

GROUNDWATER REDUCTION PLAN – MONTHLY OPERATIONS REPORT

MONTH REPORTED: JANUARY, 2019

FY 2019 - Operating Actual vs. Budgeted

	Actual	Budgeted	% Variance
Operating Revenues	\$16,994,720	\$20,498,477	(17%)
Operating Expenses	\$7,012,569	\$8,298,809	15%
Non-Operating Revenues & Expenses	(\$7,914,364)	(\$8,580,624)	(8%)
Net Income/Loss	\$2,067,787	\$3,619,044	(43%)

2019 - Key Performance Indicators

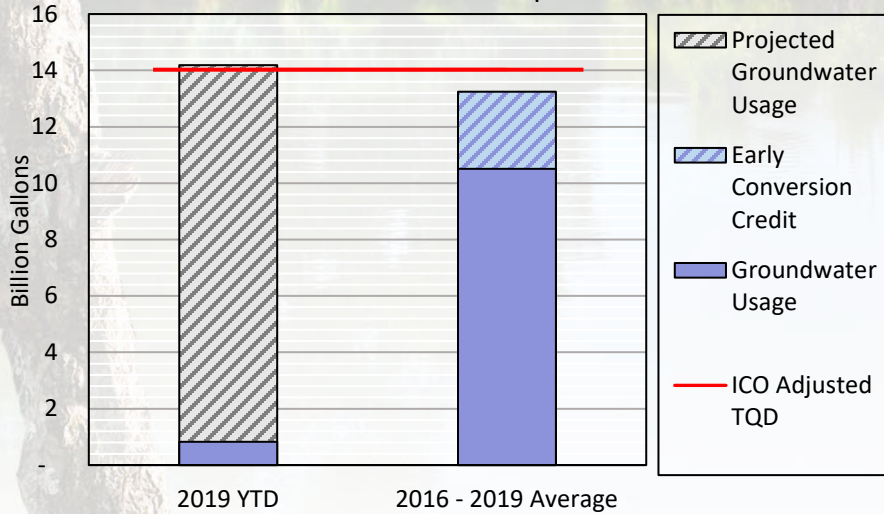
Indicator	Target	Status
Plant Downtime	<1%	Target Met
Water Quality	TCEQ Standards	Target Met
O&M Cost per 1,000 gal *	\$2.80	\$4.49

*excluding debt cost

Operating Fund Balance	\$7,084,018
Months of Budgeted Operating Funds	4.57
Period Change to Fund Balance	(\$957,453)
April 1, 2019 Bond Interest Payment Due	\$10,269,064
Balance in Debt Service Fund as of January 31, 2019	\$6,921,410



Groundwater Compliance



January Total Water Usage: 1,128,940,792 gal

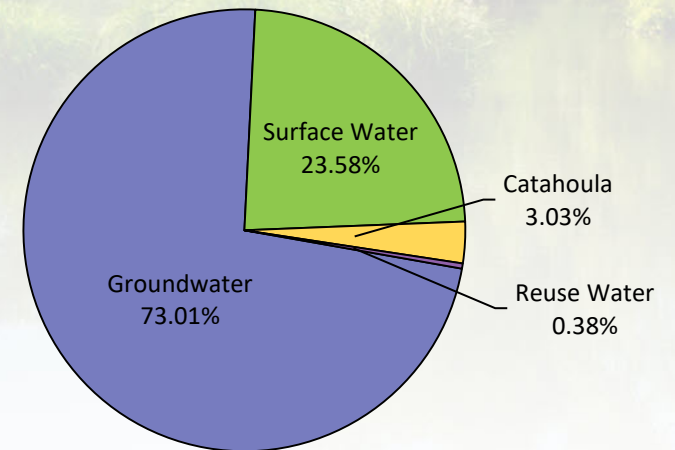


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1.0 REPORTED WATER USAGE

For the purpose of the GRP Monthly Operations Report, water usage is separated into three (3) categories; groundwater, alternative water source (AWS), and surface water withdrawal. Groundwater and AWS water usage is self-reported by Participants through an online reporting system (ORS), TrueBill. Pursuant to the GRP Rate Order, Participant water usage must be reported no later than ten (10) days from the end of the month. The water usage data in Sections 1.1 - 1.3 is as of February 15, 2019.

