



San Jacinto  
River Authority



# **FY2019 Budget**

**Approved by Board on August 23, 2018**

**San Jacinto River Authority**  
Approved Operating Budgets  
For Fiscal Year September 1, 2018 to August 31, 2019

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# INTRODUCTION

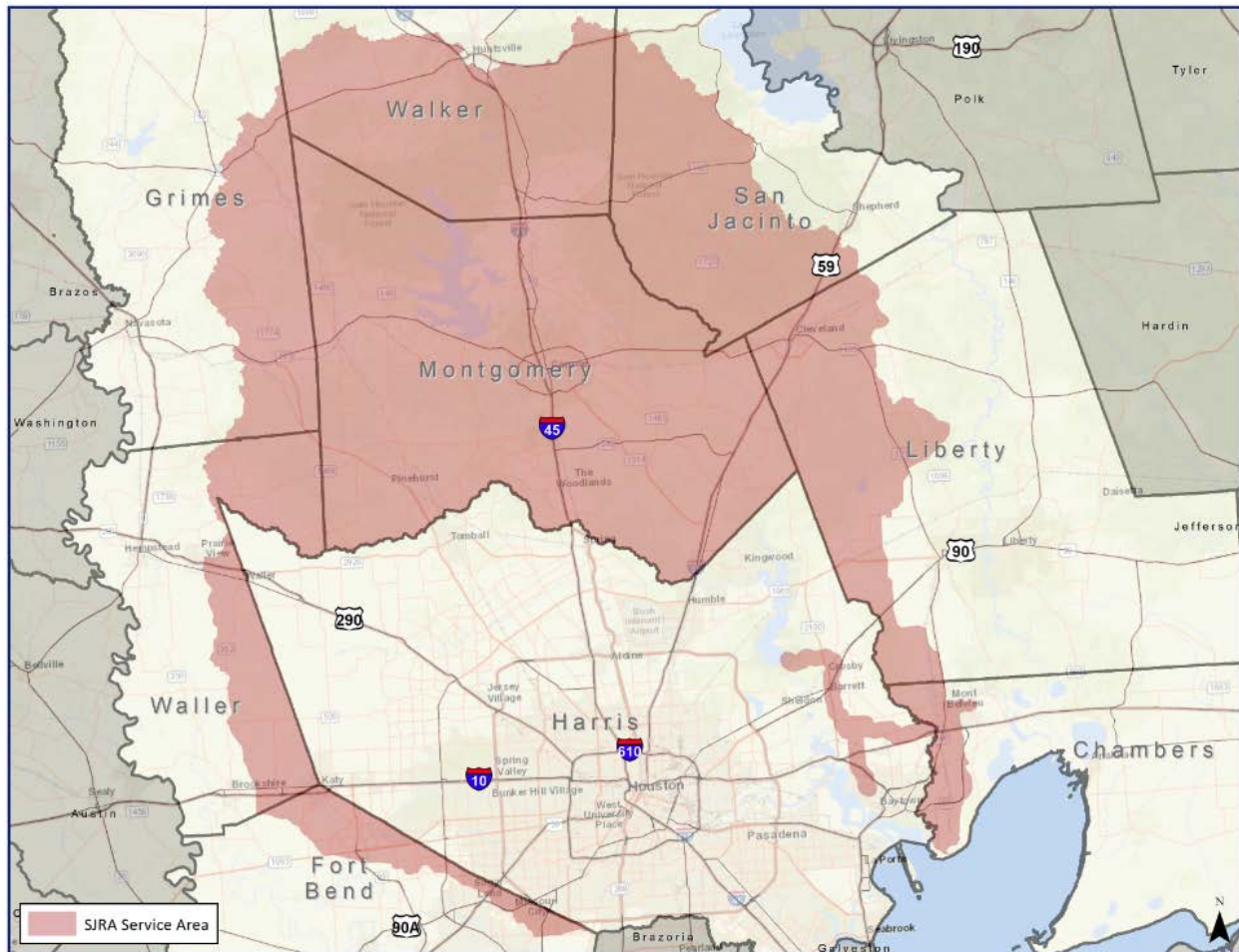


## INTRODUCTION TO SJRA

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The 45<sup>th</sup> Texas Legislature created the San Jacinto Conservation and Reclamation District in 1937 (citation – May 12, 1937, 45<sup>th</sup> Leg., R.S., ch. 426). The 52<sup>nd</sup> Texas Legislature later changed its name to the San Jacinto River Authority (“Authority”) in 1951 (citation – May 14, 1951, 52<sup>nd</sup> Leg., R.S., Ch 366). The Authority was created to develop, conserve, and protect the waters of the river basin and its tributaries, including all of Montgomery County and parts of six other counties, excluding Harris County. The Authority is one of ten major river authorities in the State of Texas, and like the other river authorities, its primary purpose is to implement long-term, regional projects related to water supply and wastewater treatment. The Authority also operates in eastern Harris County by agreement with the City of Houston to supply raw water for municipal, industrial, and irrigation needs.

### MAP OF SJRA SERVICE AREA



## VISION, MISSION, AND PRINCIPLES

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The Authority's Vision is to provide reliable, cost effective, and sustainable water resource management that supports economic and industrial growth in the region and earns the trust and confidence of Authority customers. The Authority's Mission is to:

- plan for and develop adequate and reliable long-term water supplies,
- treat and distribute safe drinking water,
- provide regional wastewater treatment services,
- deliver raw water for municipal, industrial, and agricultural use,
- monitor and protect source water quality,
- ensure safe, dependable reservoir operations, and
- educate the public about water conservation and water resources.

The Authority believes in the following principles as the foundation for performing its mission and pursuing its vision:

- focus on our customers and stakeholders,
- treat each customer, employee, and vendor with dignity and respect,
- value each employee, their work, and their commitment,
- be truthful, trustworthy, and transparent,
- be knowledgeable and diligent in the performance of our duties,
- use financial resources efficiently and responsibly,
- be accountable for our performance,
- continuously improve our performance,
- ensure that our systems and strategies remain viable for future generations,
- be prepared for and respond effectively in emergencies,
- support responsible water resource development, and
- support water conservation and environmental stewardship.



## SJRA STRUCTURE

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# SJRA Board of Directors



**Lloyd B. Tisdale**  
**President**



**Ronnie Anderson**  
**Vice-President**



**Jim Alexander**  
**Secretary**



**Mark Micheletti**  
**Treasurer**



**Ed Boulware**  
**Asst. Secretary**



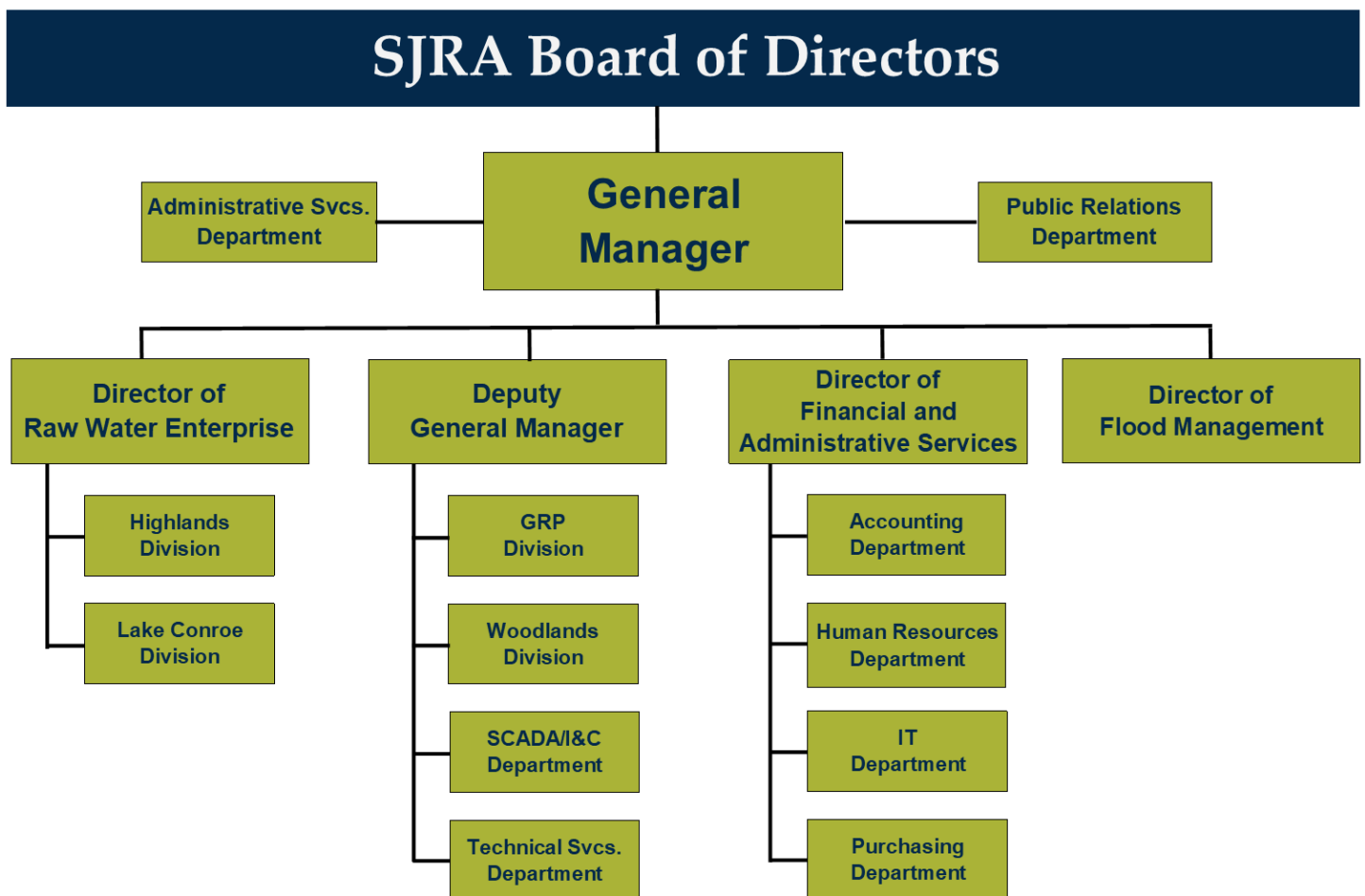
**Kaaren Cambio**  
**Board Member**

**Vacant**  
**Board Member**

The Authority is governed by a seven member Board of Directors, appointed by the Governor of Texas to six-year staggered terms. Section 49.057 (b), of the Texas Water Code requires the Board of Directors of the Authority to adopt an annual operating budget.

The Authority operates on a fiscal year that begins September 1<sup>st</sup> of each calendar year and ends August 31<sup>st</sup> of the next year. The Authority utilizes eight distinct enterprises to report on and budget for the same functions as business type activities. The Authority's major enterprise funds are as follows:

- Raw Water Supply (part of overall Raw Water Enterprise)
- Highlands Division (part of overall Raw Water Enterprise)
- Lake Conroe Division (part of overall Raw Water Enterprise)
- Woodlands Division
- Groundwater Reduction Plan (GRP) Division
- Flood Management Division
- General and Administration Division
- Bear Branch
- Region H





Revenues and expenses for the separate operating divisions are for the sole use within their specific division. The Raw Water Enterprise, Woodlands Division, and GRP Division revenues and expenses are not shared between one another. The Raw Water Enterprise encompasses the revenues and expenses from the Raw Water Supply with the cost centers of the distinct Highlands and Lake Conroe Divisions. Specific expenditures for the Highlands Division and Lake Conroe Division are utilized for their direct operations. Raw Water Supply revenues are utilized to cover the remaining expenses for Highlands, Lake Conroe, Flood Management and for the remaining unallocated expenses of the G&A Division.

Post Hurricane Harvey and during FY2018, Governor Greg Abbott directed the Authority to immediately identify what can be done to prevent flood events along the West Fork of the San Jacinto River, to implement immediate and long-term solutions to protect lives and property of Texans living in the watershed, and identify funding to implement a long-term plan that better protects areas downstream of Lake Conroe so the Authority formed the Flood Management Division. For FY19, the Flood Management Division will be funded by Raw Water Enterprise.

The Authority has two distinct wholesale utility divisions in the Woodlands and GRP Divisions. The Woodlands Division is further broken down into five separate budgets: Operations, Repair and Replacement Fund, Water System Bonds, Waste Disposal Bonds, and Future Facility Bonds, discussed in more detail within the Woodlands section of this budget.

In addition to the Authority's five operating divisions, SJRA also maintains the Bear Branch Reservoir (Bear Branch) under contract with five Woodlands area Municipal Utility Districts (MUDs) and serves as the designated administrative agent for the Region H Water Planning Group H (Region H) under contract with the Texas Water Development Board. The Bear Branch and Region H budgets are developed separate from normal business operations. All revenues and expenses associated with Bear Branch and Region H are utilized for those specific purposes.

Harvey related lawsuits have been filed against the Authority. Lake Conroe's FY2018 Budget for legal expenses was increased by \$400,000 by October 26, 2017 Board Resolution to address the Harvey lawsuits. To date, actual costs have been \$228,033. If the case activity increases, the Authority would ask for a budget revision from the Board.

## BUDGET PROCESS AND SCHEDULE

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Each year in and around November, the Authority's management team begins the budgeting process for the next fiscal year. The process begins with updates to divisional ten-year project plans, five-year business plans, and staffing plans, adding in-depth service demand forecasting, and line-item by line-item evaluation, forecasting, and justification of expenditures. The following is a summarized general timeline of the Authority's budget process.

<b><i>FISCAL YEAR 2019 SCHEDULE</i></b>	
<b><i>November/December</i></b>	<ul style="list-style-type: none"><li>• Updates to five-year business plans</li></ul>
<b><i>November/February</i></b>	<ul style="list-style-type: none"><li>• Updates to ten-year project plans</li></ul>
<b><i>January</i></b>	<ul style="list-style-type: none"><li>• Coordination with Board of Directors and customers regarding water and wastewater demand forecasting and general budgetary assumptions</li></ul>
<b><i>February</i></b>	<ul style="list-style-type: none"><li>• G&amp;A Department budget development</li></ul>
<b><i>February – March</i></b>	<ul style="list-style-type: none"><li>• Operating Division budget development</li></ul>
<b><i>April – June</i></b>	<ul style="list-style-type: none"><li>• Ten-year project plans for each Division presented to customers and Board of Directors</li><li>• Senior Management review and compilation of overall budgets</li><li>• Draft Division budget presentations to customers, participants, and the City of Houston</li><li>• Proposed Division rate presentations to customers</li><li>• Draft GRP budget and proposed GRP rates presentation to Finance Committee and Board of Directors</li><li>• GRP draft budget and proposed divisional rates presentation to Board of Directors for approval</li><li>• Draft divisional/departmental budgets presentation to Finance Committee</li></ul>
<b><i>July</i></b>	<ul style="list-style-type: none"><li>• Presentation of proposed overall and division budgets, and the proposed Raw Water Rate Order to Board of Directors</li></ul>
<b><i>August</i></b>	<ul style="list-style-type: none"><li>• Board of Directors budget approval and Raw Water Rate Order Approval</li></ul>

## CAPITAL IMPROVEMENTS AND OTHER PROJECT PLAN DEVELOPMENT

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As part of the Authority's planning and budget process and schedule as mentioned above, Capital Improvement and Other Project Plans are developed for each Division for a ten-year period. The projects listed in these Plans may be funded from the annual O&M budgets, bonds, grants, and/or from appropriate contributions from customers. Projects anticipated to be funded from divisional O&M budgets are subject to available funds and may be delayed if adequate funds are not available. Projects anticipated to be funded by bonds are not a direct part of the O&M budgets, with the exception of any debt service requirements and are only included in project listings within this document to give a complete picture of planned project activity for FY2019-FY2028.



