

GROUNDWATER REDUCTION PLAN – MONTHLY OPERATIONS REPORT

MONTH REPORTED: APRIL, 2019

FY 2019 - Operating Actual vs. Budgeted

	Actual	Budgeted	% Variance
Operating Revenues	\$27,512,863	\$31,455,572	(13%)
Operating Expenses	\$10,744,176	\$12,420,523	13%
Non-Operating Revenues & Expenses	(\$12,620,156)	(\$13,711,454)	(8%)
Net Income/Loss	\$4,148,531	\$5,323,595	(22%)

2019 - Key Performance Indicators

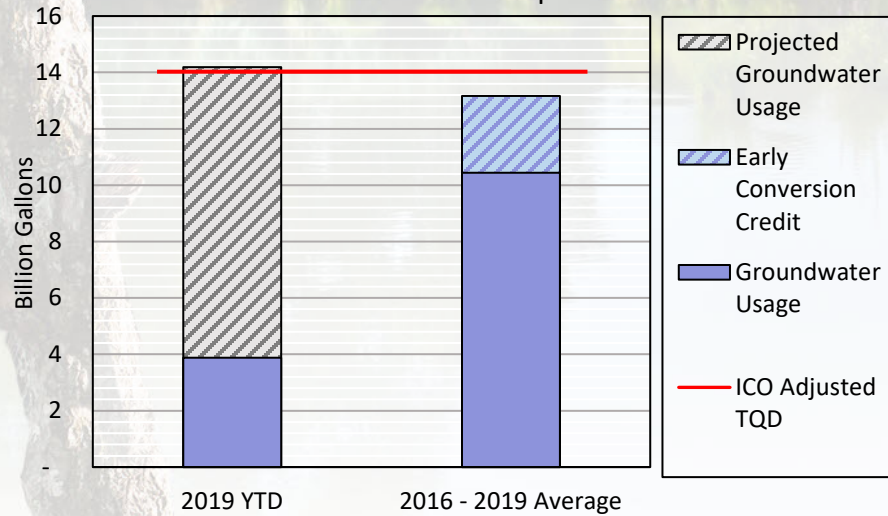
Indicator	Target	Status
Plant Downtime	<1%	Target Met
Water Quality	TCEQ Standards	Target Met
O&M Cost per 1,000 gal *	\$2.80	\$4.59

*excluding debt cost

Operating Fund Balance	\$5,395,300
Months of Budgeted Operating Funds	3.48
Change from Previous Month	(\$1,597,053)
Bond Interest/Principal Payment Due 10/1/2019	\$24,289,064
Balance in Debt Service Fund as of 4/30/2019	\$4,101,645



Groundwater Compliance



April Total Water Usage: 1,546,920,664 gal

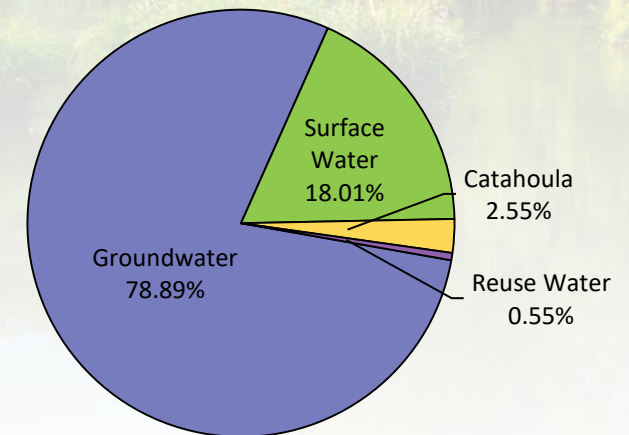


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1.0 REPORTED WATER USAGE

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 May 14, 2019.

1.1 REPORTED GROUNDWATER USAGE

The amount of groundwater usage reported by GRP Participants for the month of April is **1,220,394,364** 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 April is **325,132,300** gallons. The AWS data reflected in the tables below are reported by source and Participant for the month of April.

