

GROUNDWATER REDUCTION PLAN – MONTHLY OPERATIONS REPORT

MONTH REPORTED: FEBRUARY, 2019

FY 2019 - Operating Actual vs. Budgeted

	Actual	Budgeted	% Variance
Operating Revenues	\$19,952,057	\$23,764,862	(16%)
Operating Expenses	\$8,321,306	\$9,700,653	14%
Non-Operating Revenues & Expenses	(\$9,499,592)	(\$10,290,901)	(8%)
Net Income/Loss	\$2,131,159	\$3,773,308	(44%)

2019 - Key Performance Indicators

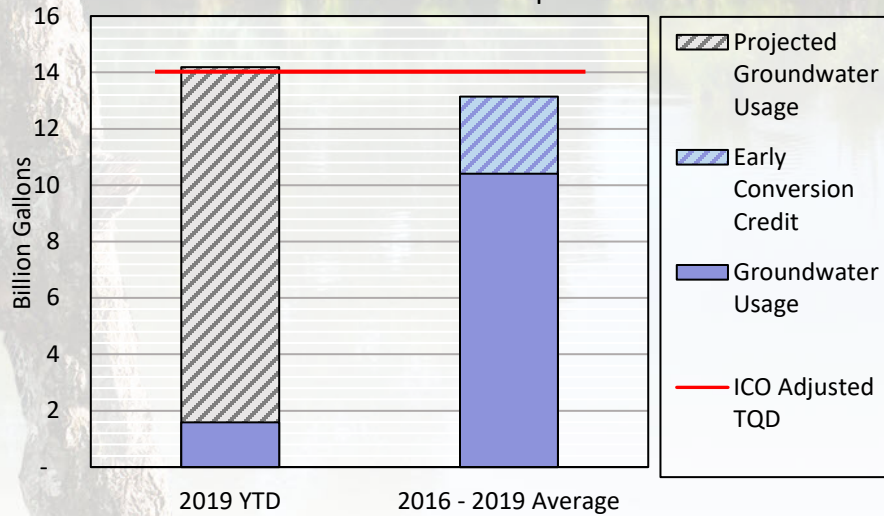
Indicator	Target	Status
Plant Downtime	<1%	Target Met
Water Quality	TCEQ Standards	Target Met
O&M Cost per 1,000 gal *	\$2.80	\$4.62

*excluding debt cost

Operating Fund Balance	\$7,468,018
Months of Budgeted Operating Funds	4.81
Period Change to Fund Balance	\$384,001
April 1, 2019 Bond Interest Payment Due	\$10,269,064
Balance in Debt Service Fund as of January 31, 2019	\$8,623,589



Groundwater Compliance



February Total Water Usage: 1,033,887,167 gal

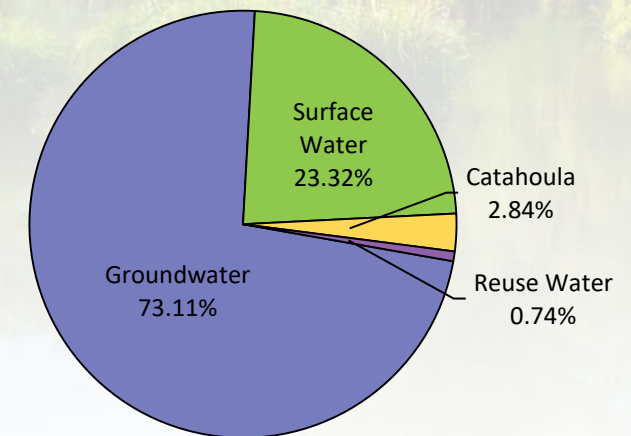


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1.0 REPORTED WATER USAGE

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 March 14, 2019.

1.1 REPORTED GROUNDWATER USAGE

The amount of groundwater usage reported by GRP Participants for the month of February is **755,856,967** 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 February is **278,030,200** gallons. The AWS data reflected in the tables below are reported by source and Participant for the month of February.