## GENERAL BUDGETARY ASSUMPTIONS

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Key assumptions affecting all SJRA divisions and departments for FY2019 are as follows:

- Staffing of all 180 Full Time Equivalent (FTE) positions assumes full employment for the entire FY2019
- No part-time, temporary, or intern positions are budgeted
- Salaries and wages increases are budgeted at a combined average of 4%: an average of 3% for performance-based merit increases and 1% for promotions, market adjustments, and equalizations
- Salaries and wages include an estimate of 10.5% of overtime for non-exempt (hourly) employees that have historically demonstrated a likelihood of overtime utilization
- Current types of benefits provided and offered to employees will continue
  - Healthcare benefit costs (medical only) are budgeted for a 10% increase for FY2019
  - Continue Authority health and wellness program, including participation incentives
- Retirement benefits for FY2019 are budgeted at 13.67% of salaries for employees hired prior to August 1, 2016 under the defined benefit plan and 9.5% of salaries for employees hired on or after August 1, 2016, based on the Authority's new defined contribution retirement plan
- Workers Compensation benefits are budgeted for a 3% increase for FY2019 based on a running three-year historical experience modifier
- Normal weather and operating conditions are forecast for FY2019, unless otherwise highlighted within division details
- Fuel prices per gallon for gasoline and diesel are forecasted to increase for FY2019 to \$2.75 and \$3.25, respectively
- Utility usage, electric, and natural gas prices are forecasted to remain stable for FY2019
- Specific division rates for FY2019
  - Raw Water = \$0.43 per 1,000 gallons through December 31, 2018, increasing to \$0.465 beginning January 1, 2019
  - Woodlands Wholesale Water = \$2.10 per 1,000 gallons
  - Woodlands Wholesale Wastewater = \$4.30 per 1,000 gallons
  - GRP Groundwater Pumpage = \$2.64 per 1,000 gallons
  - GRP Surface-water = \$2.83 per 1,000 gallons

# RAW WATER ENTERPRISE



## RAW WATER ENTERPRISE BUDGETS FOR FISCAL YEAR 2019

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The Raw Water Enterprise of the Authority consists of the Highlands and Lake Conroe Divisions including the revenues and expenses associated with the Authority's overall raw water supply system that are not otherwise divisible between the Highlands and Lake Conroe Divisions. Additionally, any remaining expenses from the General and Administration (G&A) Division that are not otherwise allocated to Woodlands, GRP, Flood Management, and Bear Branch are covered by Raw Water Supply revenues.

**Raw Water Supply Revenue:** The sale of all non-treated raw water for municipal, industrial, commercial, and irrigation purposes is included within the Raw Water Supply budget. Long-term water sale contracts account for the vast majority of raw water revenues. Most of these sale contracts contain annual "take or pay" provisions for set quantities of raw water, regardless of whether the water is actually used. Some of these sale agreements contain "options" and/or "reservations" for additional purchase of near-term future water supplies. Raw water is supplied to long-term municipal, commercial, and industrial customers in Montgomery County and eastern Harris County from the San Jacinto River via SJRA's water rights in Lake Conroe and Lake Houston, and from inter-basin transfers from SJRA's water rights from the Trinity River. Additionally, annually renewed residential water sale agreements are available for landscape irrigation demands around Lake Conroe based on meter readings or an estimate of annual usage. In all such agreements, the Authority uses one raw water rate and reserves the right from time to time to adjust its rates for the sale, reservation, or optioning of raw water.

**Major Initiatives:** During FY2018 and planned for FY2019, the Raw Water Enterprise has either completed or started, or will complete or start a number of planning activities as outlined below, to improve the Authority's raw water system:

- 1. Raw Water Rate Study:** In FY2018, a Raw Water Rate Study was completed to forecast rates for the ten-year period for calendar years 2019 to 2028. The 2018 Raw Water Rate Study incorporated forecasted water demands, planned capital improvement projects, and existing and forecasted operations and maintenance expenses. The study reviewed existing and forecasted water demands, planned capital and other projects, financing mechanisms, and the existing and forecasted operations and maintenance expenses. In order to maintain and adjust the rate schedule to address changing conditions, a detailed raw water rate model was created which will allow periodic re-analysis of the data by SJRA staff.
- 2. Raw Water Master Plan:** In FY2018, the Raw Water Enterprise will complete the majority of the analysis required for development of a long-range Raw Water Master Plan. The plan forecast raw water demands and available supplies over a 50-year horizon and evaluated strategies to meet any identified shortages. The 2018 Raw Water Master Plan will be updated periodically with input from stakeholders and Board as more detailed feasibility studies are completed for various recommended supply strategies.
- 3. Trinity River Inter-basin Transfer Feasibility Study:** In 2013, the SJRA secured an option agreement with the Trinity River Authority (TRA) for the purchase of up to 50,000 acre-feet per year of water from Lake Livingston. In order for this water to be used in the San Jacinto River



Basin, the TRA must obtain an Inter-basin Transfer permit from the Texas Commission on Environmental Quality (TCEQ) and a pumping and conveyance system must be constructed to transfer the water from Lake Livingston to Lake Conroe. Further study of this strategy will be initiated in FY2019-FY2020 in order to evaluate the engineering challenges, environmental issues, and construction and O&M costs related to this strategy.

- 4. Water Rights Protection and Acquisition:** The Authority maintains significant water rights granted by the State of Texas within the San Jacinto and Trinity River Basins and often seeks to increase these supplies as opportunities to acquire additional rights or contracts for these rights become available. These existing water rights can potentially be negatively impacted by new applications for water rights by third parties; therefore, the Authority must occasionally intervene with TCEQ to object to the issuance of such permits. The Authority maintains agreements for representation by specialized legal counsel to assist with these matters on behalf of the Authority.

**Capital Improvement and Other Project Plans:** The Raw Water Supply does not maintain any physical infrastructure except for those facilities within the Highlands and Lake Conroe Divisions; therefore, no maintenance or construction projects exist for FY2018 or FY2019. The Raw Water Enterprise does however have additional Feasibility Studies scheduled to begin in FY2019-FY2020. These studies included within the Raw Water Supply Projects Plan are funded from the O&M budget and may extend over multiple fiscal years. In addition, the Raw Water Enterprise is funding the initial FY2019 budget for the new Flood Management Division of the Authority.

**Total Indebtedness and Annual Debt Service:** At August 31, 2017, the Raw Water Enterprise had \$11,340,000 of total indebtedness through the issuance of bonds related to actions not otherwise divisible to the Highlands and Lake Conroe Divisions, made up of the following bond issuances:

- Series 2010 Water Revenue Refunding Bonds (Outstanding: \$8,695,000; Matures 10/1/25)
- Series 2012 Water Revenue Refunding Bonds (Outstanding: \$2,645,000; Matures 10/1/36)

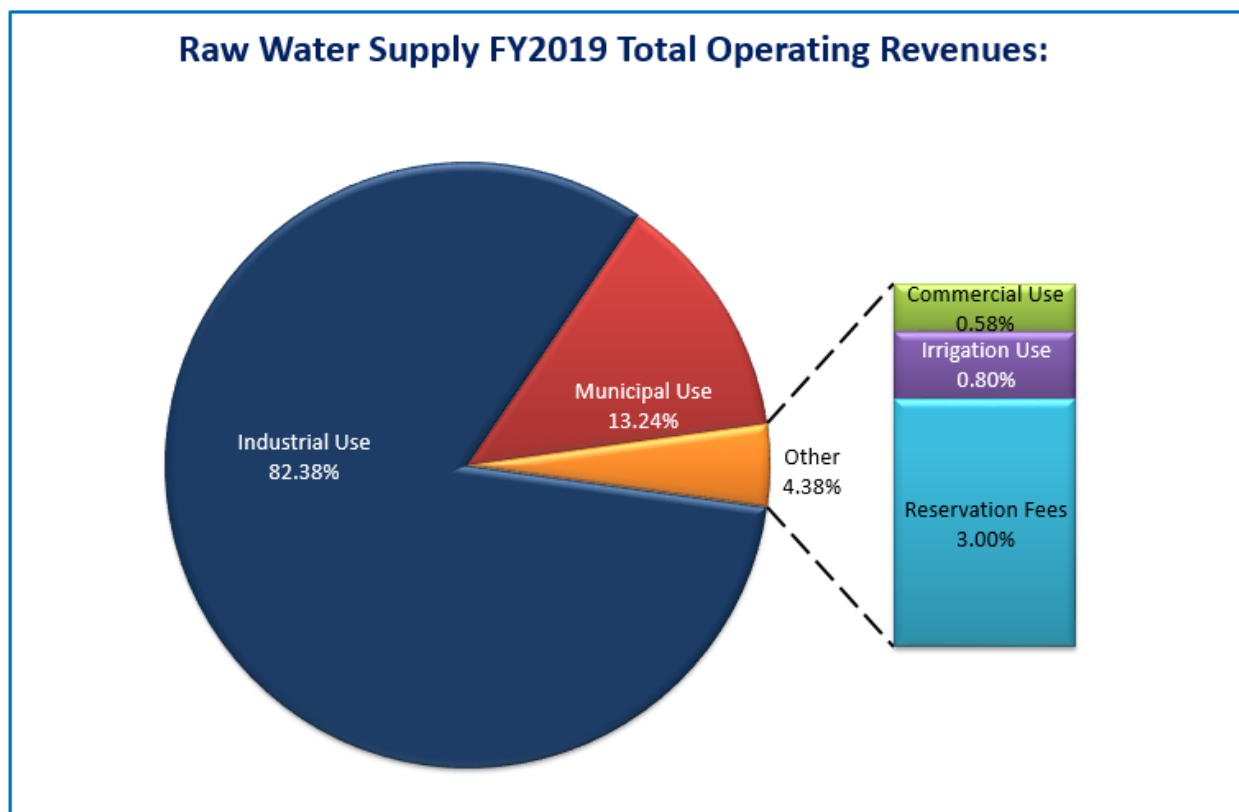
Annual debt service (principal and interest) for FY2019 for the above bond issuances is \$1,712,792. Bond payments each year are made in April (interest only) and October (principal and interest). Monthly accruals of interest are made for October to March, while monthly accruals of principal and interest are made for April to September. Debt Service Reserves for the above bond issuances are fully funded.

**Staffing Plans:** The Raw Water Supply's staffing plan for FY2019 includes zero direct FTE positions, with no part-time, temporary, or intern positions but the RWE is allocated 3.96 FTEs for FY2019 from the Lake Conroe Division and G&A Departments.

**Revenues:** The raw water rate contained within the FY2019 budget and the Raw Water Rate Order passed by the Board of Directors are consistent with the existing 2018 Raw Water Rate Study at \$0.465 per 1,000 gallons for calendar year 2019. Beginning January 1, 2019, through December 31, 2019, the raw water rate is set at \$0.465 per 1,000 gallons (\$151.52 per acre-foot). Unless otherwise stipulated in a specific long-term contract, the corresponding reservation and option rates are set at 25% and 10%, respectively. For the months of September-December 2018 (the first four months of FY2019), the raw water rate will continue \$0.43 per 1,000 gallons (\$140.12 per acre-foot), with the corresponding reservation and option rates remaining in accordance with the approved Raw Water Rate Order.



Expected operating revenues for the Authority's Raw Water Supply for FY2019 total \$18,676,322.



**Expenditures:** The Raw Water Supply for FY2019 contains expenses related to the development, maintenance, and permitting of water rights necessary for the current and future water supplies. Such expenditures include Authority salaries and benefits, legal and professional fees, and debt service of purchased water rights.

Expected total expenditures for the Authority's Raw Water Supply for FY2019, including operating, debt service, capital improvements, and any other cash uses, totals \$4,351,486.

**Fund Balance and Reserves:** The Authority's General Fund Balance combines to cover the Raw Water Enterprise, which is made up of the Raw Water Enterprise stand-alone items, Highlands Division, and Lake Conroe Division, as well as the Flood Management and G&A Divisions. The Raw Water Enterprise stand-alone budget does not maintain any Operating, Emergency, or Capital R&R Reserves.

For FY2019, the net balance of the Raw Water Supply revenues, expenditures, and bond payments is \$14,324,836. This amount will cover the Highlands and Lake Conroe Divisions' net expenses as part of the Raw Water Enterprise, the Flood Management Division and any remaining non-allocated net expenses of the G&A Division.