1.2.1 REPORTED SURFACE WATER USAGE

Reported Surface Water Usage in Gallons - April 2019	
City of Conroe	90,105,000
City of Oak Ridge North	6,571,000
Montgomery County MUD 99	13,150,000
MSEC - Montgomery Trace Crown Oaks	9,639,000
Rayford Road MUD	13,457,000
SJRA - The Woodlands	133,554,000
Southern Montgomery County MUD	12,143,000
Total Gallons	278,619,000

1.2.2. REPORTED CATAHOULA AQUIFER USAGE

Reported Catahoula Aquifer Usage in Gallons - April 2019	
City of Conroe	28,000
City of Willis	24,956,000
Corinthian Point MUD No. 2	2,412,000
Far Hills Utility District	3,719,000
Point Aquarius MUD	6,908,000
Total Gallons	38,023,000

1.2.3. REPORTED REUSE WATER

Reported Reuse Water Usage in Gallons - April 2019	
Sequoia - Panther Trails	3,169,000
Southern Montgomery County MUD	5,321,300
Total Gallons	8,490,300

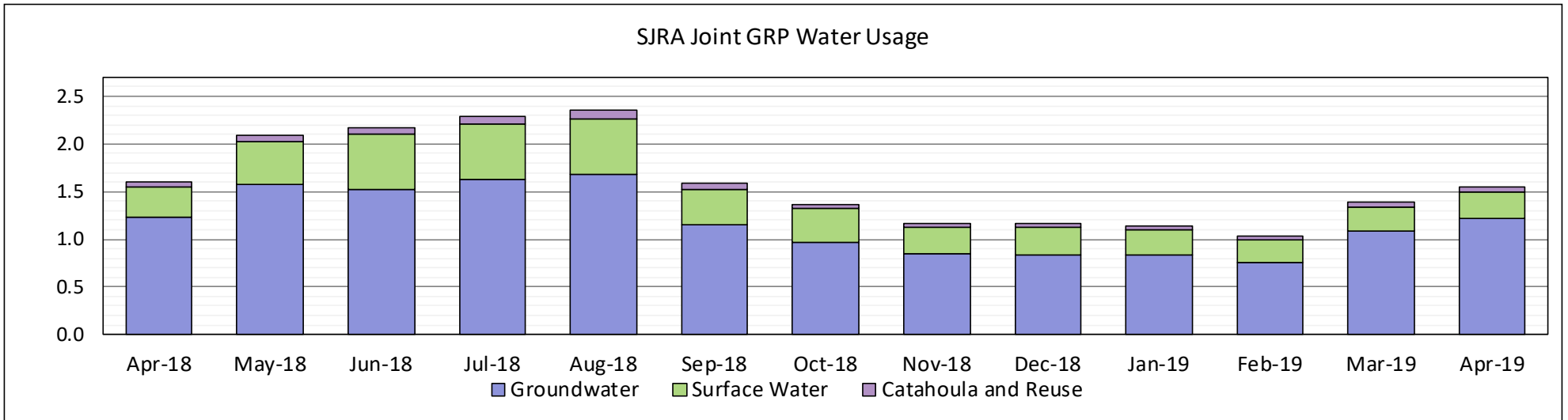
1.2.4. SURFACE WATER WITHDRAWAL

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 April, 2019 was **286,630,000** gallons.

