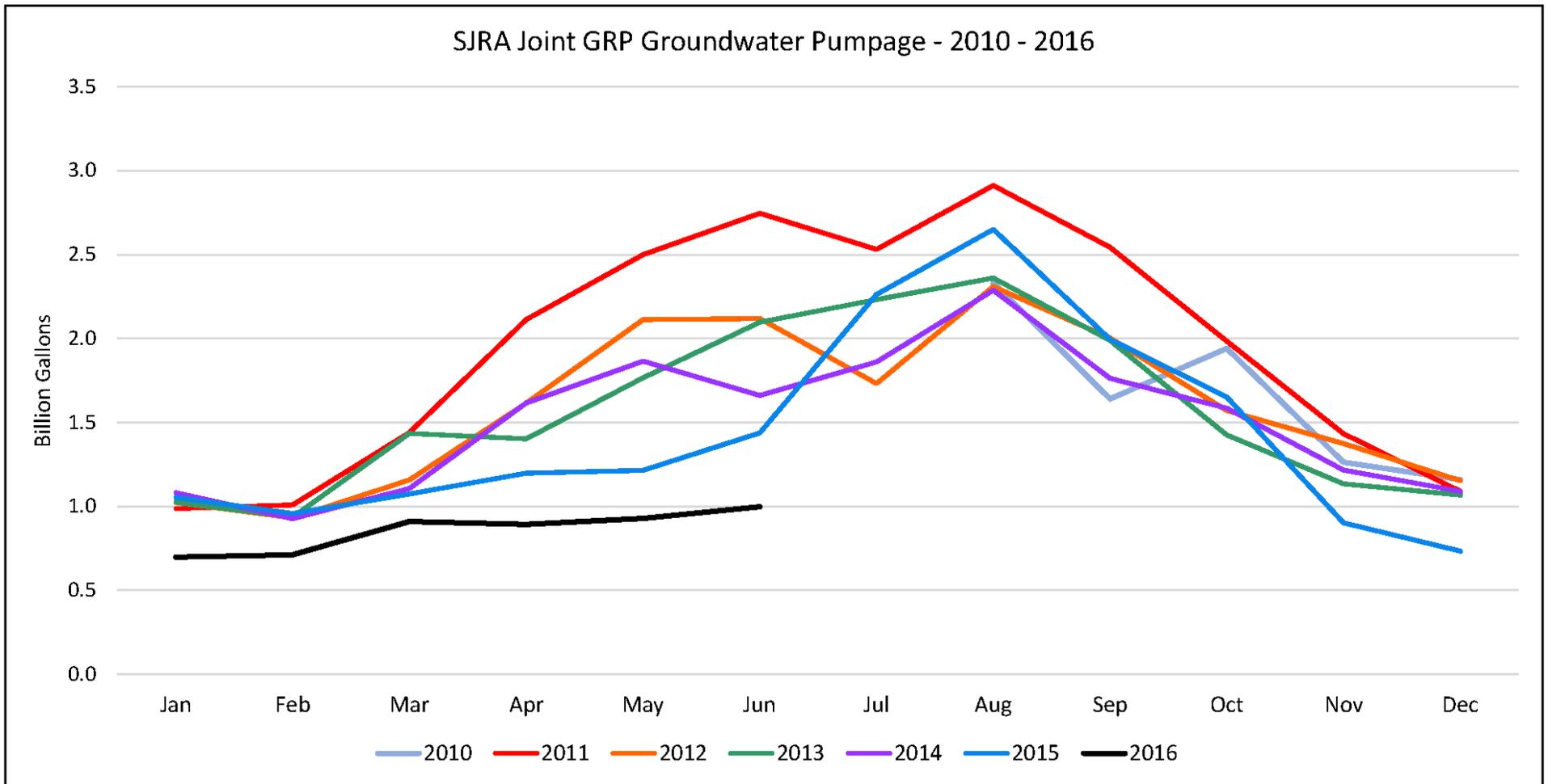
The table and chart below reflect the historical usage of groundwater and alternative water sources for all Joint GRP Participants. For representational purposes, historical surface water usage has been presented independently from other AWS usage. For an accounting of Early Conversion Credits, please 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	13,635,800
Feb	0	0	464,506,000	927,403,262	957,449,001	711,999,491	9,329,000	11,616,332	13,174,100
Mar	0	0	472,880,000	1,106,284,834	1,073,944,063	909,196,029	12,338,000	17,476,258	15,869,500
Apr	0	0	497,328,000	1,615,439,368	1,197,285,858	892,397,014	16,715,000	14,505,905	18,350,300
May	0	0	492,059,000	1,864,139,670	1,214,339,213	928,947,323	17,904,000	12,331,000	15,547,500
Jun	0	0	520,498,000	1,660,110,972	1,437,279,301	998,493,881	13,515,000	17,789,706	24,697,000
Jul	0	0		1,860,403,649	2,261,950,683		20,530,000	30,200,834	
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	2,849,672,000	18,055,718,378	17,123,335,624	5,138,949,979	176,826,000	231,666,918	101,274,200