**San Jacinto River Authority - Raw Water Enterprise**  
**Actual to Budget Comparison**  
**FY2017 - FY2019**

Description	Rolling 12				
	Actuals	Actuals	Mo. Actuals	Budget	Budget
	8/31/2017	Sept-March FY2018	April 2017- March 2018	FY2018	FY2019
<b>OPERATING REVENUES</b>					
General Industrial Water Revenue	\$ 12,065,193	\$ 7,194,504	\$ 12,362,608	\$ 12,418,390	\$ 14,226,648
General Industrial Water Revenue-Lake Customers	1,030,517	623,723	1,060,202	1,081,570	1,158,185
Water Sales-Municipal	3,180,404	1,347,911	2,817,133	3,507,438	2,471,989
Water Sales-Commercial	21,455	64,052	64,052	101,522	108,714
Lawn Irrigation Fees	108,950	65,200	108,400	100,000	105,000
Water Sales-Reclaimed Groundwater	16,378	8,189	16,378	-	-
Water Sales-Irrigation	95,437	(9,212)	50,611	42,403	45,330
Permits, Licenses, & Fees - Residential	660,804	359,743	673,474	600,000	661,856
Permits, Licenses & Fees - Commercial	459,674	221,663	440,858	425,000	442,423
SJRA Reservation Fee	124,674	217,301	239,418	88,442	415,683
Industrial Reservation Fee	-	55,450	55,450	146,019	103,409
Municipal Reservation Fee	36,803	22,180	37,863	38,628	41,364
Septic Tank Licenses	26,140	10,660	24,180	20,000	20,600
City of Houston Share of Lake Conroe Operations	2,065,620	1,336,806	2,179,360	3,344,068	3,528,735
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 19,892,047</b>	<b>\$ 11,518,168</b>	<b>\$ 20,129,986</b>	<b>\$ 21,913,481</b>	<b>\$ 23,329,937</b>
<b>OTHER REVENUES</b>					
Interest Income	\$ 166,737	\$ 86,732	\$ 172,462	\$ 16,000	\$ 14,000
Land Use Agreements	5,675	-	5,675	-	5,675
FEMA Grant Revenue	65,035	-	65,035	-	-
Grant Revenue	376,797	-	146,797	636,000	90,000
Proceeds From Sale Of Assets	290,262	-	290,262	-	-
Other Gains & Losses	9,320	2,084	4,196	-	-
<b>TOTAL OTHER REVENUES</b>	<b>\$ 913,826</b>	<b>\$ 88,816</b>	<b>\$ 684,427</b>	<b>\$ 652,000</b>	<b>\$ 109,675</b>
<b>OPERATING EXPENSES</b>					
<b>SALARIES, WAGES, &amp; EMPLOYEE BENEFITS</b>					
Salaries & Wages	\$ 1,199,312	\$ 772,241	\$ 1,334,589	\$ 1,381,508	\$ 1,485,345
Salary & Wage Allocation	2,323,736	1,272,404	2,322,339	2,740,915	2,782,711
Salaries & Wages-Interns	114	-	46	-	-
Staffing Services	18,026	-	2,342	-	-
Compensated Absences	8,643	-	8,643	-	-
Group Insurance	743,371	499,303	822,733	1,138,525	1,109,312
Group Insurance - Retirees	38,595	23,156	39,438	40,639	42,144
Group Insurance - Retiree OPEB	292,471	-	292,471	100,000	300,000
Group Retirement Expense	439,442	252,300	443,302	568,882	558,456
Workers Compensation Insurance	72,896	45,572	76,110	98,083	116,723
Social Security Taxes	249,510	141,212	258,061	303,806	313,537
<b>TOTAL SALARIES, WAGES, &amp; EMPLOYEE BENEFITS</b>	<b>\$ 5,386,116</b>	<b>\$ 3,006,188</b>	<b>\$ 5,600,073</b>	<b>\$ 6,372,359</b>	<b>\$ 6,708,228</b>
<b>PROFESSIONAL FEES</b>					
Legal Fees	\$ 263,210	\$ 220,824	\$ 333,402	\$ 716,000	\$ 838,500
Disclosure Filing	750	-	-	1,000	1,000
Legal Fees-Enforcement	30,048	488	9,072	35,000	30,000
Annual Financial Audit	8,028	8,804	10,098	11,350	11,000
Arbitrage Rebate Audit	3,250	-	3,250	3,750	-
Paying Agent Fees	4,515	3,000	4,500	4,515	6,250
Engineering	432,532	329,776	711,283	1,479,000	2,221,000
Crane Inspections	1,050	870	1,920	6,100	7,960
Safety Inspections & Testing	4,112	1,450	1,450	5,300	2,100
Graphic Design	94	-	94	7,000	7,000
<b>TOTAL PROFESSIONAL FEES</b>	<b>\$ 747,588</b>	<b>\$ 565,212</b>	<b>\$ 1,075,069</b>	<b>\$ 2,269,015</b>	<b>\$ 3,124,810</b>
<b>PURCHASED &amp; CONTRACTED SERVICES</b>					
Waste Disposal Services	\$ 13,487	\$ 8,235	\$ 14,519	\$ 17,000	\$ 16,000
State Fees	15,568	7,231	7,641	17,380	9,005
Patrolling & Security Services	284,773	178,949	291,504	338,900	340,896
Employee Testing- New	2,463	1,532	2,582	5,270	2,875
Janitorial Services	11,028	5,514	10,644	13,551	12,000

**San Jacinto River Authority - Raw Water Enterprise**  
**Actual to Budget Comparison**  
**FY2017 - FY2019**

Description	Rolling 12			Budget FY2018	Budget FY2019
	Actuals 8/31/2017	Actuals Sept-March FY2018	Mo. Actuals April 2017- March 2018		
Stream Gauging & Water Quality-USGS	98,288	50,951	91,974	99,270	99,270
South Canal CWA Water Conveyance	55,975	47,674	76,422	145,000	145,000
East Canal CWA Water Conveyance	(2,824)	190	(2,759)	119,625	119,625
Trucking	1,160	500	750	5,400	3,000
Public Relations Expense	2,584	-	2,584	10,500	9,000
Water Conservation & Public Education	10,000	-	600	12,000	12,000
Meeting Expenses	1,610	602	826	2,000	1,600
<b>TOTAL PURCHASED &amp; CONTRACTED SERVICES</b>	<b>\$ 494,113</b>	<b>\$ 301,377</b>	<b>\$ 497,287</b>	<b>\$ 785,896</b>	<b>\$ 770,271</b>
<b>SUPPLIES, MATERIALS &amp; UTILITIES</b>					
Office Supplies & Printing	\$ 10,258	\$ 7,505	\$ 13,046	\$ 15,000	\$ 15,000
Other Office Expense	3,649	2,210	4,468	4,500	5,000
Travel	3,826	300	1,062	19,000	14,000
Automobile & Truck Expense	15,895	17,032	23,800	33,400	43,800
Postage	11,007	7,345	11,839	15,500	15,000
Property Insurance	23,168	12,492	22,426	25,837	22,545
Auto Insurance	24,526	16,176	26,059	28,158	31,462
Liability Insurance	22,252	12,905	23,332	17,585	34,018
Small Tools Purchases	4,795	624	5,226	6,000	10,000
Training-External	3,396	1,547	2,447	23,500	16,000
Training-Internal	75	254	254	1,500	1,700
Training-Employee HR	4,818	2,542	5,029	5,270	5,736
Chemicals	203	-	203	3,000	-
Managers Expense	3,690	1,166	2,664	7,150	6,000
Employee Relations	1,536	514	1,421	2,100	2,100
Fuel	51,803	28,942	53,989	65,750	68,825
Uniform Services	5,263	1,437	3,307	8,350	7,050
Supplies - Lab	505	2,436	2,675	4,500	4,500
Operations Supplies	12,287	3,184	7,939	22,500	25,750
Memberships & Professional Dues	1,722	880	1,575	3,225	2,371
Signage	5,650	1,415	1,840	4,000	5,000
Janitorial Supplies	1,222	986	1,602	2,200	2,000
Copier, Scanner & Fax	10,241	5,879	10,208	14,425	19,225
Delivery & Freight	4,490	-	1,470	-	-
Utilities-Electric	24,984	12,170	23,782	38,400	32,400
Utilities-Natural Gas	3,239	2,952	4,182	9,750	9,000
Utilities-Water	701	552	858	800	900
Utilities-Electric-LHPS Pumping Costs-Direct	83,228	43,520	85,719	130,000	141,600
Utilities-Electric-ECTPS Pumping Costs-Direct	8,431	5,412	9,057	24,000	24,000
Utilities-Electric-SCTPS Pumping Costs-Direct	10,522	6,480	10,926	14,400	14,400
Pumping Costs-Indirect	16,059	7,381	15,829	19,260	18,504
Additional Water Fees	-	-	-	-	250,000
Personal Protective Equipment	5,484	3,103	5,691	10,000	11,950
Safety Equipment & Meetings	6,341	3,335	5,685	14,000	9,675
Health & Wellness Program	615	-	559	930	1,290
Recruiting Expenses	614	84	516	12,400	5,100
Computer Hardware	4,811	18,990	23,012	45,320	51,770
Software & Support	85,277	44,330	79,247	116,312	103,741
Software Maintenance	-	651	651	12,100	17,500
Network Communications	8,397	5,205	9,031	8,076	7,824
Publications & Subscriptions	-	-	-	500	600
Newspaper Ads	-	-	-	-	19,000
Wireless Devices & Services	20,061	14,234	23,856	26,761	34,389
Phone System-Install, Maintenance, & Changes	-	-	-	1,723	480
Emergency Operations Communications	73	169	242	684	684
Landline Telephone Services	4,988	2,587	4,368	5,135	5,179
<b>TOTAL SUPPLIES, MATERIALS &amp; UTILITIES</b>	<b>\$ 510,104</b>	<b>\$ 298,928</b>	<b>\$ 531,096</b>	<b>\$ 823,001</b>	<b>\$ 1,117,069</b>
<b>RENTALS</b>					
Equipment Rentals	\$ 8,213	\$ 10,801	\$ 13,997	\$ 25,000	\$ 75,000

**San Jacinto River Authority - Raw Water Enterprise**  
**Actual to Budget Comparison**  
**FY2017 - FY2019**

Description	Rolling 12			Budget FY2018	Budget FY2019
	Actuals 8/31/2017	Actuals Sept-March FY2018	Mo. Actuals April 2017- March 2018		
Office Rent	19,235	11,220	19,235	19,235	19,235
Rent-U.S. Forest Lands	16,697	9,740	16,697	17,000	17,000
<b>TOTAL RENTALS</b>	<b>\$ 44,144</b>	<b>\$ 31,761</b>	<b>\$ 49,929</b>	<b>\$ 61,235</b>	<b>\$ 111,235</b>
<b>MAINTENANCE, REPAIRS &amp; PARTS</b>					
Instrumentation	\$ 15,954	\$ 26,509	\$ 41,663	\$ 17,000	\$ 21,000
Office, Furniture, & Fixtures	36,260	3,057	6,069	15,000	4,000
Buildings & Grounds Maintenance	112,746	54,896	105,545	250,000	178,000
Security System Monitoring	649	359	539	500	700
Generators	6,582	23,936	30,518	10,000	14,000
Machinery, Tools, & Implements	55,979	35,579	63,602	76,750	70,250
Boat Maintenance & Repairs	12,063	2,489	11,278	13,000	13,000
Instrumentation Equipment & Parts	34,227	10,600	43,889	37,900	50,000
Bridges, Culverts, & Siphons	177,221	219,846	283,436	345,745	92,500
Networking and Communications - SCADA	-	-	-	-	12,300
Water Control Structure	9,614	-	-	-	-
Canals, Levees, & Dams-Maintenance & Repairs	683,327	131,740	246,367	886,000	857,000
Clearing	3,395	8,287	8,287	10,000	10,000
Invasive Species Management	44,161	9,866	48,939	132,400	112,400
Streets & Roads	6,828	3,150	9,978	25,000	25,000
Ayer Island Maint & Repair	-	-	-	2,000	2,000
Fencing & Security Repairs	1,168	1,249	1,998	5,000	5,000
Lake Houston Pump Station Maintenance & Repairs	62,066	5,218	47,835	869,959	175,000
East Canal Pump Station Maintenance & Repairs	1,805	-	1,805	-	20,000
South Canal Pump Station Maintenance & Repairs	-	849	849	-	-
Inventory Gains and Losses	196	-	196	-	-
<b>TOTAL MAINTENANCE, REPAIRS &amp; PARTS</b>	<b>\$ 1,264,240</b>	<b>\$ 537,631</b>	<b>\$ 952,792</b>	<b>\$ 2,696,254</b>	<b>\$ 1,662,150</b>
<b>GENERAL &amp; ADMINISTRATIVE EXPENSES</b>					
General & Administrative Expense Allocated	\$ 1,217,202	\$ 552,867	\$ 1,195,552	\$ 1,594,345	\$ 1,633,290
<b>TOTAL GENERAL &amp; ADMINISTRATIVE EXPENSES</b>	<b>\$ 1,217,202</b>	<b>\$ 552,867</b>	<b>\$ 1,195,552</b>	<b>\$ 1,594,345</b>	<b>\$ 1,633,290</b>
<b>NON-OPERATING EXPENSES</b>					
Interest Expense	\$ 2,716,527	\$ 1,534,975	\$ 2,665,545	\$ 2,625,692	\$ 2,526,341
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$ 2,716,527</b>	<b>\$ 1,534,975</b>	<b>\$ 2,665,545</b>	<b>\$ 2,625,692</b>	<b>\$ 2,526,341</b>
<b>TOTAL EXPENSES</b>	<b>\$ 12,380,034</b>	<b>\$ 6,828,939</b>	<b>\$ 12,567,342</b>	<b>\$ 17,227,797</b>	<b>\$ 17,653,394</b>
<b>NET REVENUES OVER EXPENSES</b>	<b>\$ 8,425,838</b>	<b>\$ 4,778,045</b>	<b>\$ 8,247,071</b>	<b>\$ 5,337,683</b>	<b>\$ 5,786,218</b>
<b>CAPITAL IMPROVEMENTS</b>					
Property Acquisition				\$ 3,333	\$ -
Capital Improvements				466,000	337,333
Office Buildings				55,667	-
Dam Rehabilitation				(232,269)	-
Highlands Improvements				1,651,279	3,287,000
Maintenance Equipment				253,333	47,000
Transportation Equipment				88,333	87,810
Software				4,339	10,629
Computer Equipment				10,517	53,281
Radio Communications Equipment				10,000	-
<b>TOTAL CAPITAL IMPROVEMENTS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,310,533</b>	<b>\$ 3,823,053</b>
<b>OTHER USES</b>					
Bond Principal	\$ 3,160,000	\$ 3,260,000	\$ 3,260,000	\$ 3,347,500	\$ 3,452,500
Operating Reserve Fund				-	27,585
Emergency Reserve Fund				-	27,585
Capital Repair/Replacement Reserve Fund				974,988	166,520
<b>TOTAL OTHER USES</b>	<b>\$ 3,160,000</b>	<b>\$ 3,260,000</b>	<b>\$ 3,260,000</b>	<b>\$ 4,322,488</b>	<b>\$ 3,674,191</b>

**San Jacinto River Authority - Raw Water Enterprise**  
**Actual to Budget Comparison**  
**FY2017 - FY2019**

Description	Rolling 12			Budget FY2018	Budget FY2019
	Actuals 8/31/2017	Actuals Sept-March FY2018	Mo. Actuals April 2017- March 2018		
<b>OTHER SOURCES</b>					
Bond Proceeds				\$ 494,245	\$ 357,000
Cash Sources				204,815	616,000
Operating Reserve Fund				-	185,975
Emergency Reserve Fund				-	185,975
Capacity Contributions	539,207	1,258,150	1,622,357	1,571,279	1,535,500
<b>TOTAL OTHER SOURCES</b>	<b>\$ 539,207</b>	<b>\$ 1,258,150</b>	<b>\$ 1,622,357</b>	<b>\$ 2,270,339</b>	<b>\$ 2,880,450</b>
<b>NET CASH BASIS SOURCES (USES)</b>	<b>\$ 5,805,046</b>	<b>\$ 2,776,195</b>	<b>\$ 6,609,428</b>	<b>\$ 975,001</b>	<b>\$ 1,169,424</b>