1.3 HISTORICAL DATA REPORTED BY PARTICIPANTS

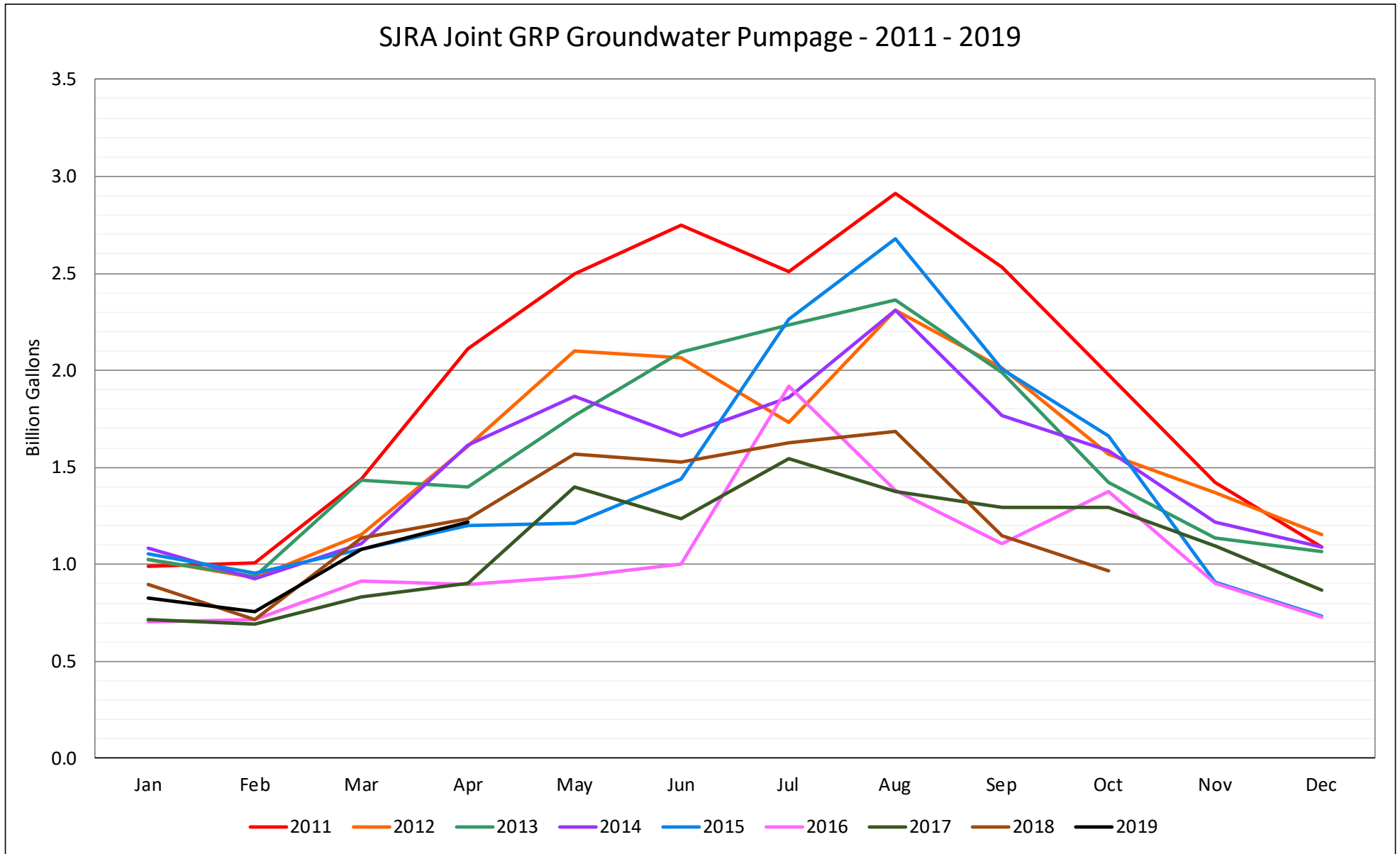
The table and graph below reflect the historical usage of groundwater and AWS for all Joint GRP Participants. For representational purposes, historical surface water usage has been presented independently from other AWS usage.

	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	828,821,192	266,200,000	38,489,600	1,133,510,792
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	755,846,967	241,055,000	36,975,200	1,033,877,167
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	1,079,613,749	262,445,000	48,362,800	1,390,421,549
Apr	901,389,269	611,393,000	43,978,800	1,556,761,069	1,235,107,008	315,698,000	46,536,700	1,597,341,708	1,220,394,364	278,619,000	47,907,300	1,546,920,664
May	1,399,140,537	636,301,000	44,206,800	2,079,648,337	1,570,081,982	451,045,000	68,855,100	2,089,982,082	—	—	—	—
Jun	1,234,684,077	620,552,000	46,685,100	1,901,921,177	1,525,503,620	576,404,000	72,557,900	2,174,465,520	—	—	—	—
Jul	1,547,759,975	656,934,000	69,487,700	2,274,181,675	1,626,056,723	583,352,000	77,884,800	2,287,293,523	—	—	—	—
Aug	1,375,472,471	579,597,000	63,068,700	2,018,138,171	1,686,145,365	581,988,000	93,221,900	2,361,355,265	—	—	—	—
Sep	1,292,558,265	547,357,000	57,440,800	1,897,356,065	1,149,402,279	377,060,000	56,130,000	1,582,592,279	—	—	—	—
Oct	1,293,860,270	503,712,000	65,501,100	1,863,073,370	967,615,568	351,035,000	43,617,900	1,362,268,468	—	—	—	—
Nov	1,095,359,247	359,632,000	63,441,400	1,518,432,647	846,041,795	282,451,000	39,736,200	1,168,228,995	—	—	—	—
Dec	866,222,826	307,447,000	54,766,900	1,228,436,726	837,312,703	283,594,000	39,882,400	1,160,789,103	—	—	—	—
Total	13,247,990,303	6,235,116,000	624,218,600	20,107,324,903	14,188,040,635	4,651,858,000	691,863,400	19,531,762,035	3,884,676,272	1,048,319,000	171,734,900	5,104,730,172



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 April, 2019.