1.1 REPORTED GROUNDWATER USAGE

The amount of groundwater usage reported by GRP Participants for the month of January is **837,656,703** 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 January is **304,689,600** gallons. The AWS data reflected in the tables below are reported by source and Participant for the month of January.

1.2.1 REPORTED SURFACE WATER USAGE

Reported Surface Water Usage in Gallons - January 2019	
City of Conroe	106,741,000
City of Oak Ridge North	5,955,000
Montgomery County MUD 99	5,380,000
MSEC - Montgomery Trace/Crown Oaks	12,183,000
Rayford Road MUD	11,904,000
SJRA - The Woodlands	111,152,000
Southern Montgomery County MUD	12,885,000
Total Gallons	266,200,000

1.2.2. REPORTED CATAHOULA AQUIFER USAGE

Reported Catahoula Aquifer Usage in Gallons - January 2019	
City of Conroe	0
City of Willis	24,290,000
Corinthian Point MUD No. 2	1,504,000
Far Hills Utility District	2,949,000
Point Aquarius MUD	5,509,000
Total Gallons	34,252,000

1.2.3. REPORTED REUSE WATER

Reported Reuse Water Usage in Gallons - January 2019	
Sequoia - Panther Trails	0
Southern Montgomery County MUD	4,237,600
Total Gallons	4,237,600

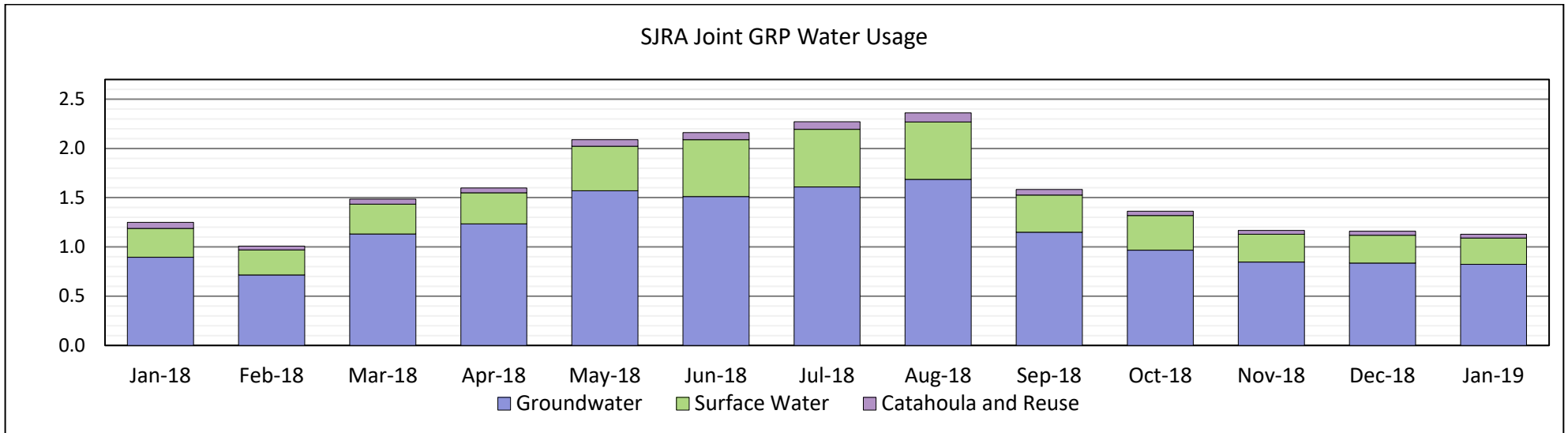
1.2.4. SURFACE WATER WITHDRAWAL

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 January, 2019 was **271,900,000** gallons.