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 June, 2016.



2.0 LAKE LEVEL IMPACTS

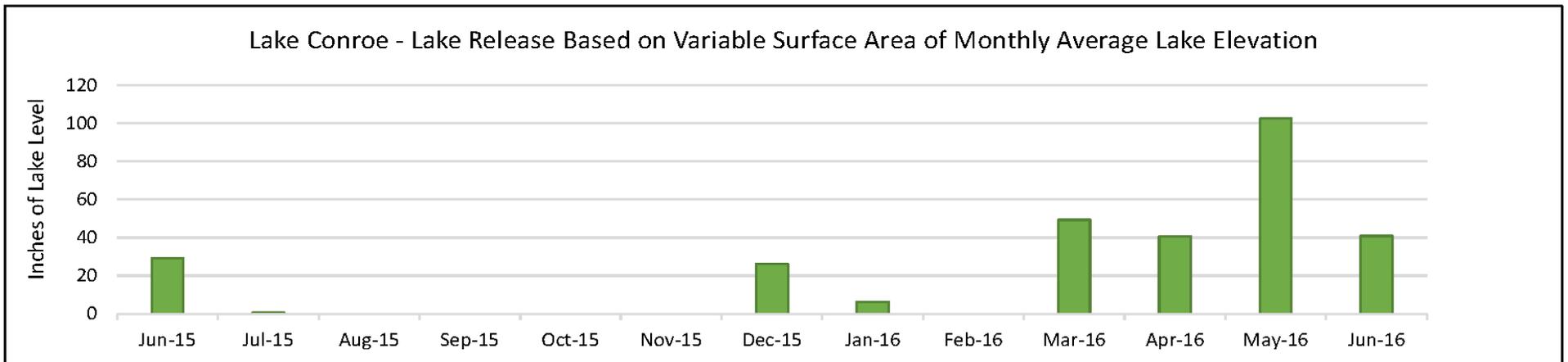
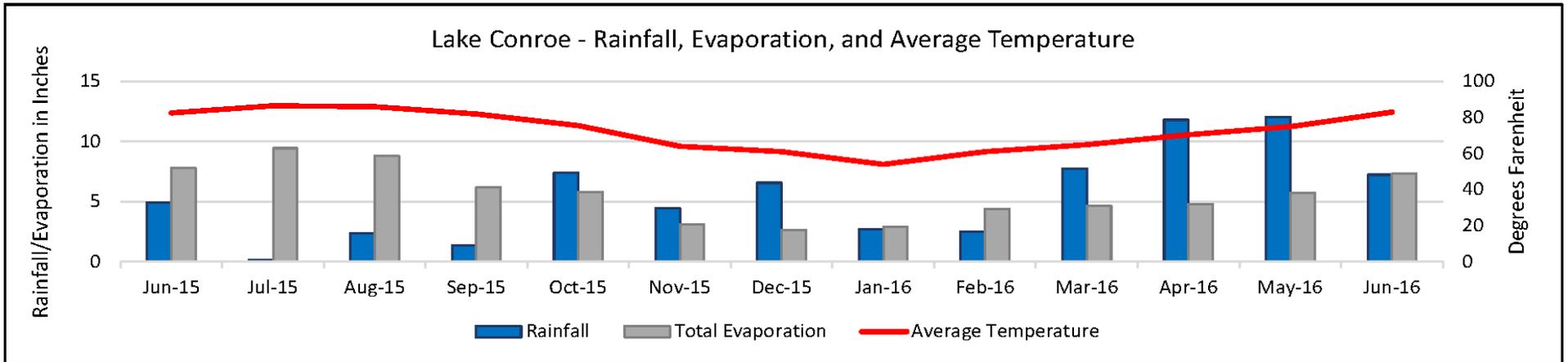
For the purpose of this report, GRP Division staff will monitor and report on several indicators, which impact the lake level of Lake Conroe.