**San Jacinto River Authority - Raw Water Supply**  
**Actual to Budget Comparison**  
**FY2017 - FY2019**

Description	Rolling 12				
	Actuals	Actuals	Mo. Actuals	Budget	Budget
	8/31/2017	Sept-March FY2018	April 2017- March 2018	FY2018	FY2019
<b>OPERATING REVENUES</b>					
General Industrial Water Revenue	\$ 12,065,193	\$ 7,194,504	\$ 12,362,608	\$ 12,418,390	\$ 14,226,648
General Industrial Water Revenue-Lake Customers	1,030,517	623,723	1,060,202	1,081,570	1,158,185
Water Sales-Municipal	3,180,404	1,347,911	2,817,133	3,507,438	2,471,989
Water Sales-Commercial	21,455	64,052	64,052	101,522	108,714
Lawn Irrigation Fees	108,950	65,200	108,400	100,000	105,000
Water Sales-Reclaimed Groundwater	16,378	8,189	16,378	-	-
Water Sales-Irrigation	95,437	(9,212)	50,611	42,403	45,330
SJRA Reservation Fee	124,674	217,301	239,418	88,442	415,683
Industrial Reservation Fee	-	55,450	55,450	146,019	103,409
Municipal Reservation Fee	36,803	22,180	37,863	38,628	41,364
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 16,679,810</b>	<b>\$ 9,589,297</b>	<b>\$ 16,812,114</b>	<b>\$ 17,524,413</b>	<b>\$ 18,676,322</b>
<b>OPERATING EXPENSES</b>					
<b>SALARIES, WAGES, &amp; EMPLOYEE BENEFITS</b>					
Salary & Wage Allocation	\$ 70,817	\$ 96,085	\$ 127,058	\$ 314,163	\$ 345,857
Group Insurance	11,946	21,060	25,681	81,554	89,765
Group Retirement Expense	9,268	11,917	15,783	42,026	42,384
Workers Compensation Insurance	1,437	756	1,209	6,696	8,921
Social Security Taxes	5,012	6,280	8,559	22,355	24,616
<b>TOTAL SALARIES, WAGES, &amp; EMPLOYEE BENEFITS</b>	<b>\$ 98,481</b>	<b>\$ 136,098</b>	<b>\$ 178,288</b>	<b>\$ 466,794</b>	<b>\$ 511,542</b>
<b>PROFESSIONAL FEES</b>					
Legal Fees	\$ 220,773	\$ 39,584	\$ 128,401	\$ 225,000	\$ 225,000
Disclosure Filing	375	-	-	500	500
Arbitrage Rebate Audit	3,250	-	3,250	-	-
Paying Agent Fees	2,000	500	1,250	1,250	1,250
Engineering	160,516	181,032	330,569	741,000	1,550,000
<b>TOTAL PROFESSIONAL FEES</b>	<b>\$ 386,914</b>	<b>\$ 221,116</b>	<b>\$ 463,470</b>	<b>\$ 967,750</b>	<b>\$ 1,776,750</b>
<b>PURCHASED &amp; CONTRACTED SERVICES</b>					
State Fees	\$ 15,034	\$ 6,700	\$ 6,700	\$ 16,000	\$ 7,500
Employee Testing- New	-	-	-	2,550	100
<b>TOTAL PURCHASED &amp; CONTRACTED SERVICES</b>	<b>\$ 15,034</b>	<b>\$ 6,700</b>	<b>\$ 6,700</b>	<b>\$ 18,550</b>	<b>\$ 7,600</b>
<b>SUPPLIES, MATERIALS &amp; UTILITIES</b>					
Training-Employee HR	\$ -	\$ 164	\$ 164	\$ 340	\$ 420
Additional Water Fees	-	-	-	-	250,000
Health & Wellness Program	-	-	-	60	90
Recruiting Expenses	-	-	-	800	350
<b>TOTAL SUPPLIES, MATERIALS &amp; UTILITIES</b>	<b>\$ -</b>	<b>\$ 164</b>	<b>\$ 164</b>	<b>\$ 1,200</b>	<b>\$ 250,860</b>
<b>GENERAL &amp; ADMINISTRATIVE EXPENSES</b>					
General & Administrative Expense Allocated	\$ 23,219	\$ 24,401	\$ 32,008	\$ 90,750	\$ 91,942
<b>TOTAL GENERAL &amp; ADMINISTRATIVE EXPENSES</b>	<b>\$ 23,219</b>	<b>\$ 24,401</b>	<b>\$ 32,008</b>	<b>\$ 90,750</b>	<b>\$ 91,942</b>
<b>NON-OPERATING EXPENSES</b>					
Interest Expense	\$ 429,275	\$ 225,581	\$ 402,925	\$ 384,008	\$ 336,958
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$ 429,275</b>	<b>\$ 225,581</b>	<b>\$ 402,925</b>	<b>\$ 384,008</b>	<b>\$ 336,958</b>
<b>TOTAL EXPENSES</b>	<b>\$ 952,923</b>	<b>\$ 614,060</b>	<b>\$ 1,083,556</b>	<b>\$ 1,929,053</b>	<b>\$ 2,975,653</b>
<b>NET REVENUES OVER EXPENSES</b>	<b>\$ 15,726,887</b>	<b>\$ 8,975,236</b>	<b>\$ 15,728,559</b>	<b>\$ 15,595,360</b>	<b>\$ 15,700,670</b>
<b>OTHER USES</b>					
Bond Principal	\$ 1,235,000	\$ 1,280,000	\$ 1,280,000	\$ 1,321,667	\$ 1,375,833
<b>TOTAL OTHER USES</b>	<b>\$ 1,235,000</b>	<b>\$ 1,280,000</b>	<b>\$ 1,280,000</b>	<b>\$ 1,321,667</b>	<b>\$ 1,375,833</b>
<b>NET CASH BASIS SOURCES (USES)</b>	<b>\$ 14,491,887</b>	<b>\$ 7,695,236</b>	<b>\$ 14,448,559</b>	<b>\$ 14,273,693</b>	<b>\$ 14,324,836</b>

## SJRA FY 2019 Raw Water Enterprise Risk Management

June 26, 2018

Risk	Probability	Management Method
<b>Revenue</b>		
Revenue from raw water sales and reservations less than projected	Medium	<ul style="list-style-type: none"> <li>Long-term raw water supply contracts for industrial and most municipal users are currently take-or-pay so will have limited risk.</li> <li>Raw water supply contracts for some irrigators are on annual usage basis and are impacted by weather; however, contracted water amounts are very small.</li> <li>Long-term GRP contracts with Participants. <ul style="list-style-type: none"> <li>GRP take-or-pay amount will fluctuate based on demand and impact of weather. Estimates for budget are conservative.</li> <li>Reservation fees are paid by GRP for all SJRA water in Lake Conroe that is not used.</li> </ul> </li> </ul>
Revenue from dock, marina, OSSF, etc. permitting/licensing less than projected	Low	<ul style="list-style-type: none"> <li>Collection rate in budget assumed at 95%.</li> <li>If licensed facilities are damaged and unusable due to storm events, we offer owners the opportunity to defer licensing fees until the facilities can be repaired.</li> </ul>
Delayed payments from large raw water customers	Low	<ul style="list-style-type: none"> <li>Billing collection process in place to identify late payments and work with customers to obtain payments.</li> <li>Working Capital Reserve Funds available to cover shortfalls.</li> </ul>
Delayed payments from City of Houston	Medium	<ul style="list-style-type: none"> <li>Delay historically experienced in revenue collections from COH has been incorporated into budget.</li> <li>Staff continues to work with COH to obtain timely payments.</li> <li>Operating Reserve Funds available to cover delayed payments.</li> </ul>
<b>Labor (Staffing)</b>		
Inability to provide a competitive compensation package for qualified, motivated	Medium	<ul style="list-style-type: none"> <li>Conducting research regarding competitive compensation and benefits, including health benefits.</li> <li>Researching possible alternative plan designs for the health benefit program.</li> </ul>



<b>Risk</b>	<b>Probability</b>	<b>Management Method</b>
staff at a reasonable cost in a changing and volatile environment		<ul style="list-style-type: none"> <li>Seeking competitive bids on health coverage.</li> </ul>
<b>Professional, Construction and Miscellaneous Services</b>		
Inadequate and/or poorly performing providers of professional, construction and/or miscellaneous services	Low	<ul style="list-style-type: none"> <li>SJRA staff in key management positions to oversee/ drive progress for timely completion.</li> <li>Project management procedures implemented for effective project delivery including control of scope, fee, schedule and risk for professional services.</li> <li>All contracts contain termination clauses.</li> <li>All professional services contracts are work order based which only authorize work one phase at a time allowing opportunity to adjust services provided.</li> <li>Standardization of construction contract front-end documents and specifications.</li> <li>Use Competitive Sealed Proposals (CSP) method for obtaining qualified and experienced contractors for performing all major construction.</li> </ul>
Limited numbers of qualified firms resulting in high proposed costs for construction services	Medium	<ul style="list-style-type: none"> <li>Maintain adequate Contingency Funds in CIP for difficult work.</li> <li>Purchasing is making concerted efforts to interest more qualified construction contractors in SJRA projects.</li> <li>Purchasing has developed a new standard contract for smaller projects which may allow smaller contractors an incentive to participate and reduce construction cost.</li> <li>Use of CSP method allows negotiation and Value Engineering analysis with selected contractors when appropriate.</li> </ul>
<b>Operations and Maintenance Costs</b>		
Operations costs greater than budgeted	Low	<ul style="list-style-type: none"> <li>Operations costs based on historic expenditures with reasonable contingency.</li> <li>Commodity costs such as fuel and power susceptible to spikes in prices and are therefore estimated conservatively.</li> <li>Extreme events, such as a hurricane events occurring in the area, are included in contingency plans.</li> <li>Emergency Reserve Funds available.</li> </ul>

<b>Risk</b>	<b>Probability</b>	<b>Management Method</b>
Failure of or damages to a key system component requiring immediate repair and/or increased maintenance costs greater than budgeted for Highlands Division	Medium	<ul style="list-style-type: none"> <li>• Most facilities in Highlands have been in service 60 or more years; therefore, a comprehensive assessment of the Highlands system components that are in need of repair/rehabilitation have been used to prioritize and develop a phased capital improvement program (CIP). System rates are adjusted regularly to fund the desired improvements using cash and appropriate bond revenues.</li> <li>• Capital Repair and Replacement Reserve Funds available for critical and immediate repair of failed system components.</li> <li>• Preventative maintenance of all key components is scheduled within a computerized maintenance management system. Many components of the system can be maintained and repaired with in-house staff and equipment.</li> </ul>
Failure of a key system component requiring immediate repair and/or maintenance costs greater than budgeted for Lake Conroe Division	Medium	<ul style="list-style-type: none"> <li>• Lake Conroe dam has been in service for over 40 years. A dam safety inspection is conducted every five years and any deficiencies are identified and prioritized in a recommended CIP. System rates are adjusted regularly to fund any critical improvements using operating funds. Emergency Reserve Funds are also available for critical and immediate repair of failed system components.</li> <li>• Capital Repair and Replacement Reserve Funds are available for critical and immediate repair of failed system components.</li> <li>• Preventative maintenance of all key components is scheduled within a computerized maintenance management system. Many components of the system can be maintained and repaired with in-house staff and equipment.</li> </ul>
<b>Capital Outlay</b>		
Capital improvement program (CIP) project costs greater than budgeted	Medium	<ul style="list-style-type: none"> <li>• SJRA staff in key management positions to oversee/ drive progress for most timely completion.</li> <li>• Project management procedures implemented for effective project delivery including control of scope, fee, schedule and risk.</li> <li>• Phased execution of construction projects allows a modification to CIP plan prior to commitment of funds.</li> </ul>

Risk	Probability	Management Method
		<ul style="list-style-type: none"> <li>• Commodity costs such as fuel and construction materials are susceptible to spikes in prices; therefore, these costs are estimated conservatively.</li> <li>• Capital Repair and Replacement Reserve Funds are available for unanticipated CIP needs.</li> </ul>
Harris County and TxDOT continue to implement roadway improvements over/through SJRA Highlands Division siphons	Medium	<ul style="list-style-type: none"> <li>• SJRA staff meets periodically with TxDOT and Harris County to discuss infrastructure planning and schedule for proposed roadway improvements. CIP projects can sometimes be shifted to address the scheduled roadway improvements, especially if roadway agency funding is available to offset the accelerated cost.</li> <li>• Capital Repair and Replacement Reserve Funds available for unanticipated CIP needs.</li> </ul>
Existing or new customers required additional water supply which exceeds the available supplies of the Authority or the delivery capacity of the current system	Medium	<p>The Authority is developing a long-term raw water master plan for development of additional permanent supplies for The RWE over the 50-year future.</p> <p>Engineering analysis of the Highlands system's delivery capacity has been developed and customized models can now be used to determine how best to expand the capacity when required. Before executing new delivery contracts, SJRA professional staff evaluates the required modifications and requires the customer to fund the cost of the capacity improvements.</p> <p>Since all available supplies in Lake Conroe are committed to existing customers, any requests for additional capacity must be met in the short-term by use of long-term committed but currently unused supplies or by immediately acquiring new supplies from other existing sources.</p>