1.2.1 REPORTED SURFACE WATER USAGE

Reported Surface Water Usage in Gallons - February 2019	
City of Conroe	103,852,000
City of Oak Ridge North	5,597,000
Montgomery County MUD 99	1,220,000
MSEC - Montgomery Trace Crown Oaks	8,694,000
Rayford Road MUD	11,322,000
SJRA - The Woodlands	98,883,000
Southern Montgomery County MUD	11,487,000
Total Gallons	241,055,000

1.2.2. REPORTED CATAHOULA AQUIFER USAGE

Reported Catahoula Aquifer Usage in Gallons - February 2019	
City of Conroe	332,000
City of Willis	20,394,000
Corinthian Point MUD No. 2	1,418,000
Far Hills Utility District	2,440,000
Point Aquarius MUD	4,769,000
Total Gallons	29,353,000

1.2.3. REPORTED REUSE WATER

Reported Reuse Water Usage in Gallons - February 2019	
Sequoia - Panther Trails	2,231,000
Southern Montgomery County MUD	5,391,200
Total Gallons	7,622,200

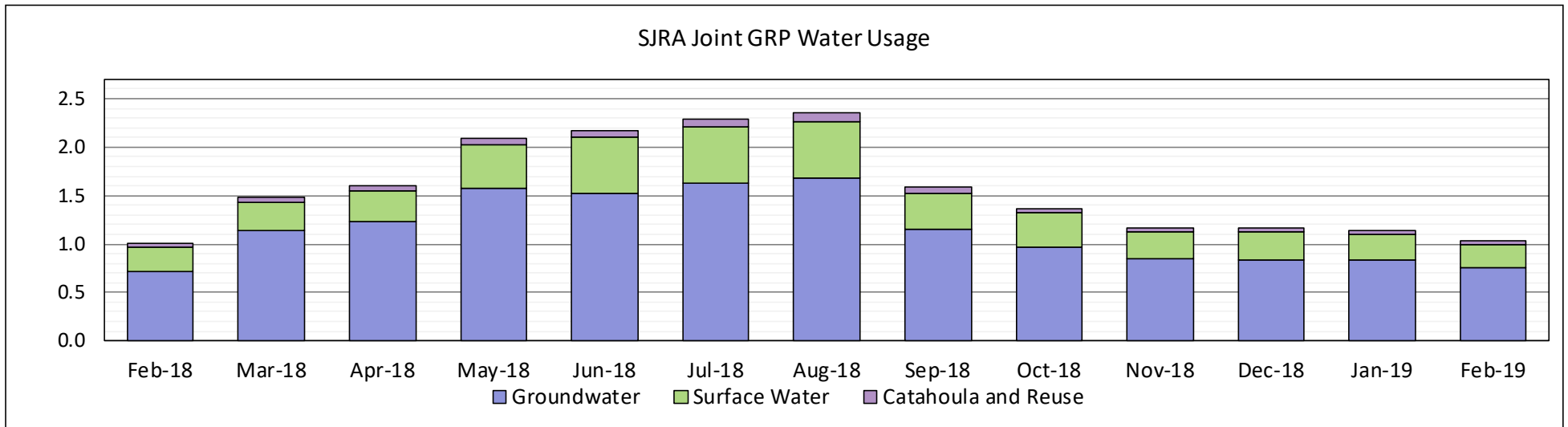
1.2.4. SURFACE WATER WITHDRAWAL

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 February, 2019 was **247,420,000** gallons.