2.0 COMPLIANCE

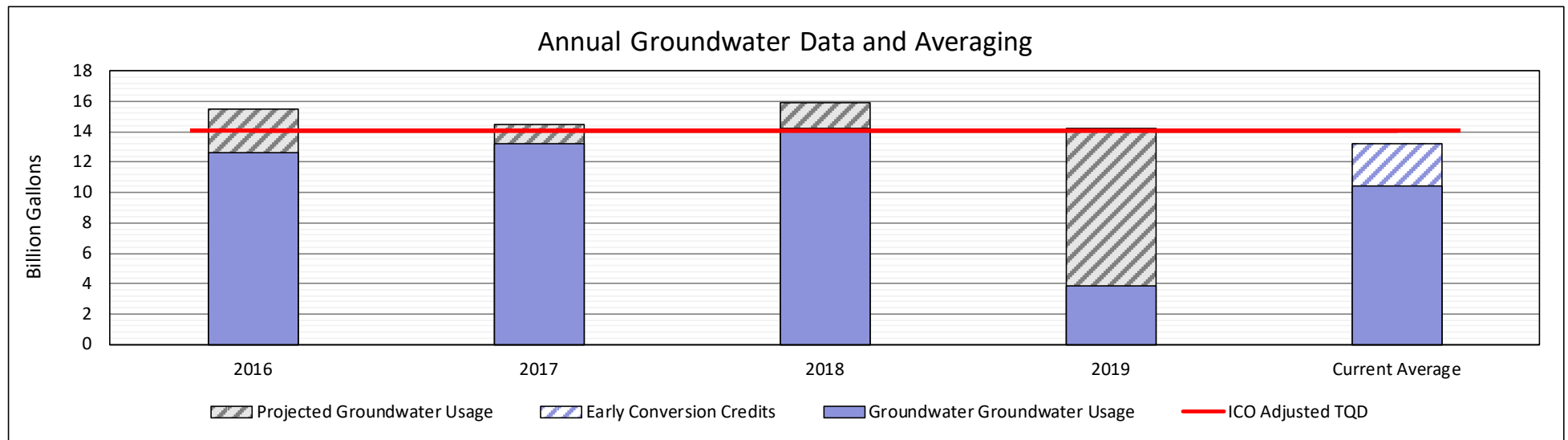
The following information is related to the Joint GRP's compliance with Lone Star Groundwater Conservation District's (LSGCD) rules and regulations, along with Participant compliance with the GRP Contract.

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 149 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 Eight Months Ending April 30, 2019 (Unaudited)

	March	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	\$ 3,195,911	\$ 20,307,584	\$ 23,153,308	\$ (2,845,724)	(12%)	\$ 39,240,518	52%
GRP surface water sales	788,492	6,626,351	7,521,913	(895,562)	(12%)	12,392,060	53%
LSGCD revenue	(276)	571,735	780,351	(208,616)	(27%)	1,560,702	37%
Repair recover revenue		6,942		6,942	100%	-	0%
Compliance fee revenue		250		250	100%	-	0%
TOTAL OPERATING REVENUES	\$ 3,984,127	\$ 27,512,863	\$ 31,455,572	\$ (3,942,710)	(13%)	\$ 53,193,280	52%
OPERATING EXPENSES							
Payroll & employee benefit expenses	\$ 336,048	\$ 2,820,103	\$ 3,377,842	\$ 557,739	17%	\$ 5,140,369	55%
Professional fees	47,927	622,074	614,981	(7,093)	(1%)	1,178,350	53%
Purchased & contracted services	13,392	873,551	1,021,274	147,722	14%	1,887,305	46%
Supplies, materials & utilities	966,054	5,814,558	6,375,419	560,861	9%	9,364,431	62%
Maintenance repairs, parts & rentals	52,264	371,221	661,851	290,630	44%	992,800	37%
General & administration	27,869	242,669	369,156	126,487	34%	553,734	44%
TOTAL OPERATING EXPENSES	\$ 1,443,553	\$ 10,744,176	\$ 12,420,523	\$ 1,676,347	13%	\$ 19,116,988	56%
NON-OPERATING REVENUES & EXPENSES							
Interest on investments	\$ 127,486	\$ 1,098,262	\$ (1,920)	\$ 1,100,182	57,301%	\$ (2,880)	(38,134%)
Other revenues	2,908	2,908	11,792	(8,884)	(75%)	17,688	16%
Interest expense	(1,711,511)	(13,721,326)	(13,721,326)	-	0%	(20,567,369)	67%
TOTAL NON-OPERATING (EXCLUDING ITEMS NOT BUDGETED)	\$ (1,581,117)	\$ (12,620,156)	\$ (13,711,454)	\$ 1,091,298	(8%)	\$ (20,552,561)	61%
NET INCOME (LOSS) (EXCLUDING ITEMS NOT BUDGETED)	\$ 959,457	\$ 4,148,531	\$ 5,323,595	\$ (1,175,064)	(22%)	\$ 13,523,731	31%
NON-OPERATING REVENUES & EXPENSES (NOT BUDGETED)							
Depreciation	(1,230,681)	(9,918,300)		(9,918,300)	(100%)	\$ -	0%
Amortized debt issuance expense	584	4,674		4,674	1	-	0%
TOTAL NON-OPERATING (NOT BUDGETED)	\$ (1,230,097)	\$ (9,913,626)	\$ -	\$ (9,913,626)	(100%)	\$ -	0%
NET INCOME (LOSS) (BUDGETED AND NOT BUDGETED)	\$ (270,640)	\$ (5,765,095)	\$ 5,323,595	\$ (11,088,690)	(208%)	\$ 13,523,731	(43%)