1.3 HISTORICAL DATA REPORTED BY PARTICIPANTS

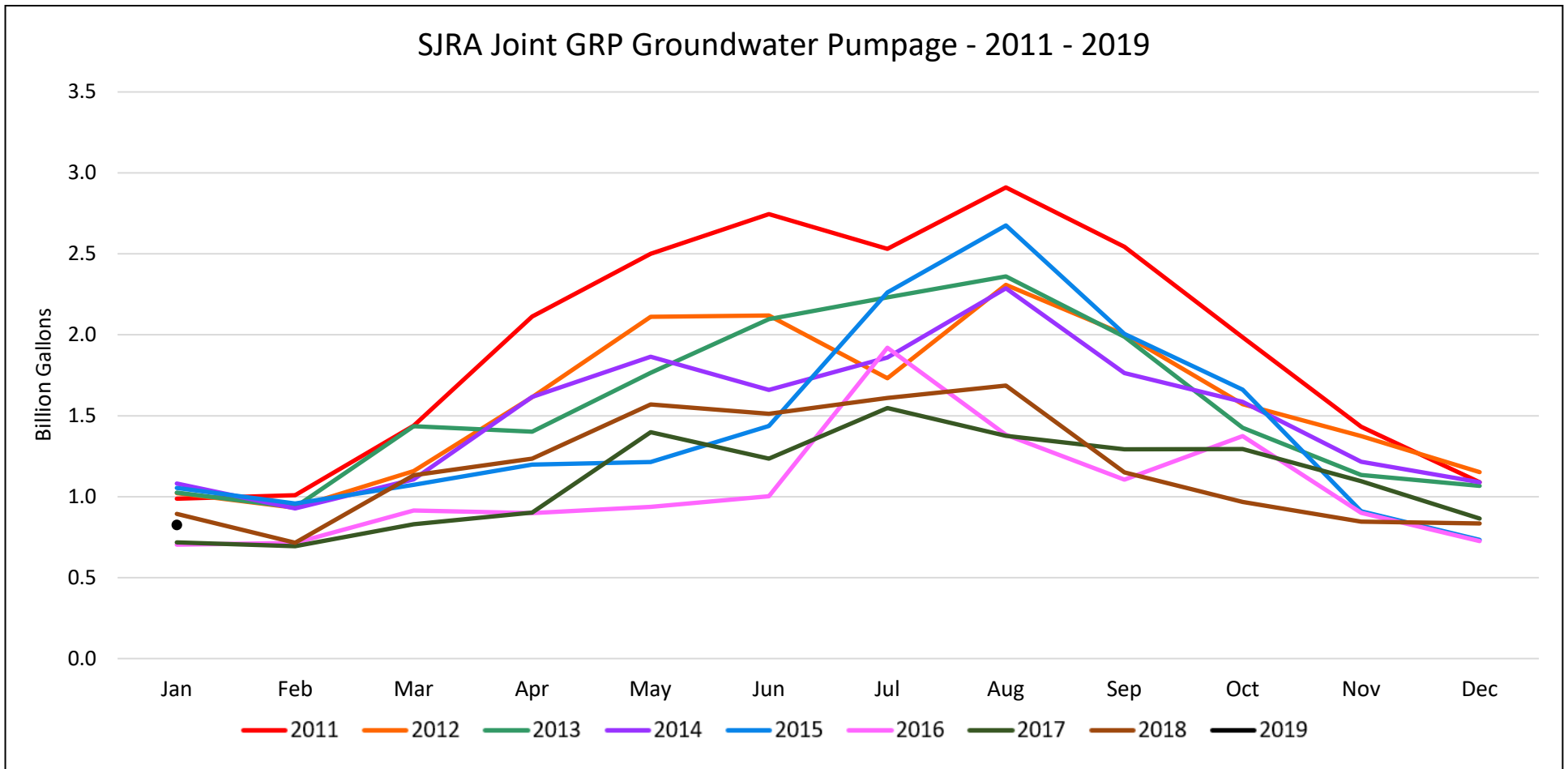
The table and graph below reflect the historical usage of groundwater and AWS for all Joint GRP Participants. For representational purposes, historical surface water usage has been presented independently from other AWS usage.