1.3 HISTORICAL DATA REPORTED BY PARTICIPANTS

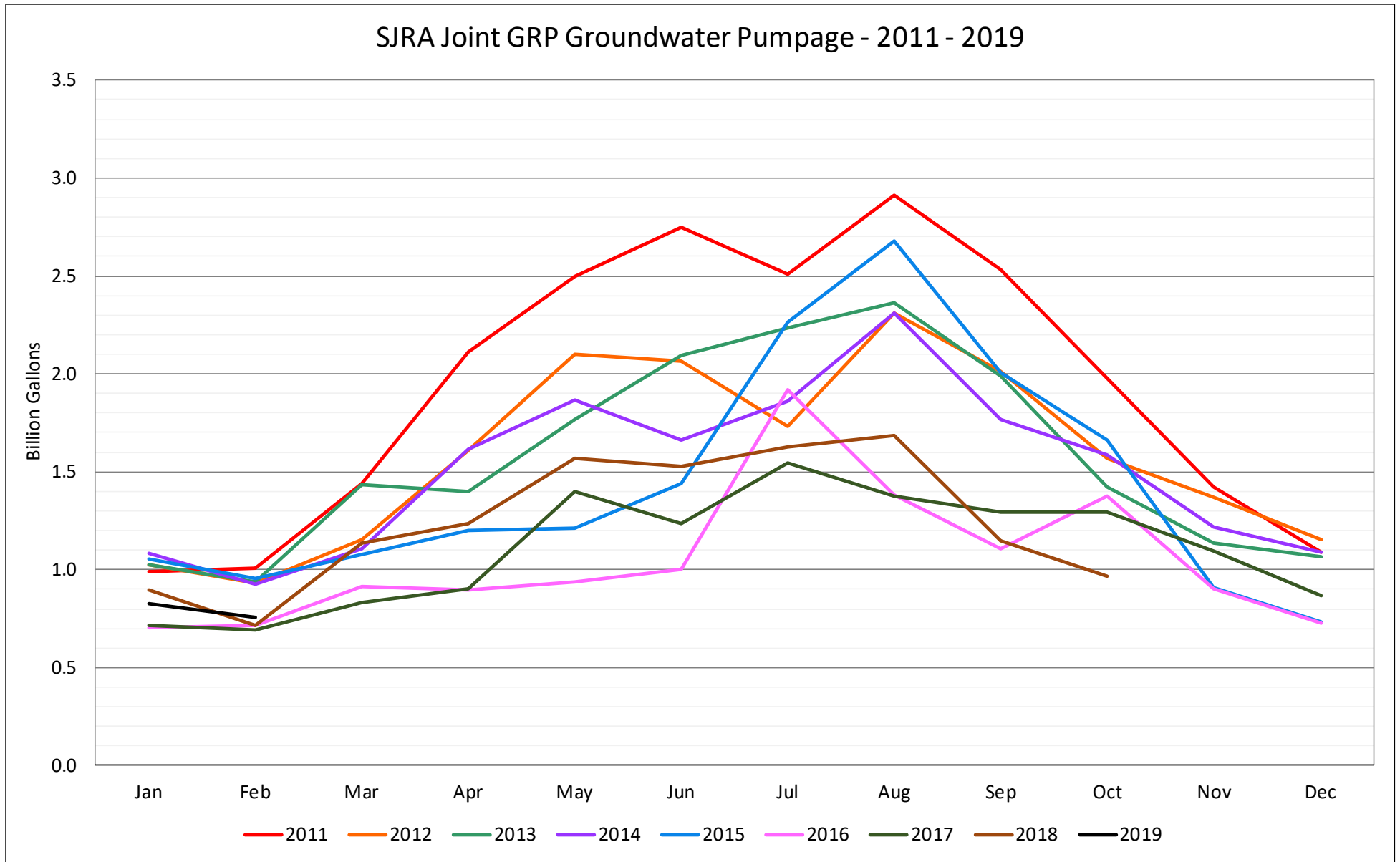
The table and graph below reflect the historical usage of groundwater and AWS for all Joint GRP Participants. For representational purposes, historical surface water usage has been presented independently from other AWS usage.

	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	717,378,927	426,901,000	37,167,900	1,181,447,827	894,816,974	294,096,000	60,763,000	1,249,675,974	828,831,192	266,200,000	38,489,600	1,133,520,792
Feb	694,097,542	409,905,000	34,156,700	1,138,159,242	716,013,822	254,370,000	39,516,400	1,009,900,222	755,856,967	241,055,000	36,975,200	1,033,887,167
Mar	830,066,897	575,385,000	44,316,700	1,449,768,597	1,133,942,796	300,765,000	53,161,100	1,487,868,896	—	—	—	—
Apr	901,389,269	611,393,000	43,978,800	1,556,761,069	1,235,263,008	315,698,000	46,536,700	1,597,497,708	—	—	—	—
May	1,399,140,537	636,301,000	44,206,800	2,079,648,337	1,570,121,982	451,045,000	68,855,100	2,090,022,082	—	—	—	—
Jun	1,234,684,077	620,552,000	46,685,100	1,901,921,177	1,525,643,620	576,404,000	72,557,900	2,174,605,520	—	—	—	—
Jul	1,547,759,975	656,934,000	69,487,700	2,274,181,675	1,626,392,723	583,352,000	77,884,800	2,287,629,523	—	—	—	—
Aug	1,375,472,471	579,597,000	63,068,700	2,018,138,171	1,686,481,365	581,988,000	93,221,900	2,361,691,265	—	—	—	—
Sep	1,292,558,265	547,357,000	57,440,800	1,897,356,065	1,149,738,279	377,060,000	56,130,000	1,582,928,279	—	—	—	—
Oct	1,293,860,270	503,712,000	65,501,100	1,863,073,370	967,955,568	351,035,000	43,617,900	1,362,608,468	—	—	—	—
Nov	1,095,359,247	359,632,000	63,441,400	1,518,432,647	846,045,795	282,451,000	39,736,200	1,168,232,995	—	—	—	—
Dec	866,222,826	307,447,000	54,766,900	1,228,436,726	837,656,703	283,594,000	39,882,400	1,161,133,103	—	—	—	—
Total	13,247,990,303	6,235,116,000	624,218,600	20,107,324,903	14,190,072,635	4,651,858,000	691,863,400	19,533,794,035	1,584,688,159	507,255,000	75,464,800	2,167,407,959