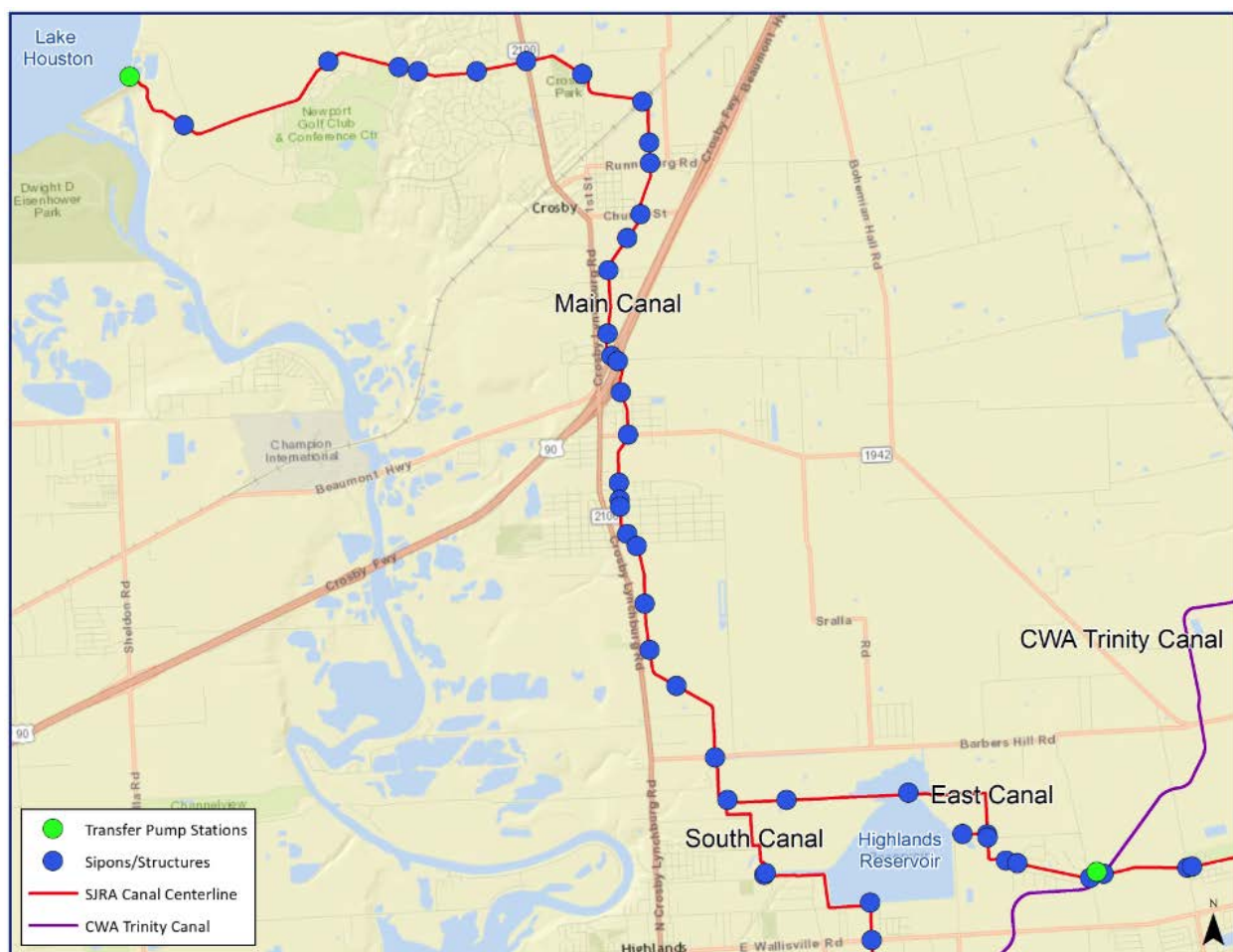
# HIGHLANDS DIVISION



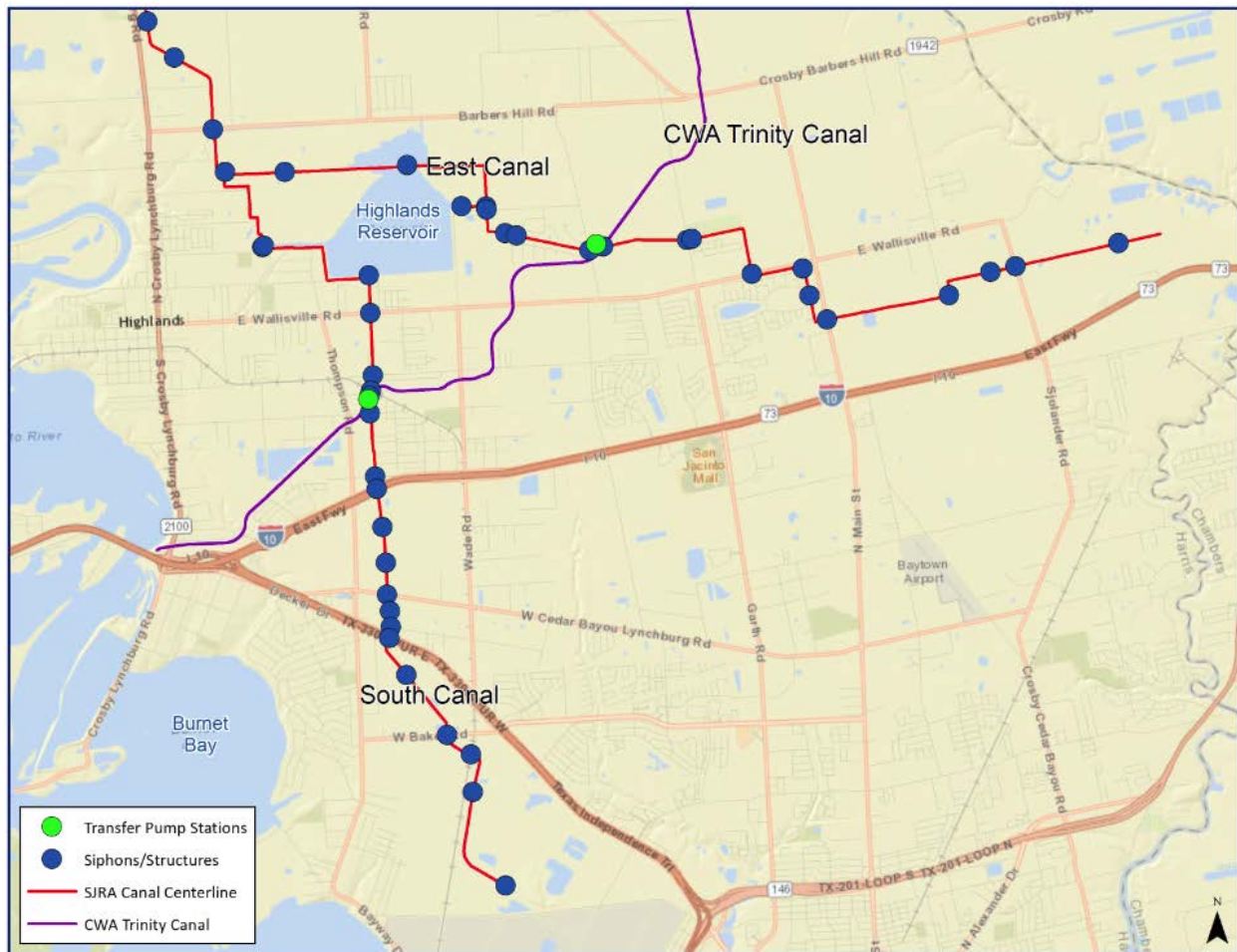
## HIGHLANDS DIVISION

The Highlands Division operates and maintains a raw water delivery system to supply municipal, industrial, and irrigation customers in eastern Harris County. The original canal system was developed by the federal government as part of the industrial build-up during World War II. The Highlands Division was created in the early 1950's when the federal government sold the canal system to the Authority. The Highlands system has been the principal enterprise of the Authority for more than 75 years. The system now consists of the Lake Houston Pump Station, an extensive 27 mile system of canals (Main, East, and South) that includes siphons crossing numerous roads, pipelines, canals, and drainage channels, the 1,400 acre Highlands Reservoir, and two transfer pump stations on the East and South Canals to divert Trinity River water from the Coastal Water Authority's Trinity Canal into the Highlands canals. The Highlands Division delivers more water each day than all of the other operating divisions combined.

### MAP OF HIGHLANDS MAIN CANAL SYSTEM



## MAP OF HIGHLANDS SOUTH AND EAST CANAL SYSTEMS



**Major Initiatives:** Ongoing in FY2018 and planned for FY2019, the Highlands Division has either completed or started, or will complete or start a number of major initiatives to improve the operations of the Highlands system.

- 1. In-house Project Delivery:** In FY2018 the SJRA expanded its in-house project delivery capabilities to include the design and construction of small projects within the Highlands system. In past years, the design and construction of all small projects were contracted to third-party engineering and construction firms. The Highlands staff continued to complete in-house improvement projects in FY2018, including the construction of SCADA sheds at various locations, clearing and fencing along easement lines, and the demolition and construction of the new Pump No. 4 meter house at the Lake Houston Pump Station. The Highlands Division will continue to evaluate small construction and rehabilitation projects for opportunities to utilize and expand their in-house construction capabilities with support from the Technical Services engineering, construction management, and inspection expertise.

- 2. Security, Access, and Fencing Improvements:** The Highlands Division conducts annual field investigations to identify areas along the Highlands system that require additional security to address issues with trespassing, trash dumping, vandalism, and illegal behaviors. Upon completion of the field investigations, staff issues work orders to address the areas identified as a priority. These efforts include the construction and replacement of fencing and gate structures, construction of maintenance roadways and drainage structures, and other similar facilities. In FY2018 staff worked with legal counsel to improve access easements to provide more suitable access to perform routine operations and maintenance along the 27-mile system. These efforts will continue in FY2019.
- 3. Coastal Water Authority's (CWA) South Canal Transfer Pump Station (SCTPS) O&M:** This pump station is located in Highlands, just north of Baytown. The SCTPS allows the SJRA to utilize its water rights in the Trinity River by conveyance of raw water from the Trinity River via the CWA Main Canal and SCTPS transference to the SJRA South Canal. Currently, the pump station is owned and operated by CWA on behalf of and at the expense of SJRA. In FY2019, SJRA staff and legal counsel will continue discussions and negotiations to transfer ownership and operational responsibility from CWA to SJRA. With this transition, SJRA O&M staff will begin to perform all maintenance and operational tasks associated with the SCTPS.
- 4. SCADA/I&C Improvements:** Historically, the Highlands system has been predominantly a manually operated system, with minimal remote monitoring and controls. In FY2019, with the coordination of the G&A SCADA/I&C Department, the Highlands will continue to assist with any construction activities to install various instrumentation and control technology, in order to significantly improve instrumentation and infrastructure to remotely monitor and control flows within the canal system. These improvements will increase the reliability and functionality of operations for the entire system and enhance the responsiveness of the staff to unexpected events. In FY2018, in-pipe flow meters were installed for the South Canal at Siphon No. 37 (Baker Road) and for the East Canal at the Harris County Flood Control Ditch Siphon (adjacent to Harvest Meadows Lane). Division staff will continue to work with SCADA staff for the implementation and placement of instrumentation downstream of Structure No. 24 at the Reservoir.

**Capital Improvement and Other Projects Plans:** Each year the Highlands Division conducts risk and condition assessments of their infrastructure. The Highlands reviews the likelihood and consequences of failure of each asset and then prioritizes projects based on a variety of factors related to reliable, cost-effective service. Projects included within the Highlands Projects Plan may be funded from the Operations and Maintenance Budget, from bonds, and/or in some limited instances from direct customer contributions. Funding for projects typically extends over multiple fiscal years. Several Highlands Division projects are planned to be partially funded from customer contributions, including a future FY2019 contribution from the Texas Department of Transportation (TxDOT) for the FM2100 road widening and culvert bridge placement project, a future FY2019 Harris County contribution for the road widening project and required siphon improvements at Wallisville Road. For FY2019, the following projects are slated for design and/or construction:



Highlands - Projects	Stage	Est. FY2019 Cost	Funding Source
Wallisville Road Siphon Improvements	Design/Const	\$ 3,257,000	O&M/Bonds/Cust
Lake Houston Pump Station Miscellaneous Rehab (Phase 2)	Design/Const	\$ 730,000	Bonds
Access Road to HCFCD Ditch Siphon	Construction	\$ 71,000	Bonds
Siphon 39 and Siphon 41 Silt Removal	Design/Const	\$ 235,000	Bonds
East Canal Transfer Pump Station VFDs	Design/Const	\$ 108,000	Bonds
Siphon 7 Improvements	Construction	\$ 1,365,000	O&M/Bonds/Cust
Highlands Environmental Consulting Services	Design	\$ 58,000	O&M/Bonds
Levee Improvements from Siphon 21 to 2,500 Feet Downstream	Land Acq	\$ 53,000	O&M/Bonds
South Canal Levee Improvements between Structure 3 and Siphon 24	Land Acq	\$ 120,000	O&M/Bonds
South Canal Levee Improvements between Siphons 24 and 27	Design	\$ 50,000	Bonds
Siphon 29 Improvements	Design	\$ 255,000	Bonds
Water Conservation and Drought Contingency Plans	Design	\$ 33,000	O&M Budget
Main Canal Levee Improvements - Siphon 6 to Highlands Reservoir	Design	\$ 200,000	Bonds
Siphon 25 Improvements	Design	\$ 50,000	Bonds
Siphon 26 Improvements	Design	\$ 50,000	Bonds
Total		\$ 6,635,000	

**Total Indebtedness and Annual Debt Service:** At August 31, 2017, the Highlands Division currently had \$60,785,000 of total indebtedness from bonds related to Highlands projects, made up of the following bond issuances:

- Series 2010 Water Revenue Bonds (Outstanding: \$21,220,000; Matures 10/1/35)
- Series 2013 Water Revenue Bonds (Outstanding: \$6,195,000; Matures 10/1/38)
- Series 2014 Water Revenue Bonds (Outstanding: \$5,205,000; Matures 10/1/39)
- Series 2015 Water Revenue Bonds (Outstanding: \$28,165,000; Matures 10/1/39)

Annual debt service (principal and interest) for FY2019 for the above bond issuances is \$4,266,050. Bond payments each year are made in April (interest only) and October (principal and interest). Monthly accruals of interest are made for October to March, while monthly accruals of principal and interest are made for April to September. Debt Service Reserves are not yet fully funded for the above bond issuances and are being funded monthly.

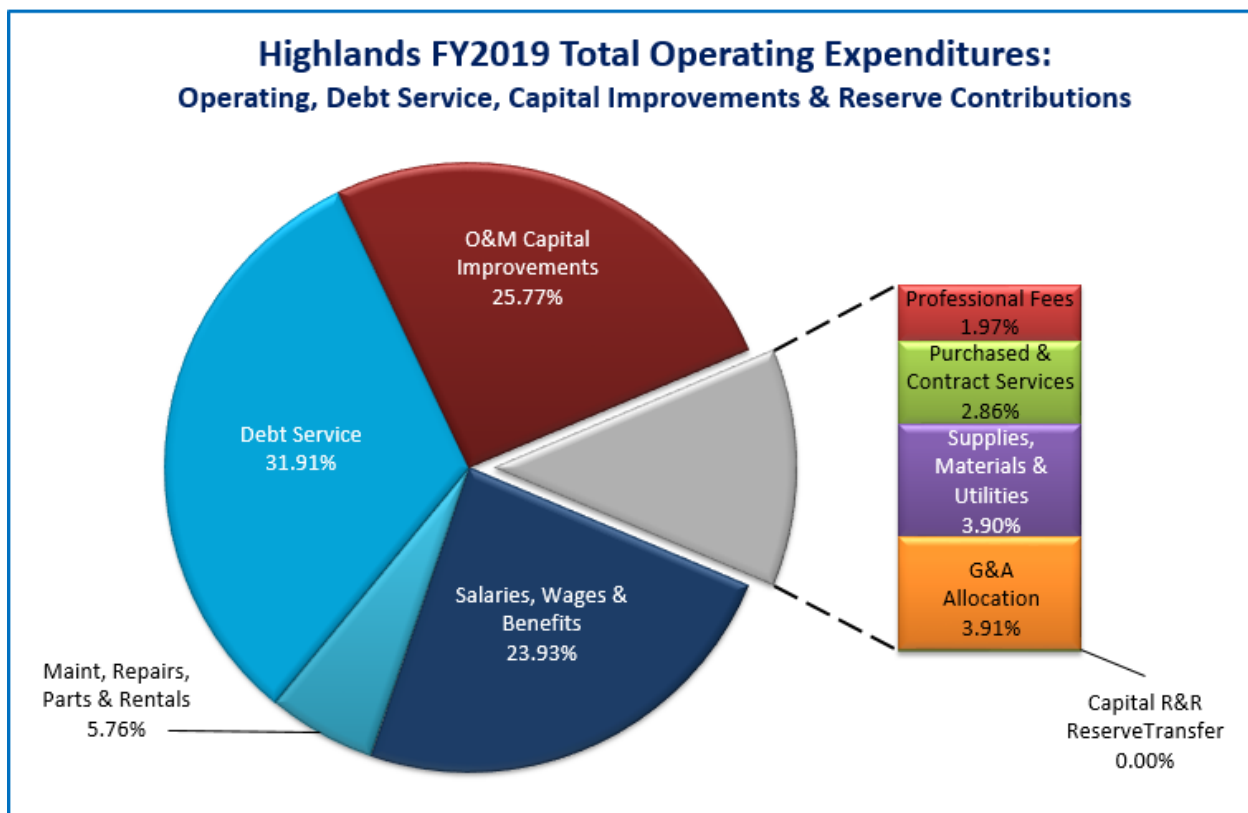
**Staffing Plans:** The Highlands Division's staffing plan for FY2019 includes 11 direct FTE positions, with no part-time, temporary, or intern positions. In addition to the 11 direct Highlands FTEs, the Highlands is allocated 15.19 FTEs for FY2019 from G&A Departments. Total staff in FY2019 associated with the Highlands Division, direct and allocated, is 26.2 FTEs.

**Revenues:** The Highlands Division has no significant revenues forecast for FY2019 with \$5,675 in Operating Income for Land Use and only \$14,000 of Interest Income, combined with \$1,535,500 of anticipated capacity contributions from customers and the use of \$267,000 of bond proceeds for the Wallisville Siphon improvements and removal of silt at Siphon No. 39 and Siphon No. 41.

**Expenditures:** The Highlands Division for FY2019 contains regular and customary expenses related to the on-going operation and maintenance of the Highland's wholesale raw water transmission system. Such expenditures include:

- Salaries, Wages, and Benefits
- Professional Fees
- Purchased and Contracted Services
- Supplies, Materials, and Utilities
- Maintenance, Repairs, Parts, and Rentals
- G&A Allocations
- Debt Service (principal and interest)
- O&M Capital Improvements (non-bond related)
- Reserve Contributions

Expected total expenditures for the Highlands Division for FY2019, including operating, non-operating, debt service, capital improvements, and any other cash uses, totals \$13,367,416.