	2017				2018				2019			
	Groundwater	Surface Water	Catahoula and Reuse	Total	Groundwater	Surface Water	Catahoula and Reuse	Total	Groundwater	Surface Water	Catahoula and Reuse	Total
Jan	717,197,847	426,901,000	37,167,900	1,181,266,747	894,711,494	294,096,000	60,763,000	1,249,570,494	824,251,192	266,200,000	38,489,600	1,128,940,792
Feb	694,070,362	409,905,000	34,156,700	1,138,132,062	715,987,002	254,370,000	39,516,400	1,009,873,402	—	—	—	—
Mar	830,008,037	575,385,000	44,316,700	1,449,709,737	1,133,895,546	300,765,000	53,161,100	1,487,821,646	—	—	—	—
Apr	901,359,119	611,393,000	43,978,800	1,556,730,919	1,235,228,988	315,698,000	46,536,700	1,597,463,688	—	—	—	—
May	1,399,094,997	636,301,000	44,206,800	2,079,602,797	1,570,079,322	451,045,000	68,855,100	2,089,979,422	—	—	—	—
Jun	1,234,597,317	620,552,000	46,685,100	1,901,834,417	1,525,563,430	576,404,000	72,557,900	2,174,525,330	—	—	—	—
Jul	1,547,560,265	656,934,000	69,487,700	2,273,981,965	1,626,108,233	583,352,000	77,884,800	2,287,345,033	—	—	—	—
Aug	1,375,384,901	579,597,000	63,068,700	2,018,050,601	1,686,301,275	581,988,000	93,221,900	2,361,511,175	—	—	—	—
Sep	1,292,521,545	547,357,000	57,440,800	1,897,319,345	1,149,498,339	377,060,000	56,130,000	1,582,688,339	—	—	—	—
Oct	1,293,793,760	503,712,000	65,501,100	1,863,006,860	967,745,508	351,035,000	43,617,900	1,362,398,408	—	—	—	—
Nov	1,095,298,587	359,632,000	63,441,400	1,518,371,987	846,045,795	282,451,000	39,736,200	1,168,232,995	—	—	—	—
Dec	866,192,136	307,447,000	54,766,900	1,228,406,036	837,656,703	283,594,000	39,882,400	1,161,133,103	—	—	—	—
Total	13,247,078,873	6,235,116,000	624,218,600	20,106,413,473	14,188,821,635	4,651,858,000	691,863,400	19,532,543,035	824,251,192	266,200,000	38,489,600	1,128,940,792



1.3 HISTORICAL DATA REPORTED BY PARTICIPANTS (CONTINUED)

The graph below reflects historical usage of groundwater pumped by all Joint GRP Participants, since January, 2011 through the month of January, 2019.



2.0 COMPLIANCE

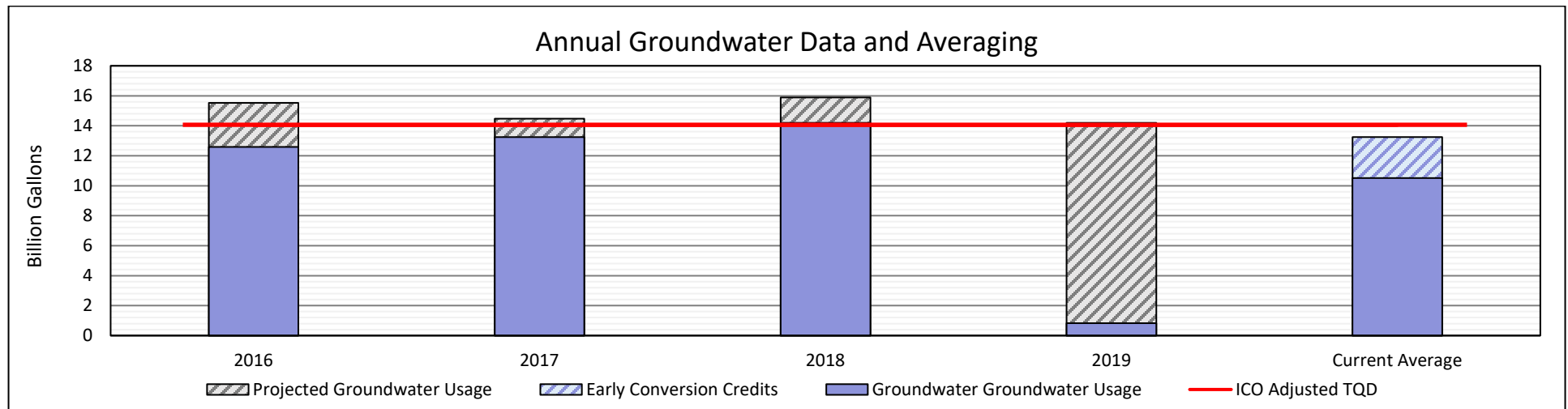
The following information is related to the Joint GRP's compliance with Lone Star Groundwater Conservation District's (LSGCD) rules and regulations, along with Participant compliance with the GRP Contract.