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 February, 2019.



2.0 COMPLIANCE

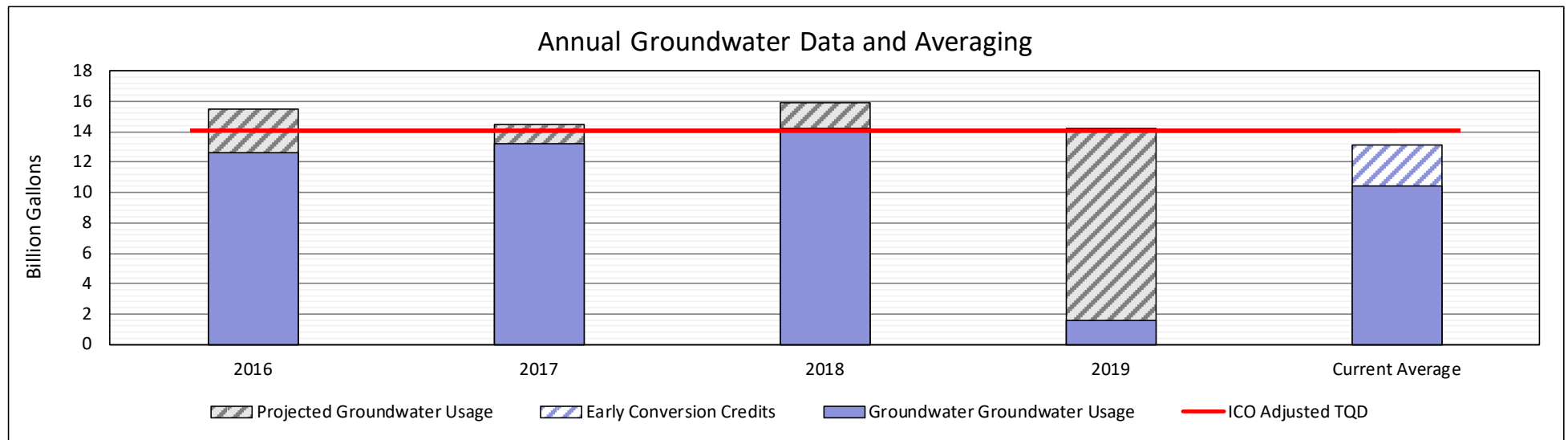
The following information is related to the Joint GRP's compliance with Lone Star Groundwater Conservation District's (LSGCD) rules and regulations, along with Participant compliance with the GRP Contract.