**Fund Balance and Reserves:** The Authority's General Fund Balance combines to cover the Raw Water Enterprise, which is made up of the Raw Water Supply, Highlands Division, and Lake Conroe Division, as well as the G&A Division.

As approved by the Board of Directors, the reserve policy for the Highlands Division utilizes three reserves: Operating Reserve, Emergency Reserve, and Capital Repair and Replacement Reserve.

- 1. Operating Reserve:** The Operating Reserve is created to manage cash flow, and stabilize rates and revenues. The Operating Reserve target beginning in FY2019 for the Highlands is set to be an amount equal to six months of operating expenditures. Currently, the Highlands has overfunded the six month operating reserve, creating a cash source in the budget. For FY2018, the Highlands Operating Reserve is at \$2,753,195, equivalent to six months of operating expenses. For FY2019, the Operating Reserve is projected to be \$2,567,211, equivalent to six months of operating expenses.
- 2. Emergency Reserve:** The Emergency Reserve is created to provide for a full or partial source of funds for unplanned or emergency repair or replacement of Authority capital assets, excluding the Woodlands and GRP Divisions. The Emergency Reserve target for the Highlands is set to be an amount equal to six months of operating expenses. For FY2018, the Highlands Emergency Reserve is at \$2,753,195, equivalent to six months of operating expenses. For FY2019, the Emergency Reserve is projected to be \$2,567,211, equivalent to six months of operating expenses.
- 3. Capital R&R Reserve:** The Capital R&R Reserve target for the Highlands is to be the year-after-year accumulation of an annual amount equal to that year's depreciation of the Division's assets. For FY2018, the Highlands Capital R&R Reserve balance is at \$4,736,853. For FY2019, no funds were budgeted for the Capital R&R Reserve.

For FY2019, the net balance between revenues and expenditures for the Highlands Division, including annual debt service and scheduled contributions to any of the three reserves, is (\$11,173,291). This amount will be covered by the Raw Water Supply revenues, as provided by the Raw Water Enterprise.

**San Jacinto River Authority - Highlands**  
**Actual to Budget Comparison**  
**FY2017 - FY2019**

Description	Rolling 12				
	Actuals	Actuals	Mo. Actuals	Budget	Budget
	8/31/2017	Sept-March FY2018	April 2017- March 2018	FY2018	FY2019
<b>OTHER REVENUES</b>					
Interest Income	\$ 166,591	\$ 86,620	\$ 172,228	\$ 16,000	\$ 14,000
Land Use Agreements	5,675	-	5,675	-	5,675
Proceeds From Sale Of Assets	29,815	-	29,815	-	-
<b>TOTAL OTHER REVENUES</b>	<b>\$ 202,081</b>	<b>\$ 86,620</b>	<b>\$ 207,718</b>	<b>\$ 16,000</b>	<b>\$ 19,675</b>
<b>OPERATING EXPENSES</b>					
<b>SALARIES, WAGES, &amp; EMPLOYEE BENEFITS</b>					
Salaries & Wages	\$ 481,926	\$ 345,334	\$ 585,115	\$ 615,985	\$ 688,121
Salary & Wage Allocation	1,375,629	671,929	1,266,266	1,381,539	1,363,891
Compensated Absences	5,138	-	5,138	-	-
Group Insurance	371,769	244,331	401,324	548,134	545,984
Group Insurance - Retirees	16,541	9,924	16,902	17,417	18,062
Group Insurance - Retiree OPEB	101,744	-	101,744	35,000	100,000
Group Retirement Expense	231,551	125,383	223,763	273,036	269,192
Workers Compensation Insurance	41,247	26,077	42,904	53,222	63,189
Social Security Taxes	130,838	69,871	130,350	147,013	150,511
<b>TOTAL SALARIES, WAGES, &amp; EMPLOYEE BENEFITS</b>	<b>\$ 2,756,383</b>	<b>\$ 1,492,849</b>	<b>\$ 2,773,506</b>	<b>\$ 3,071,345</b>	<b>\$ 3,198,950</b>
<b>PROFESSIONAL FEES</b>					
Legal Fees	\$ 22,303	\$ 31,909	\$ 44,248	\$ 20,000	\$ 45,000
Disclosure Filing	375	-	-	500	500
Annual Financial Audit	6,793	7,450	8,544	10,000	6,000
Arbitrage Rebate Audit	-	-	-	3,750	-
Paying Agent Fees	2,515	2,500	3,250	3,265	5,000
Engineering	28,657	3,545	22,545	90,000	198,000
Crane Inspections	-	870	870	1,100	2,340
Safety Inspections & Testing	1,396	1,004	1,004	3,000	1,500
Graphic Design	-	-	-	5,000	5,000
<b>TOTAL PROFESSIONAL FEES</b>	<b>\$ 62,039</b>	<b>\$ 47,278</b>	<b>\$ 80,461</b>	<b>\$ 136,615</b>	<b>\$ 263,340</b>
<b>PURCHASED &amp; CONTRACTED SERVICES</b>					
Waste Disposal Services	\$ 7,587	\$ 2,272	\$ 4,836	\$ 10,000	\$ 8,000
State Fees	-	125	125	-	125
Patrolling & Security Services	61,668	44,934	67,432	68,900	70,896
Employee Testing- New	1,252	651	1,324	340	1,475
Janitorial Services	6,420	3,210	6,420	7,500	7,000
Stream Gauging & Water Quality-USGS	16,300	9,508	16,300	17,115	17,115
South Canal CWA Water Conveyance	55,975	47,674	76,422	145,000	145,000
East Canal CWA Water Conveyance	(2,824)	190	(2,759)	119,625	119,625
Trucking	1,160	500	750	5,400	3,000
Public Relations Expense	500	-	500	2,500	2,000
Water Conservation & Public Education	5,000	-	300	6,000	6,000
Meeting Expenses	1,610	602	826	2,000	1,600
<b>TOTAL PURCHASED &amp; CONTRACTED SERVICES</b>	<b>\$ 154,649</b>	<b>\$ 109,665</b>	<b>\$ 172,476</b>	<b>\$ 384,380</b>	<b>\$ 381,836</b>
<b>SUPPLIES, MATERIALS &amp; UTILITIES</b>					
Office Supplies & Printing	\$ 4,613	\$ 1,452	\$ 3,676	\$ 6,000	\$ 6,000
Other Office Expense	1,488	1,131	2,285	1,000	1,500
Travel	385	-	-	4,000	4,000
Automobile & Truck Expense	5,669	6,944	9,115	13,400	23,800
Postage	501	237	538	1,000	900
Property Insurance	13,985	7,603	13,615	17,862	13,730
Auto Insurance	14,069	8,775	15,019	15,010	17,018
Liability Insurance	13,151	6,432	12,564	10,300	20,001
Small Tools Purchases	4,795	624	5,226	6,000	10,000
Training-External	475	-	-	4,000	4,000
Training-Internal	75	125	125	1,000	1,000
Training-Employee HR	2,507	1,230	2,517	2,550	2,700
Managers Expense	762	-	465	2,000	2,000

**San Jacinto River Authority - Highlands**  
**Actual to Budget Comparison**  
**FY2017 - FY2019**

Description	Rolling 12			Budget FY2018	Budget FY2019
	Actuals 8/31/2017	Actuals Sept-March FY2018	Mo. Actuals April 2017- March 2018		
Employee Relations	1,421	514	1,306	2,100	2,100
Fuel	31,468	17,669	31,695	44,000	44,000
Uniform Services	5,124	1,347	3,217	6,800	6,000
Operations Supplies	7,416	2,496	4,760	13,200	14,000
Memberships & Professional Dues	346	-	160	1,900	325
Signage	5,218	952	1,005	2,000	3,000
Janitorial Supplies	166	395	544	1,000	800
Copier, Scanner & Fax	3,891	1,797	3,257	7,800	12,000
Utilities-Electric	6,895	4,784	8,596	14,400	14,400
Utilities-Natural Gas	2,282	1,588	2,547	6,750	6,000
Utilities-Water	701	552	858	800	900
Utilities-Electric-LHPS Pumping Costs-Direct	83,228	43,520	85,719	130,000	141,600
Utilities-Electric-ECTPS Pumping Costs-Direct	8,431	5,412	9,057	24,000	24,000
Utilities-Electric-SCTPS Pumping Costs-Direct	10,522	6,480	10,926	14,400	14,400
Pumping Costs-Indirect	16,059	7,381	15,829	19,260	18,504
Personal Protective Equipment	4,134	1,930	3,773	5,000	6,950
Safety Equipment & Meetings	2,245	743	2,202	7,000	3,850
Health & Wellness Program	318	-	289	450	600
Recruiting Expenses	252	29	187	6,000	2,400
Computer Hardware	3,486	816	4,299	19,970	21,807
Software & Support	18,489	10,352	17,768	22,231	22,027
Software Maintenance	-	-	-	11,000	16,000
Network Communications	4,364	2,397	4,218	5,100	4,800
Publications & Subscriptions	-	-	-	500	600
Newspaper Ads	-	-	-	-	12,000
Wireless Devices & Services	8,918	6,146	10,473	13,980	18,000
Phone System-Install, Maintenance, & Changes	-	-	-	500	-
Emergency Operations Communications	73	169	242	684	684
Landline Telephone Services	2,272	992	1,674	2,400	2,400
<b>TOTAL SUPPLIES, MATERIALS &amp; UTILITIES</b>	<b>\$ 290,192</b>	<b>\$ 153,013</b>	<b>\$ 289,745</b>	<b>\$ 467,347</b>	<b>\$ 520,797</b>
<b>RENTALS</b>					
Equipment Rentals	\$ 4,420	\$ 1,775	\$ 4,101	\$ 5,000	\$ 55,000
<b>TOTAL RENTALS</b>	<b>\$ 4,420</b>	<b>\$ 1,775</b>	<b>\$ 4,101</b>	<b>\$ 5,000</b>	<b>\$ 55,000</b>
<b>MAINTENANCE, REPAIRS &amp; PARTS</b>					
Office, Furniture, & Fixtures	\$ 4,522	\$ 2,927	\$ 5,939	\$ 13,000	\$ 2,000
Buildings & Grounds Maintenance	40,615	27,815	37,724	50,000	40,000
Security System Monitoring	359	359	359	500	700
Generators	-	1,695	1,695	-	4,000
Machinery, Tools, & Implements	31,277	18,617	34,702	56,500	45,000
Instrumentation Equipment & Parts	11,252	1,006	11,385	26,000	35,000
Bridges, Culverts, & Siphons	177,221	219,846	283,436	345,745	92,500
Networking and Communications - SCADA	-	-	-	-	5,300
Water Control Structure	9,614	-	-	-	-
Canals, Levees, & Dams-Maintenance & Repairs	35,743	18,870	27,035	20,000	255,000
Invasive Species Management	16,924	2,648	19,520	50,000	30,000
Streets & Roads	5,055	-	5,055	10,000	10,000
Lake Houston Pump Station Maintenance & Repairs	62,066	5,218	47,835	869,959	175,000
East Canal Pump Station Maintenance & Repairs	1,805	-	1,805	-	20,000
South Canal Pump Station Maintenance & Repairs	-	849	849	-	-
Inventory Gains and Losses	196	-	196	-	-
<b>TOTAL MAINTENANCE, REPAIRS &amp; PARTS</b>	<b>\$ 396,649</b>	<b>\$ 299,850</b>	<b>\$ 477,534</b>	<b>\$ 1,441,704</b>	<b>\$ 714,500</b>
<b>GENERAL &amp; ADMINISTRATIVE EXPENSES</b>					
General & Administrative Expense Allocated	\$ 368,479	\$ 186,851	\$ 348,320	\$ 579,465	\$ 522,756
<b>TOTAL GENERAL &amp; ADMINISTRATIVE EXPENSES</b>	<b>\$ 368,479</b>	<b>\$ 186,851</b>	<b>\$ 348,320</b>	<b>\$ 579,465</b>	<b>\$ 522,756</b>
<b>NON-OPERATING EXPENSES</b>					
Interest Expense	\$ 2,287,252	\$ 1,309,394	\$ 2,262,620	\$ 2,241,684	\$ 2,189,383

**San Jacinto River Authority - Highlands**  
**Actual to Budget Comparison**  
**FY2017 - FY2019**

Description	Rolling 12			Budget FY2018	Budget FY2019
	Actuals 8/31/2017	Actuals Sept-March FY2018	Mo. Actuals April 2017- March 2018		
<b>TOTAL NON-OPERATING EXPENSES</b>	\$ 2,287,252	\$ 1,309,394	\$ 2,262,620	\$ 2,241,684	\$ 2,189,383
<b>TOTAL EXPENSES</b>	\$ 6,320,062	\$ 3,600,673	\$ 6,408,763	\$ 8,327,540	\$ 7,846,561
<b>NET REVENUES OVER EXPENSES</b>	\$ (6,117,980)	\$ (3,514,054)	\$ (6,201,046)	\$ (8,311,540)	\$ (7,826,886)
<b>CAPITAL IMPROVEMENTS</b>					
Highlands Improvements				\$ 1,651,279	\$ 3,287,000
Maintenance Equipment				240,000	47,000
Transportation Equipment				75,000	60,000
Software				670	433
Computer Equipment				7,011	49,756
Radio Communications Equipment				-	-
<b>TOTAL CAPITAL IMPROVEMENTS</b>				\$ 1,973,961	\$ 3,444,188
<b>OTHER USES</b>					
Bond Principal	\$ 1,925,000	\$ 1,980,000	\$ 1,980,000	\$ 2,025,833	\$ 2,076,667
Debt Service Reserve Funds				-	-
Capital Repair/Replacement Reserve Fund				788,023	-
<b>TOTAL OTHER USES</b>	\$ 1,925,000	\$ 1,980,000	\$ 1,980,000	\$ 2,813,857	\$ 2,076,667
<b>OTHER SOURCES</b>					
Bond Proceeds				\$ 278,245	\$ 267,000
Cash Sources				204,815	-
Operating Reserve Fund				-	185,975
Emergency Reserve Fund				-	185,975
Capacity Contributions	539,207	1,258,150	1,622,357	1,571,279	1,535,500
<b>TOTAL OTHER SOURCES</b>	\$ 539,207	\$ 1,258,150	\$ 1,622,357	\$ 2,054,339	\$ 2,174,450
<b>NET CASH BASIS SOURCES (USES)</b>	\$ (7,503,773)	\$ (4,235,904)	\$ (6,558,689)	\$ (11,045,018)	\$ (11,173,291)