*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 eight months ending April 30, 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 Eight Months Ending April 30, 2019 (Unaudited)
(in thousands)

Category	YTD Variance - Driver	APR 2019	FYTD 2019
GRP Pumping Fees	Groundwater pumpage below forecasted due to lower demand.	174	(2,846)
GRP Surface Water Sales	Surface water delivery less than budgeted.	(245)	(896)
LSGCD Revenue	LSGCD allocation below expected	(1)	(209)
Compliance Fee & Repair Recovery Revenue	Compliance Fees & Repair Recovery not budgeted.	-	7
Payroll and related expenses	Salaries and benefits less than budgeted.	68	558
Professional Fees	Professional fees showing above budgeted primarily due to timing of Legal and Engineering/Consultants/Survey invoicing for services.	15	(7)
Purchased & Contracted Services	Purchased and contracted services below budgeted levels.	9	148
Supplies, Materials, Utilities, Maintenance, Repairs, Parts & Rentals	Fuel, office supplies, phones, recruiting and misc. expenses less than budgeted.	17	53
	Chemicals-Aggregate usage of Chemicals lower than expected.	11	192
	Utilities-Electricity & Sewer costs more than budgeted.	(4)	(127)
	City of Houston Reservation Fee-FY18 LC Actuals below budgeted	-	351
	SJRA Reservation Fee above budgeted due to lower Supply Use	(10)	(31)
	SJRA Supply Use Fee below expected	38	123
	Maintenance repairs, parts & rentals expense less than budgeted in aggregate.	31	291
General & Administration	Allocation portion of G&A expenses less than budgeted.	18	126
Non-Operating	Interest/Investment Income	128	1,100
	Other Revenues	1	(9)
	Depreciation expense	(1,230)	(9,918)
	Bond Issuance Cost Amort expense	1	5
		(979)	(11,089)



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
Presentation	City of Oak Ridge North	April 22, 2019	City of Oak Ridge North Mayor, Council and Attendees
Presentation	Office of Smith, Murdaugh, Little & Bonham, L.L.P.	April 23, 2019	Montgomery County MUD 99 Board and Attendees
Stakeholder Meeting	GRP Division Operations Building	April 24, 2019	GRP Participants - Investor Owned Utilities
Stakeholder Meeting	GRP Division Operations Building	April 24, 2019	GRP Participants – Small Cities
Stakeholder Meeting	GRP Division Operations Building	April 24, 2019	GRP Participants – Municipal Utility Districts
Stakeholder Meeting	GRP Division Operations Building	April 24, 2019	GRP Participants – Investor Owned Utilities
Tour	GRP Surface Water Treatment Plant	April 26, 2019	Conroe High School Science Academy
Presentation	Office of Smith, Murdaugh, Little & Bonham, L.L.P.	May 2, 2019	Montgomery County MUD 115 Board and Attendees
Presentation	South Montgomery County Fire Dept/Emergency Services Dist. 8	May 8, 2019	Montgomery County MUD 19 Board and Attendees
Presentation	Office of Municipal Operations and Consulting	May 13, 2019	Rayford Road MUD Board and Attendees

4.3 UPCOMING ACTIVITIES

Type	Location	Date	Participants
Presentation	Timber Lakes Timber Ridge Club House	April 22, 2019	Timber Lakes Timber Ridge HOA Meeting

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.