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 June was **524,310,000** gallons or approximately 0.983 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.

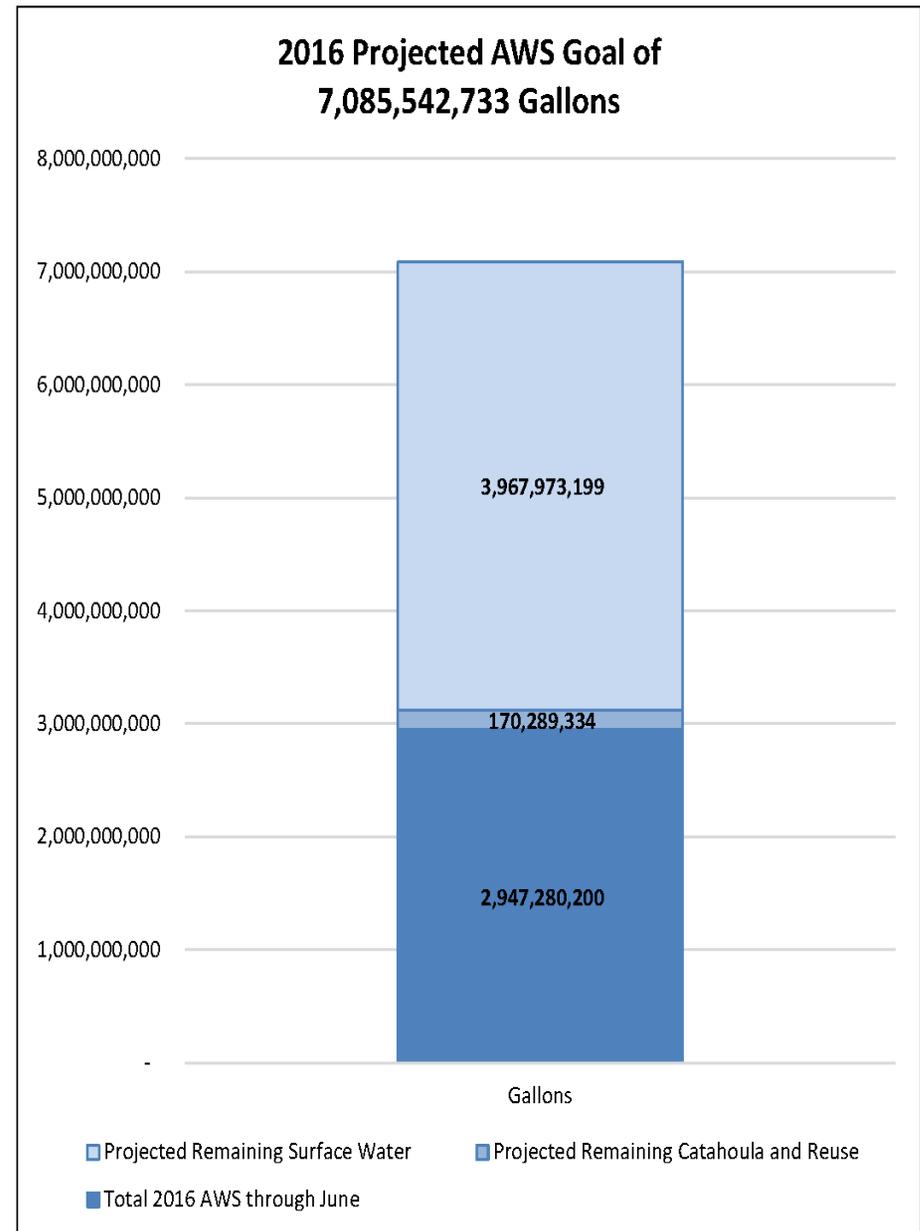
3.1 LONE STAR GROUNDWATER CONSERVATION DISTRICT REQUIREMENT STATUS

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