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 Six Months Ending February 28, 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	\$ 2,072,221	\$ 14,274,716	\$ 17,368,079	\$ (3,093,363)	(18%)	\$ 39,240,518	36%
GRP surface water sales	680,285	5,095,427	5,616,432	(521,005)	(9%)	12,392,060	41%
LSGCD revenue	204,831	570,087	780,351	(210,264)	(27%)	1,560,702	37%
Repair recover revenue	-	11,577	-	11,577	100%	-	0%
Compliance fee revenue	-	250	-	250	100%	-	0%
TOTAL OPERATING REVENUES	\$ 2,957,337	\$ 19,952,057	\$ 23,764,862	\$ (3,812,805)	(16%)	\$ 53,193,280	38%
OPERATING EXPENSES							
Payroll & employee benefit expenses	\$ 338,858	\$ 2,145,035	\$ 2,570,184	\$ 425,150	17%	\$ 5,140,369	42%
Professional fees	92,309	430,695	407,299	(23,396)	(6%)	1,178,350	37%
Purchased & contracted services	386,599	828,376	979,727	151,350	15%	1,887,305	44%
Supplies, materials & utilities	340,895	4,460,600	4,970,175	509,574	10%	9,364,431	48%
Maintenance repairs, parts & rentals	120,431	273,974	496,401	222,427	45%	992,800	28%
General & administration	29,646	182,626	276,867	94,241	34%	553,734	33%
TOTAL OPERATING EXPENSES	\$ 1,308,738	\$ 8,321,306	\$ 9,700,653	\$ 1,379,347	14%	\$ 19,116,988	44%
NON-OPERATING REVENUES & EXPENSES							
Interest on investments	\$ 126,283	\$ 798,713	\$ (1,440)	\$ 800,153	55,566%	\$ (2,880)	(27,733%)
Other revenues	-	-	8,844	(8,844)	(100%)	17,688	0%
Interest expense	(1,711,511)	(10,298,305)	(10,298,305)	-	0%	(20,567,369)	50%
TOTAL NON-OPERATING (EXCLUDING ITEMS NOT BUDGETED)	\$ (1,585,228)	\$ (9,499,592)	\$ (10,290,901)	\$ 791,309	(8%)	\$ (20,552,561)	46%
NET INCOME (LOSS) (EXCLUDING ITEMS NOT BUDGETED)	\$ 63,371	\$ 2,131,159	\$ 3,773,308	\$ (1,642,149)	(44%)	\$ 13,523,731	16%
NON-OPERATING REVENUES & EXPENSES (NOT BUDGETED)							
Depreciation	(1,243,059)	(7,455,733)	-	(7,455,733)	(100%)	\$ -	0%
Amortized debt issuance expense	584	3,506	-	3,506	1	-	0%
TOTAL NON-OPERATING (NOT BUDGETED)	\$ (1,242,475)	\$ (7,452,227)	\$ -	\$ (7,452,227)	(100%)	\$ -	0%
NET INCOME (LOSS) (BUDGETED AND NOT BUDGETED)	\$ (1,179,104)	\$ (5,321,068)	\$ 3,773,308	\$ (9,094,376)	(241%)	\$ 13,523,731	(39%)

*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 six months ending February 28, 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 Six Months Ending February 28, 2019 (Unaudited)
(in thousands)

Category	YTD Variance - Driver	Feb 2019	FYTD 2019
GRP Pumping Fees	Groundwater pumpage below forecasted due to lower demand.	(30)	(3,093)
GRP Surface Water Sales	Surface water delivery less than budgeted.	(93)	(521)
LSGCD Revenue	LSGCD allocation less than expected	(185)	(210)
Compliance Fee & Repair Recovery Revenue	Compliance Fees & Repair Recovery not budgeted.	-	12
Payroll and related expenses	Salaries and benefits less than budgeted.	65	425
Professional Fees	Professional fees showing below budget primarily due to timing of Legal and Engineering/Consultants/Survey invoicing for services.	(22)	(23)
Purchased & Contracted Services	Purchased and contracted services below budgeted levels.	48	151
Supplies, Materials, Utilities, Maintenance, Repairs, Parts & Rentals	Fuel, office supplies, phones, recruiting and misc. expenses less than budgeted.	5	31
	Chemicals-Aggregate usage of Chemicals lower than expected.	21	188
	Utilities-Electricity & Sewer costs more than budgeted.	(11)	(109)
	City of Houston Reservation Fee-FY18 LC Actuals below budgeted	-	351
	SJRA Reservation Fee above budgeted due to lower Supply Use	(4)	(17)
	SJRA Supply Use Fee below expected	13	66
	Maintenance repairs, parts & rentals expense less than budgeted in aggregate.	-38	222
General & Administration	Allocation portion of G&A expenses less than budgeted.	16	94
Non-Operating	Interest/Investment Income	126	800
	Other Revenues	(2)	(9)
	Sale of Assets	-	-
	Bond interest expense	-	-
	Depreciation expense	(1,243)	(7,456)
	Bond Issuance Cost Amort expense	1	4
		(1,333)	(9,094)



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

4.3 UPCOMING ACTIVITIES

Type	Location	Date	Participants
Tour	GRP Surface Water Treatment Plant	March 20, 2019	The Woodlands Division Employees
Tour	GRP Surface Water Treatment Plant	April 3, 2019	New SJRA Employees

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.