2.1 LONE STAR GROUNDWATER CONSERVATION DISTRICT REQUIREMENT STATUS

Per LSGCD rules and regulations, the Joint GRP was required to reduce its overall groundwater pumpage in 2016 to below its Initial Conversion Obligation (ICO) Adjusted Total Qualifying Demand (TQD) which is currently 14,033,318,008 gallons. The GRP successfully achieved this goal and now must meet compliance with LSGCD by reducing groundwater to below its ICO Adjusted TQD, on average, for the next thirty years.

2.2 COMPLIANCE TARGETS AND GOALS

The purpose of the graph below is to track the current groundwater usage and average in order to meet the thirty year averaging requirement set by current LSGCD rules and regulations. The graph represents the projected use and reported use of groundwater along with the current usage average in relation to the Joint GRP's ICO adjusted TQD.



2.3 PARTICIPANTS

There are currently 150 Joint GRP Participants

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

- None at this time.

3.0 FINANCIAL

3.1 SCHEDULE OF REVENUES AND EXPENSES

Schedule of Revenues and Expenses – Actual and Budget For Five Months Ending January 31, 2019 (Unaudited)

	January	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	\$ 2,195,576	\$ 12,202,495	\$ 15,264,968	\$ (3,062,473)	(20%)	\$ 39,240,518	31%
GRP surface water sales	753,346	4,415,142	4,843,333	(428,191)	(9%)	12,392,060	36%
LSGCD revenue	(939)	365,255	390,176	(24,921)	(6%)	1,560,702	23%
Repair recover revenue	-	11,577	-	11,577	100%	-	0%
Compliance fee revenue	-	250	-	250	100%	-	0%
TOTAL OPERATING REVENUES	\$ 2,947,983	\$ 16,994,720	\$ 20,498,477	\$ (3,503,757)	(17%)	\$ 53,193,280	32%
OPERATING EXPENSES							
Payroll & employee benefit expenses	\$ 338,992	\$ 1,806,177	\$ 2,166,354	\$ 360,178	(17%)	\$ 5,140,369	35%
Professional fees	85,080	338,386	337,704	(682)	(0%)	1,178,350	29%
Purchased & contracted services	13,775	441,777	544,605	102,827	19%	1,887,305	23%
Supplies, materials & utilities	2,051,840	4,119,705	4,605,773	486,067	11%	9,364,431	44%
Maintenance repairs, parts & rentals	38,097	153,543	413,651	260,108	63%	992,800	15%
General & administration	35,142	152,981	230,723	77,742	34%	553,734	28%
TOTAL OPERATING EXPENSES	\$ 2,562,926	\$ 7,012,569	\$ 8,298,809	\$ 1,286,240	15%	\$ 19,116,988	37%
NON-OPERATING REVENUES & EXPENSES							
Interest on investments	\$ 155,364	\$ 672,430	\$ (1,200)	\$ 673,630	(56,136%)	\$ (2,880)	(23,348%)
Other revenues	-	-	7,370	(7,370)	(100%)	17,688	0%
Interest expense	(1,711,511)	(8,586,794)	(8,586,794)	-	0%	(20,567,369)	42%
TOTAL NON-OPERATING (EXCLUDING ITEMS NOT BUDGETED)	\$ (1,556,147)	\$ (7,914,364)	\$ (8,580,624)	\$ 666,260	(8%)	\$ (20,552,561)	39%
NET INCOME (LOSS) (EXCLUDING ITEMS NOT BUDGETED)	\$ (1,171,090)	\$ 2,067,787	\$ 3,619,043	\$ (1,551,256)	(43%)	\$ 13,523,731	15%
NON-OPERATING REVENUES & EXPENSES (NOT BUDGETED)							
Depreciation	(1,244,262)	(6,212,674)	-	(6,212,674)	(100%)	\$ -	0%
Amortized debt issuance expense	584	2,922	-	2,922	1	-	0%
TOTAL NON-OPERATING (NOT BUDGETED)	\$ (1,243,677)	\$ (6,209,753)	\$ -	\$ (6,209,753)	(100%)	\$ -	0%
NET INCOME (LOSS) (BUDGETED AND NOT BUDGETED)	\$ (2,414,768)	\$ (4,141,966)	\$ 3,619,043	\$ (7,761,009)	(214%)	\$ 13,523,731	(31%)