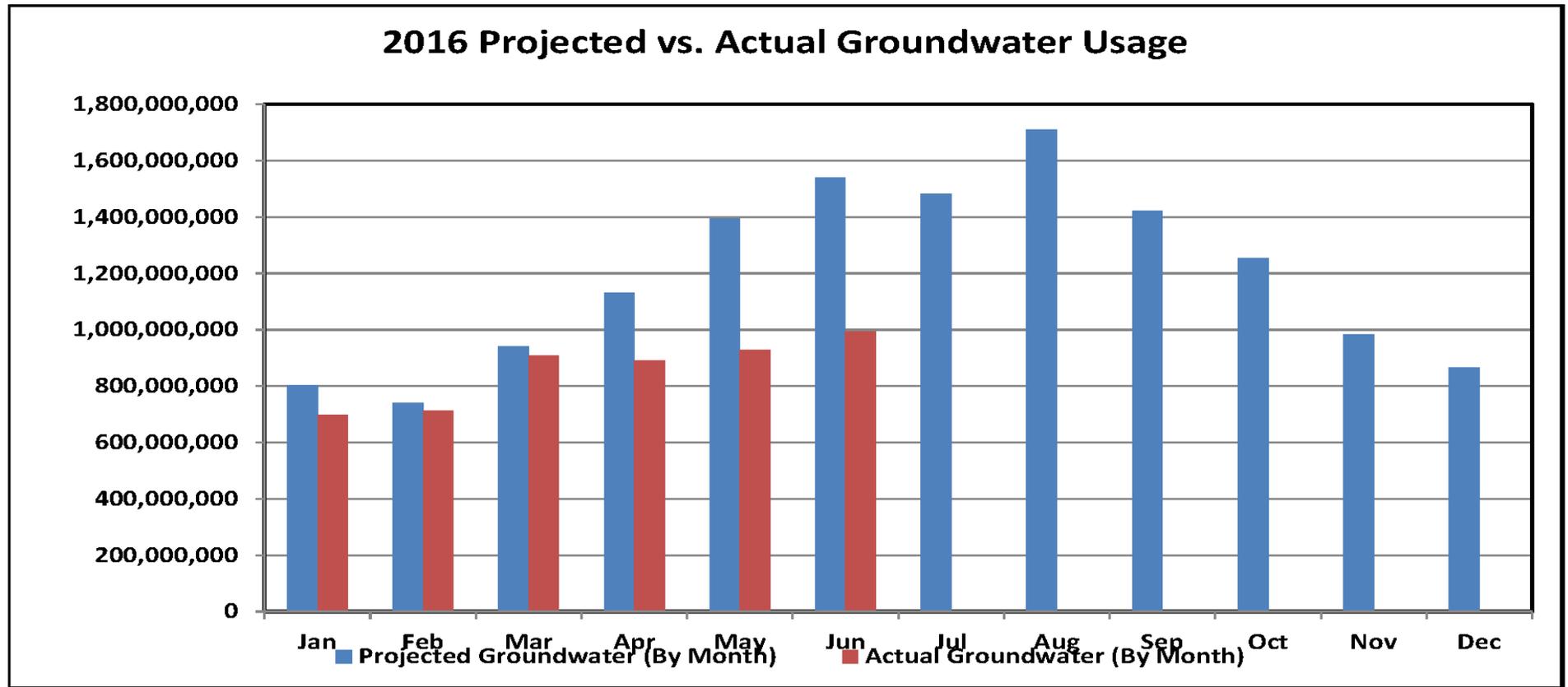
3.3 PARTICIPANTS

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

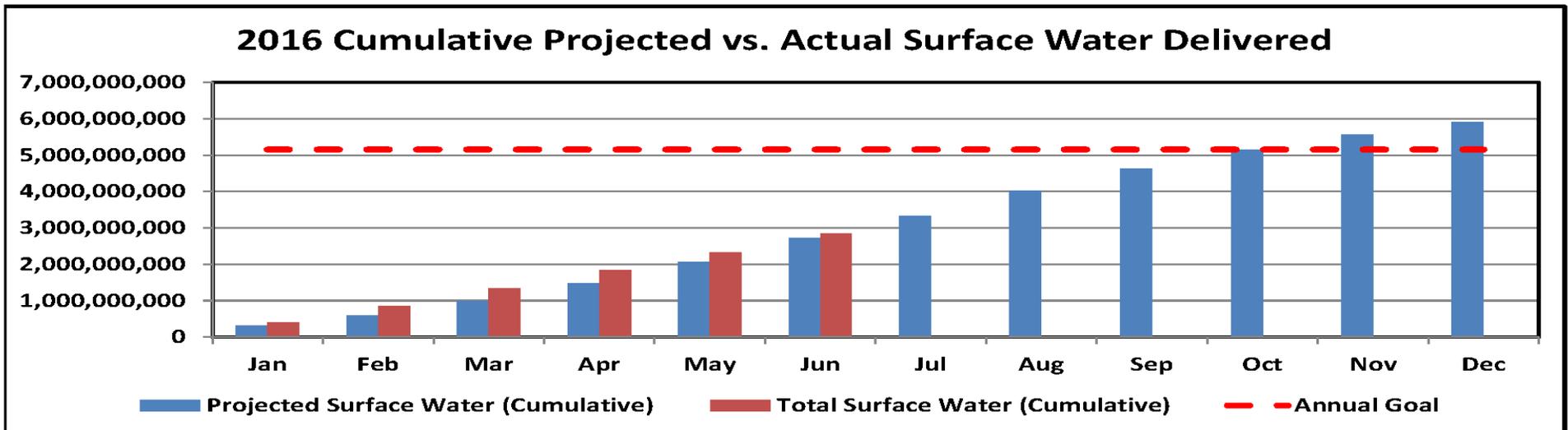
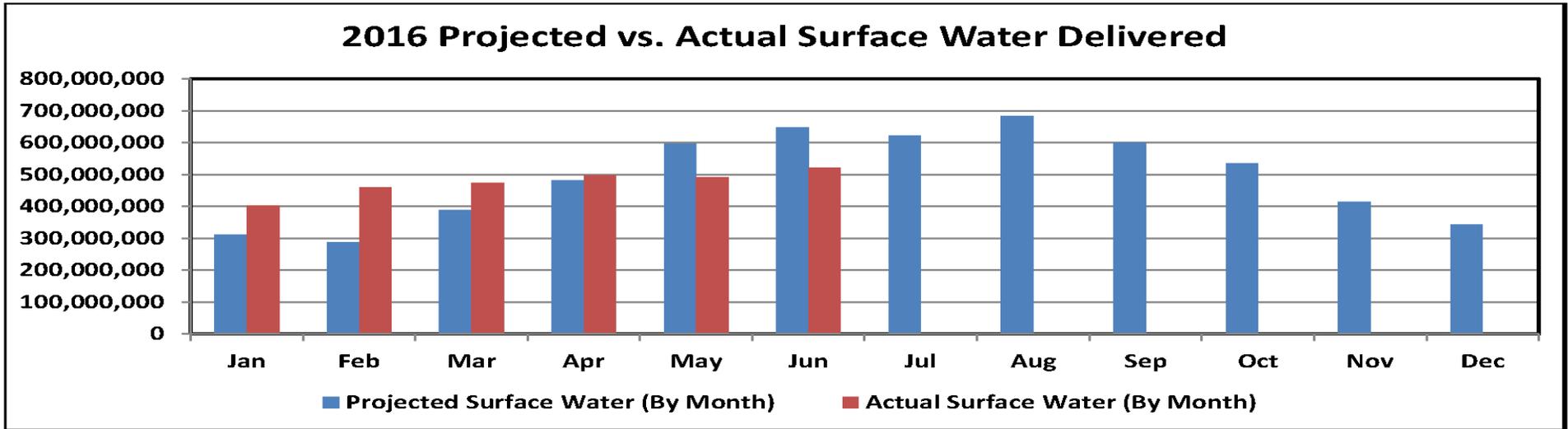
3.4 PROJECTED DATA VERSUS ACTUAL DATA FOR GROUNDWATER USAGE

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 **5,425,610,135** gallons of surface water to meet its ICO. This estimate is based on projections at the beginning of 2016 and does consider Early Conversion Credits and projected AWS usage by Participants. For the month of June, **521,040,000** 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 Ten Months Ending June 30, 2016