# LAKE CONROE DIVISION





## LAKE CONROE DIVISION

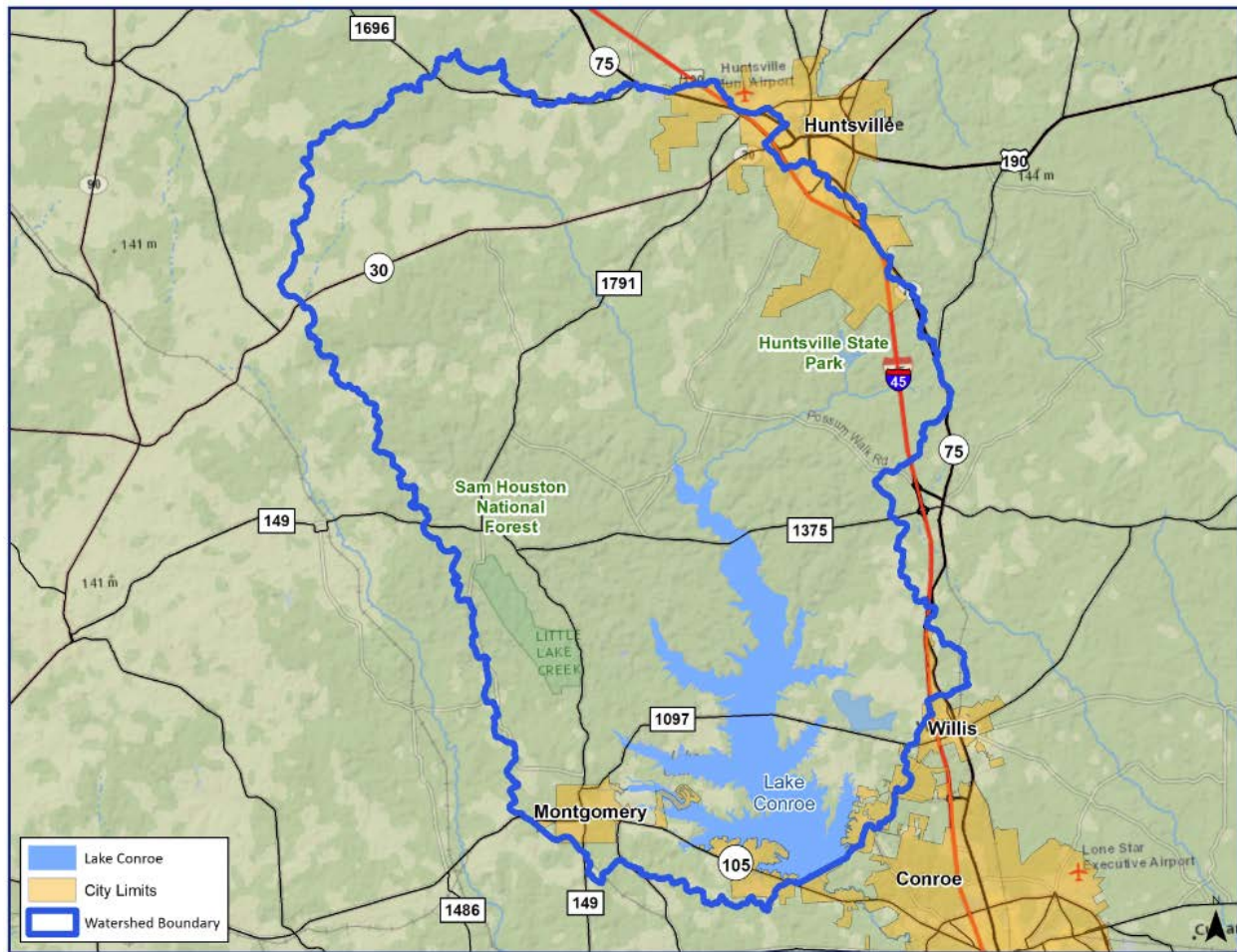
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The Lake Conroe Division is responsible for managing the resources of the Lake Conroe dam and reservoir. Completed in 1973, Lake Conroe is funded through a joint venture partnership between the Authority and the City of Houston, and was constructed as a long-term water supply reservoir. The Authority holds water rights for 1/3 of the annual yield of Lake Conroe, while the City of Houston holds the other 2/3 of the water rights. As a 2/3 owner in Lake Conroe, the City of Houston reimburses roughly 2/3 of the Lake Conroe Division expenses. The Lake Conroe Division's primary responsibilities are:

- operate and maintain the Lake Conroe dam, spillway structure, and service outlet,
- handle all monitoring functions related to water quality, including permitting and inspection of on-site sewage systems around Lake Conroe,
- administer licensing programs for residential docks, piers, marinas, commercial operations, all for the purpose of ensuring navigation and recreation safety,
- maintain an invasive aquatic vegetation control program,
- monitor the construction of permanent structures and other encroachments onto Authority lands including the reservoir, and
- administer the rules and regulations for the Lake Conroe reservoir.



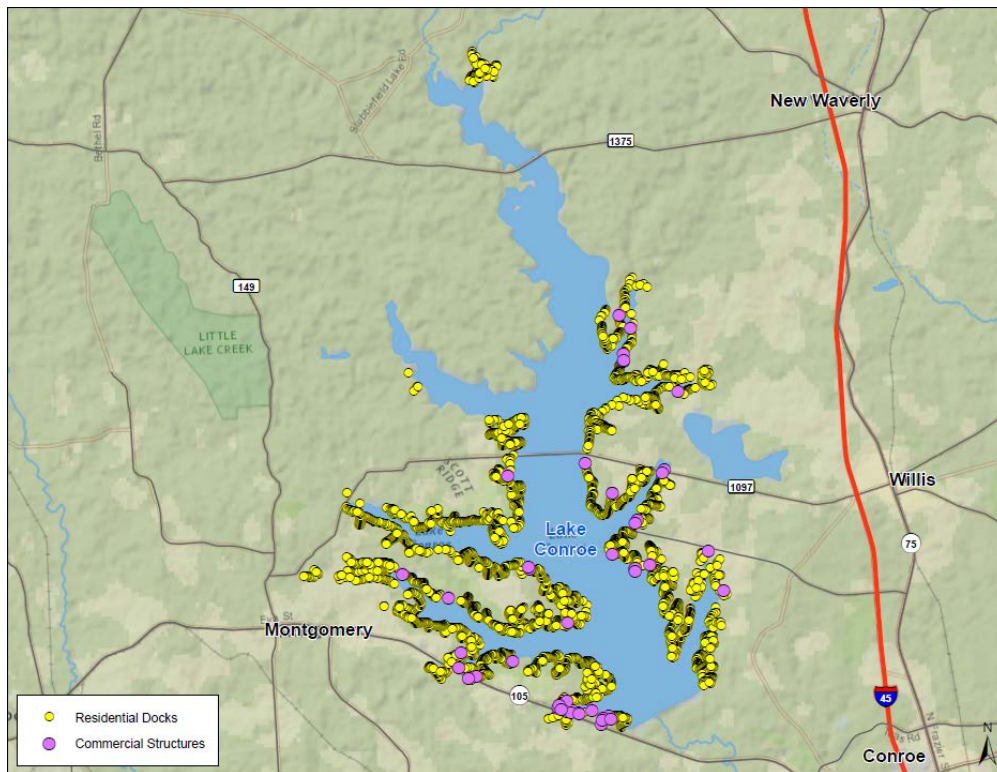
## MAP OF LAKE CONROE WATERSHED



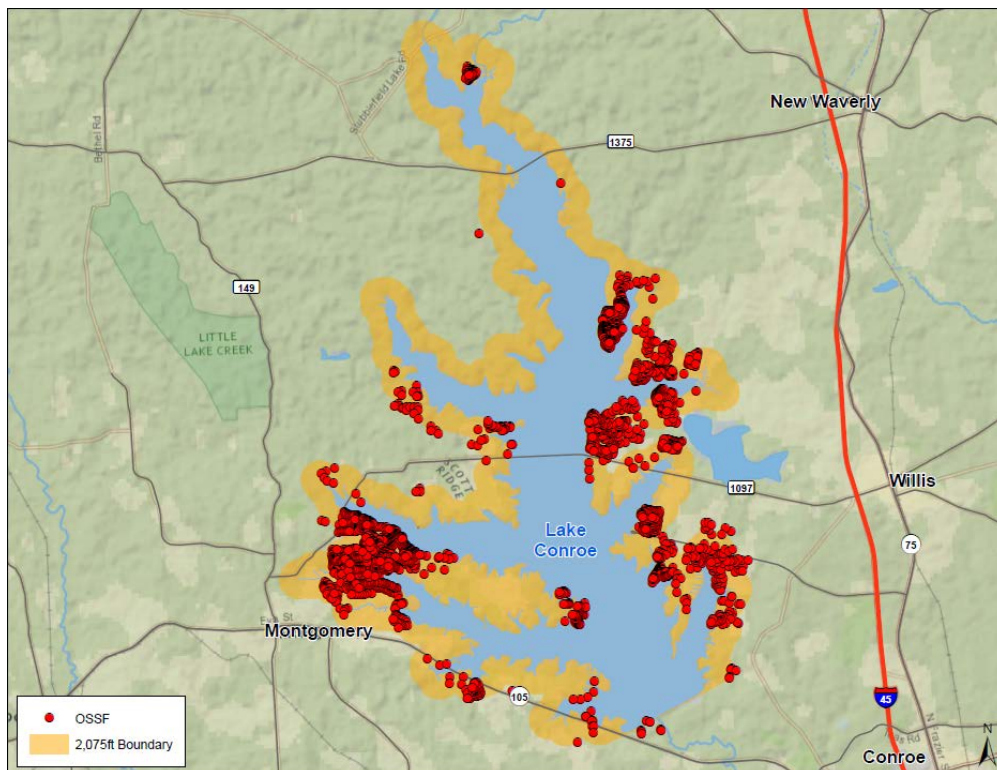
As permitted by the State of Texas, the annual yield of Lake Conroe is 99,999 acre-feet, with the Authority's portion being 33,333 acre-feet (ac-ft) and the City of Houston's portion being 66,667 ac-ft. Lake Conroe was formed by the creation of a 2.2 mile long earthen dam and gated spillway on the West Fork of the San Jacinto River. The reservoir covers an area of roughly 19,640 acres within Montgomery and Walker Counties. When full (201 feet above mean sea-level) the reservoir contains approximately 400,000 acre-feet of water. There are about 4,500 commercial and residential dock structures currently permitted on Lake Conroe and 2,500 on-site sewage systems (OSSFs) permitted within a 2,075 feet perimeter around the shoreline of the reservoir.



## MAP OF RESIDENTIAL AND COMMERCIAL DOCKS ON LAKE CONROE



## MAP OF ON-SITE SEWAGE FACILITIES (OSSFS) ON LAKE CONROE



**Major Initiatives:** During FY2018 and planned for FY2019, the Lake Conroe Division has either completed or started, or will complete or start a number of major initiatives to improve the operations and maintenance of Lake Conroe.

- 1. West Side Diversion Channel Improvements:** In FY2018, the Division is anticipating completion of design of improvements to the Lake Conroe Dam Westside Diversion Channel, and construction is planned to occur in FY 2019. The project is anticipated to include repairs of sloughing slopes and improvements to prevent future erosion and sloughing east and west of Dam Site Road, potentially to include slope regrading, silt/material removal near culverts under Dam Site Road, riprap placement, and other improvements. The project will ensure continued reliable operation of the Westside Diversion Channel, and prevent erosion from extending beyond SJRA's easement and/or property boundaries. Ultimately, failure of the Westside Diversion Channel could cause dam relief wells to back up, which could create increased pore pressures in the dam and threaten its stability.
- 2. Refurbishment of Gate Gear Boxes:** In FY2018, the Division is anticipating completion of a substantial project to rehabilitate the main spillway flood release gates on the dam. There are five thirty-foot tall and forty-foot wide gates that the Lake Conroe Division must raise to pass floodwaters through the reservoir during heavy rainfall periods. This rehabilitation includes the gate hoist mechanisms, (including the gearboxes, motors, brake mechanisms, and electronic control systems) and will result in improved reliability and enhanced longevity to their expected working life.
- 3. Outlet Structure and Conduit Joint Repair:** In FY 2019, The Division plans to perform a project to repair separated/displaced joints within the Lake Conroe Dam service outlet discharge conduit. The project is also anticipated to include repairs to the service outlet inlet structure. The project will result in increased reliability of dam operations and extend the service life of service outlet components.
- 4. Flood Protection Planning and Flood Early Warning:** During FY2017, the Lake Conroe Division partnered with Montgomery County and the City of Conroe and were awarded a 50% grant by the Texas Water Development Board (TWDB) in a total amount of \$460,000 for a two-year project to improve and expand the Authority's flood early warning system. The project continued through FY2018 matched with local contributions from the Authority, Montgomery County, and the City of Conroe, of \$230,000, \$90,000, \$140,000 respectively. The Alert upgrade portion of the project was substantially completed in FY2018. The study and remaining stream level instruments are anticipated to be completed in FY2019. An application for an additional TWDB grant was submitted in July 2108 and, if awarded, will expand and continue the planning and operational improvement activities under this initiative.
- 5. Relief Wells Rehabilitation:** In FY 2018, the Division performed a pilot study on three of the twenty relief wells located below the Lake Conroe Dam west embankment to determine the most cost efficient and cost effective methods for performing rehabilitation of the system as a whole.

The pilot study consisted of video inspections, performance testing, and mechanical and chemical treating of the three wells in an attempt to remove accumulated biofouling. It is anticipated that the Division will perform rehabilitation of the remaining seventeen wells in FY 2019, utilizing information gathered during the pilot study. The project will prolong the life of the relief well system and provide for proper pressure relief from groundwater beneath the dam.

- 6. Maintenance Facilities Improvements:** In FYs 2018 and 2019, the Division anticipates performing additional planning and design of maintenance facility improvements, with construction of the improvements planned for FYs 2019 and 2020. The improvements are anticipated to include construction of a new maintenance building, as well as other potential items including demolition or repurposing of the failing existing maintenance building, installation of a new water line, construction of a new boat storage canopy, potential relocation/replacement of existing septic system and utilities, refurbishment of the existing records storage building, demolition of the existing maintenance office, and other general site work as required.

**Capital Improvement and Other Projects Plans:** Each year the Lake Conroe Division conducts risk assessments and evaluations of their infrastructure. The Division reviews the likelihood and consequences of failure of each asset and then prioritizes projects based on a variety of factors related to reliable, cost-effective service. Projects included within Lake Conroe's Projects Plan for FY2019 are to be funded from the Operations and Maintenance Budget and may extend over multiple fiscal years. The Lake Conroe Division included the following projects in the FY2019 budget for design and/or construction:

Lake Conroe - Projects	Stage	Est. FY2019 Cost	Funding Source
Flood Protection Planning	Design	\$ 305,000	O&M/TWDB/ILA's
Westside Diversion Channel Improvements	Construction	\$ 525,000	O&M Budget
Relief Wells Rehabilitation	Construction	\$ 214,000	O&M Budget
Maintenance Facilities Improvements	Design/Const	\$ 457,000	O&M Budget
Lake Conroe Office Building Window Replacement	Construction	\$ 48,000	O&M Budget
Lake Conroe Volumetric Survey	Design	\$ 88,000	O&M Budget
Outlet Structure and Conduit Joint Repair	Design/Const	\$ 233,000	O&M Budget
Water Conservation and Drought Contingency Plans	Design	\$ 30,000	O&M Budget
Total		\$ 1,900,000	

**Total Indebtedness and Annual Debt Service:** The Lake Conroe Division does not have any indebtedness as of FY2018 and no plans for future indebtedness in FY2019 or beyond.