*FY 2019 budget for GRP Division amended by Board approval on 1/24/19.

3.2 CLARIFICATION OF ACTUAL AND BUDGETED VARIANCES

Following is a schedule with an explanation of year to date budget variances related to the SJRA GRP Division's Fiscal Year 2019 operating budget (revenue and expenditures) for the five months ending January 31, 2019. Please note that while year to date operating revenues overall are less than forecasted, the year to date operating expenses are also less due to various cost management efforts.

		For Five Months Ending January 31, 2019 (Unaudited)	
		(in thousands)	
Category	YTD - Driver	Jan 2019	FYTD 2019
GRP Pumping Fees	Groundwater pumpage below forecasted due to lower demand.	(164)	(3,063)
GRP Surface Water Sales	Surface water delivery less than budgeted.	(80)	(428)
LSGCD Revenue	LSGCD allocation less than expected	(1)	(25)
Compliance Fee & Repair Recovery Revenue	Compliance Fees & Repair Recovery not budgeted.	-	12
Payroll and related expenses	Salaries and benefits less than budgeted.	65	360
Professional Fees	Professional fees showing below budget primarily due to timing of Legal and Engineering/Consultants/Survey invoicing for services.	(5)	(1)
Purchased & Contracted Services	Purchased and contracted services below budgeted levels.	27	103
Supplies, Materials, Utilities, Maintenance, Repairs, Parts & Rentals	Fuel, office supplies, phones, recruiting and misc. expenses less than budgeted.	(10)	26
	Chemicals-Aggregate usage of Chemicals lower than expected.	42	167
	Utilities-Electricity & Sewer costs more than budgeted.	(18)	(98)
	City of Houston Reservation Fee-FY18 LC Actuals below budgeted	351	351
	SJRA Reservation Fee above budgeted due to lower Supply Use	(3)	(13)
	SJRA Supply Use Fee below expected	12	53
	Maintenance repairs, parts & rentals expense less than budgeted in aggregate.	45	260
General & Administration	Allocation portion of G&A expenses less than budgeted.	11	78
Non-Operating	Interest/Investment Income	156	674
	Other Revenues	(1)	(7)
	Sale of Assets	-	-
	Bond interest expense	-	-
	Depreciation expense	(1,245)	(6,213)
	Bond Issuance Cost Amort expense	1	3
		(817)	(7,761)



4.0 DIVISION UPDATES

4.1 DROUGHT CONTINGENCY PLAN TRIGGERS/STATUS

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

4.2 PUBLIC RELATIONS ACTIVITIES

Type	Location	Date	Participants
Tour	GRP Surface Water Treatment Plant	January 30, 2019	Huntsville ISD – Food Science Students

4.3 UPCOMING ACTIVITIES

Type	Location	Date	Participants
Tour	GRP Surface Water Treatment Plant	February 26, 2019	Leadership SJRA
Tour	GRP Surface Water Treatment Plant	March 7, 2019	Leadership Montgomery County

ACRONYMS AND DEFINITIONS

ACRONYMS

AWS	Alternative Water Source
AWWA	American Water Works Association
CIP	Capital Improvement Project
ECC	Early Conversion Credits
FY	Fiscal Year
FYTD	Fiscal Year To Date
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.