	Jun	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	\$ 2,596,177	\$ 24,098,387	\$ 22,992,073	\$ 1,106,314	5%	\$ 29,700,716	81%
GRP Surface Water Sales	1,279,201	9,844,400	15,432,154	(5,587,754)	(36%)	19,939,981	49%
LSGCD revenue	-	670,849	901,500	(230,651)	(26%)	1,202,000	56%
Compliance fee revenue	250	500	-	500	100%	-	0%
TOTAL OPERATING REVENUES	\$ 3,875,628	\$ 34,614,137	\$ 39,325,727	\$ (4,711,590)	(12%)	\$ 50,842,697	68%
OPERATING EXPENSES							
Payroll & employee benefit expenses	\$ 391,830	\$ 3,997,759	\$ 4,320,110	\$ 322,352	7%	\$ 5,310,918	75%
Professional fees	5,423	113,328	427,217	313,889	73%	505,050	22%
Purchased & contracted services	41,953	943,185	1,363,135	419,949	31%	1,757,462	54%
Supplies, materials & utilities	2,240,584	7,368,659	10,307,880	2,939,221	29%	13,008,558	57%
Maintenance repairs, parts & rentals	154,222	284,271	225,000	(59,271)	(26%)	270,000	105%
General & administration	51,464	462,581	695,058	232,476	33%	834,069	55%
TOTAL OPERATING EXPENSES	\$ 2,885,476	\$ 13,169,783	\$ 17,338,399	\$ 4,168,617	24%	\$ 21,686,057	61%
NON-OPERATING REVENUES & EXPENSES							
Interest on investments	\$ 90,477	\$ 342,299	\$ 3,292	\$ 339,007	10,299%	\$ 3,950	8,666%
Other revenues	-	3,219	10,250	(7,031)	(69%)	12,300	26%
Interest expense	(1,785,419)	(17,728,567)	(17,728,566)	(1)	0%	(21,299,405)	83%
Capital contributions	-	1,327,541	-	1,327,541	100%	-	0%
TOTAL NON-OPERATING (EXCLUDING ITEMS NOT BUDGETED)	\$ (1,694,942)	\$ (16,055,509)	\$ (17,715,024)	\$ 1,659,515	(9%)	\$ (21,283,155)	75%
NET INCOME (LOSS) (EXCLUDING ITEMS NOT BUDGETED)	\$ (704,790)	\$ 5,388,845	\$ 4,272,303	\$ 1,116,542	26%	\$ 7,873,485	68%
NON-OPERATING REVENUES & EXPENSES (NOT BUDGETED)							
Depreciation	\$ (49,686)	\$ (448,035)	\$ -	\$ (448,035)	100%	\$ -	0%
Amortized debt issuance expense	(56,602)	(53,337)	-	(53,337)	100%	-	0%
TOTAL NON-OPERATING (NOT BUDGETED)	\$ (106,288)	\$ (501,371)	\$ -	\$ (501,371)	100%	\$ -	0%
NET INCOME (LOSS) (BUDGETED AND NOT BUDGETED)	\$ (811,078)	\$ 4,887,474	\$ 4,272,303	\$ 615,170	14%	\$ 7,873,485	62%

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 June.

For Ten Months Ending June 30, 2016

(in thousands)

Category	YTD - Driver	June 2016	FYTD 2016
GRP Pumping Fees	Groundwater pumpage more than budgeted due to reduced Surface water delivery.	(591)	1,106
GRP Surface Water Sales	Surface water delivery less than anticipated.	(862)	(5,587)
LSGCD Revenue	Quarterly Billing of LSGCD pass through charges less than budgeted.	-	(231)
Payroll and related expenses	Budgeted positions not filled as scheduled.	24	322
Professional Fees	Professional fees less than budgeted.	47	314
Purchased & Contracted Services	Purchased and contracted services below budgeted. Quarterly LSGCD Regulatory fees less than rate budgeted.	(2) -	108 312
Supplies, Materials, Utilities, Maintenance, Repairs, Parts & Rentals	Fuel, office supplies, phones, recruiting and misc. expenses less than budgeted.	46	415
	Chemicals-Aggregate usage of Chemicals lower than expected.	51	523
	GAC Replacement- Timing of replacement and life expectancy of material different than budgeted	(1,737)	(37)
	Utilities-Electricity costs lower than expected	164	1,216
	COH Reservation Fee less than budgeted	-	281
	SJRA Reservation Fee more than budgeted	(12)	(216)
	SJRA Supply Use Fee less than budgeted	132	757
	Maintenance repairs, parts & rentals expense more than budgeted due to unexpected pipeline repair.	(131)	(59)
General & Administration	Allocated labor and related expenses less than budgeted, anticipated a quicker rate of growth than has been actualized.	18	232
Non-Operating	Interest/Investment Income	90	339
	Other Revenues	(1)	(7)
	Bond interest expense	-	-
	Capital Contribution	-	1,328
	Depreciation expense	(50)	(448)
	Bond Issuance Cost Amort expense	(56)	(53)
		<u>(2,870)</u>	<u>615</u>



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

Event	Type	Location	Date	Participants
McCarthy and Interns Tour	Tour	GRP Surface Water Treatment Facilities	7/23/2016	GRP Staff and McCarthy Interns