**Staffing Plans:** The Lake Conroe Division's staffing plan for FY2019 includes 15 direct FTE positions, with no part-time, temporary, or intern positions. Of these 15 direct FTE positions, Lake Conroe allocates 1.88 FTEs to other divisions, leaving 13.12 FTEs allocated directly to Lake Conroe. In addition to these 13.12 FTEs, the Division is allocated 12.3 FTEs for FY2018 from G&A Departments. The net total FY2019 FTEs associated with the Lake Conroe Division, direct and allocated, is 25.42 FTEs.

**Revenues:** Since the City of Houston is a 2/3 partner with the Authority in the annual operation and maintenance of Lake Conroe, the City of Houston's 2/3 reimbursement of normal and customary O&M expenses for FY2019 is \$3,528,735.

Additionally, the Lake Conroe Division issues licenses for commercial businesses operating on the lake, permits for commercial and residential docks, and permits for the installation of OSSFs. Annual permits are required for all boat docks on Lake Conroe. The Division forecasts the number and size of commercial and residential docks each year based on historical permits. Docks fees are expected to remain the same for FY2019 at \$0.188 per square-foot. Revenue from dock fees and other residential and commercial licensing and permitting activities on the lake is projected to be \$1,104,279. In accordance with TCEQ rules, any installation of an OSSF within 2,075 feet of the reservoir shoreline requires a permit from the Authority. Revenues generated by OSSF permits is forecasted to be \$20,600 for FY2019.

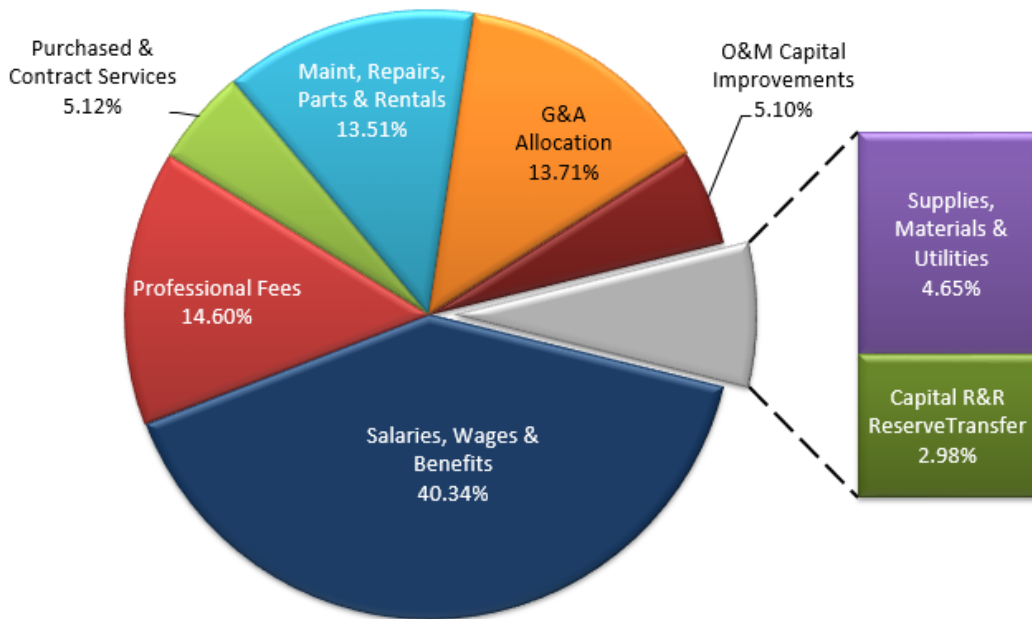
Expected total revenues for the Lake Conroe Division for FY2019 totals \$4,833,614.

**Expenditures:** The Lake Conroe Division for FY2019 contains regular and customary expenses related to the on-going operation and maintenance of the Lake Conroe reservoir. Such expenditures include:

- Salaries, Wages, and Benefits
- Professional Fees
- Purchased and Contracted Services
- Supplies, Materials, and Utilities
- Maintenance, Repairs, Parts, and Rentals
- G&A Allocations
- O&M Capital Improvements (non-bond related)
- Reserve Contributions

Expected total expenditures for the Lake Conroe Division for FY2019, including operating, capital improvements, and any other cash uses, totals \$7,431,737.

### Lake Conroe FY2019 Total Operating Expenditures: Operating, Capital Improvements & Reserve Contributions



**Fund Balance and Reserves:** The Authority's General Fund Balance combines to cover the Raw Water Enterprise, which is made up of the Raw Water Supply, Highlands Division, and Lake Conroe Division, as well as the G&A Division.

As approved by the Board of Directors, the reserve policy for Lake Conroe utilizes three reserves: Operating Reserve, Emergency Reserve, and Capital Repair and Replacement Reserve. It should be noted that the three reserves for Lake Conroe are based on the Authority's 1/3 portion of the Lake Conroe Division excluding the City of Houston's 2/3 portion.

1. **Operating Reserve:** The Operating Reserve is created to manage cash flow, and stabilize rates and revenues. The Operating Reserve target beginning in FY2019 for the Lake Conroe is set to be an amount equal to six months of operating expenditures. For FY2018, the Lake Conroe Operating Reserve is fully funded at the 6 month target at \$941,179. For FY2019, the Operating Reserve is projected to be \$968,765, which will require an additional \$27,585 contribution to the fund.
2. **Emergency Reserve:** The Emergency Reserve is created to provide for a full or partial source of funds for unplanned or emergency repair or replacement of Authority capital assets, excluding the Woodlands and GRP Divisions. The Emergency Reserve target for the Lake Conroe is set to be an amount equal to six months of operating expenses. For FY2018, the Lake Conroe Emergency Reserve is fully funded at \$941,179, equivalent to six months of operating expenses. For FY2019, the Emergency Reserve is projected to be \$968,765, which will require an additional \$27,585 contribution to the fund.

3. **Capital R&R Reserve:** The Capital R&R Reserve target for Lake Conroe is to be the year-after-year accumulation of an annual amount equal to that year's depreciation of the Division's assets. The balance as of March 31, 2018 is \$1,447,002. For FY2018, the contribution budgeted was \$186,965, but no contribution has been funded. There is no contribution budgeted for FY2019.

For FY2019, the net balance between revenues and expenditures for the Lake Conroe Division, including scheduled contributions to any of the three reserves, is (\$1,982,122). This amount will be covered by the Raw Water Supply revenues, as provided by the Raw Water Enterprise.



**San Jacinto River Authority - Lake Conroe**  
**Actual to Budget Comparison**  
**FY2017 - FY2019**

Description	Rolling 12				
	Actuals	Actuals	Mo. Actuals	Budget	Budget
	8/31/2017	Sept-March FY2018	April 2017- March 2018	FY2018	FY2019
<b>OPERATING REVENUES</b>					
Permits, Licenses, & Fees - Residential	\$ 660,804	\$ 359,743	\$ 673,474	\$ 600,000	\$ 661,856
Permits, Licenses & Fees - Commercial	459,674	221,663	440,858	425,000	442,423
Septic Tank Licenses	26,140	10,660	24,180	20,000	20,600
City of Houston Share of Lake Conroe Operations	2,065,620	1,336,806	2,179,360	3,344,068	3,528,735
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 3,212,237</b>	<b>\$ 1,928,872</b>	<b>\$ 3,317,872</b>	<b>\$ 4,389,068</b>	<b>\$ 4,653,614</b>
<b>OTHER REVENUES</b>					
Interest Income	\$ 146	\$ 112	\$ 235	\$ -	\$ -
FEMA Grant Revenue	65,035	-	65,035	-	-
Grant Revenue	376,797	-	146,797	636,000	90,000
Proceeds From Sale Of Assets	260,447	-	260,447	-	-
Other Gains & Losses	9,320	2,084	4,196	-	-
<b>TOTAL OTHER REVENUES</b>	<b>\$ 711,745</b>	<b>\$ 2,196</b>	<b>\$ 476,709</b>	<b>\$ 636,000</b>	<b>\$ 90,000</b>
<b>OPERATING EXPENSES</b>					
<b>SALARIES, WAGES, &amp; EMPLOYEE BENEFITS</b>					
Salaries & Wages	\$ 717,386	\$ 426,908	\$ 749,473	\$ 765,523	\$ 797,224
Salary & Wage Allocation	877,290	504,389	929,016	1,045,214	1,072,962
Salaries & Wages-Interns	114	-	46	-	-
Staffing Services	18,026	-	2,342	-	-
Compensated Absences	3,504	-	3,504	-	-
Group Insurance	359,656	233,912	395,728	508,836	473,563
Group Insurance - Retirees	22,054	13,232	22,536	23,222	24,083
Group Insurance - Retiree OPEB	190,727	-	190,727	65,000	200,000
Group Retirement Expense	198,622	115,000	203,757	253,820	246,881
Workers Compensation Insurance	30,212	18,740	31,998	38,165	44,613
Social Security Taxes	113,659	65,061	119,152	134,439	138,410
<b>TOTAL SALARIES, WAGES, &amp; EMPLOYEE BENEFITS</b>	<b>\$ 2,531,252</b>	<b>\$ 1,377,241</b>	<b>\$ 2,648,280</b>	<b>\$ 2,834,220</b>	<b>\$ 2,997,736</b>
<b>PROFESSIONAL FEES</b>					
Legal Fees	\$ 20,134	\$ 149,331	\$ 160,753	\$ 471,000	\$ 568,500
Legal Fees-Enforcement	30,048	488	9,072	35,000	30,000
Annual Financial Audit	1,235	1,355	1,554	1,350	5,000
Engineering	243,360	145,199	358,169	648,000	473,000
Crane Inspections	1,050	-	1,050	5,000	5,620
Safety Inspections & Testing	2,716	446	446	2,300	600
Graphic Design	94	-	94	2,000	2,000
<b>TOTAL PROFESSIONAL FEES</b>	<b>\$ 298,636</b>	<b>\$ 296,818</b>	<b>\$ 531,138</b>	<b>\$ 1,164,650</b>	<b>\$ 1,084,720</b>
<b>PURCHASED &amp; CONTRACTED SERVICES</b>					
Waste Disposal Services	\$ 5,900	\$ 5,962	\$ 9,683	\$ 7,000	\$ 8,000
State Fees	534	406	816	1,380	1,380
Patrolling & Security Services	223,105	134,015	224,072	270,000	270,000
Employee Testing- New	1,211	882	1,258	2,380	1,300
Janitorial Services	4,608	2,304	4,224	6,051	5,000
Stream Gauging & Water Quality-USGS	81,988	41,443	75,674	82,155	82,155
Public Relations Expense	2,084	-	2,084	8,000	7,000
Water Conservation & Public Education	5,000	-	300	6,000	6,000
<b>TOTAL PURCHASED &amp; CONTRACTED SERVICES</b>	<b>\$ 324,430</b>	<b>\$ 185,012</b>	<b>\$ 318,111</b>	<b>\$ 382,966</b>	<b>\$ 380,835</b>
<b>SUPPLIES, MATERIALS &amp; UTILITIES</b>					
Office Supplies & Printing	\$ 5,646	\$ 6,053	\$ 9,370	\$ 9,000	\$ 9,000
Other Office Expense	2,162	1,079	2,183	3,500	3,500
Travel	3,441	300	1,062	15,000	10,000
Automobile & Truck Expense	10,226	10,089	14,685	20,000	20,000
Postage	10,507	7,108	11,301	14,500	14,100
Property Insurance	9,182	4,890	8,811	7,975	8,815
Auto Insurance	10,457	7,401	11,040	13,148	14,444
Liability Insurance	9,101	6,474	10,768	7,285	14,016

**San Jacinto River Authority - Lake Conroe**  
**Actual to Budget Comparison**  
**FY2017 - FY2019**

Description	Rolling 12			Budget FY2018	Budget FY2019
	Actuals 8/31/2017	Actuals Sept-March FY2018	Mo. Actuals April 2017- March 2018		
Training-External	2,921	1,547	2,447	19,500	12,000
Training-Internal	-	129	129	500	700
Training-Employee HR	2,312	1,148	2,349	2,380	2,616
Chemicals	203	-	203	3,000	-
Managers Expense	2,928	1,166	2,199	5,150	4,000
Employee Relations	115	-	115	-	-
Fuel	20,335	11,273	22,295	21,750	24,825
Uniform Services	139	90	90	1,550	1,050
Supplies - Lab	505	2,436	2,675	4,500	4,500
Operations Supplies	4,871	687	3,179	9,300	11,750
Memberships & Professional Dues	1,376	880	1,415	1,325	2,046
Signage	432	463	835	2,000	2,000
Janitorial Supplies	1,056	591	1,058	1,200	1,200
Copier, Scanner & Fax	6,350	4,082	6,951	6,625	7,225
Delivery & Freight	4,490	-	1,470	-	-
Utilities-Electric	18,090	7,386	15,186	24,000	18,000
Utilities-Natural Gas	957	1,364	1,635	3,000	3,000
Personal Protective Equipment	1,351	1,174	1,919	5,000	5,000
Safety Equipment & Meetings	4,096	2,592	3,483	7,000	5,825
Health & Wellness Program	297	-	270	420	600
Recruiting Expenses	362	55	329	5,600	2,350
Computer Hardware	1,325	18,174	18,713	25,350	29,963
Software & Support	66,789	33,978	61,479	94,081	81,714
Software Maintenance	-	651	651	1,100	1,500
Network Communications	4,033	2,808	4,813	2,976	3,024
Newspaper Ads	-	-	-	-	7,000
Wireless Devices & Services	11,144	8,088	13,383	12,781	16,389
Phone System-Install, Maintenance, & Changes	-	-	-	1,223	480
Landline Telephone Services	2,716	1,595	2,694	2,735	2,779
<b>TOTAL SUPPLIES, MATERIALS &amp; UTILITIES</b>	<b>\$ 219,912</b>	<b>\$ 145,751</b>	<b>\$ 241,186</b>	<b>\$ 354,455</b>	<b>\$ 345,412</b>
<b>RENTALS</b>					
Equipment Rentals	\$ 3,793	\$ 9,026	\$ 9,896	\$ 20,000	\$ 20,000
Office Rent	19,235	11,220	19,235	19,235	19,235
Rent-U.S. Forest Lands	16,697	9,740	16,697	17,000	17,000
<b>TOTAL RENTALS</b>	<b>\$ 39,724</b>	<b>\$ 29,986</b>	<b>\$ 45,827</b>	<b>\$ 56,235</b>	<b>\$ 56,235</b>
<b>MAINTENANCE, REPAIRS &amp; PARTS</b>					
Instrumentation	\$ 15,954	\$ 26,509	\$ 41,663	\$ 17,000	\$ 21,000
Office, Furniture, & Fixtures	31,738	130	130	2,000	2,000
Buildings & Grounds Maintenance	72,131	27,081	67,821	200,000	138,000
Security System Monitoring	290	-	180	-	-
Generators	6,582	22,241	28,823	10,000	10,000
Machinery, Tools, & Implements	24,702	16,961	28,900	20,250	25,250
Boat Maintenance & Repairs	12,063	2,489	11,278	13,000	13,000
Instrumentation Equipment & Parts	22,975	9,594	32,504	11,900	15,000
Networking and Communications - SCADA	-	-	-	-	7,000
Canals, Levees, & Dams-Maintenance & Repairs	647,584	112,871	219,332	866,000	602,000
Clearing	3,395	8,287	8,287	10,000	10,000
Invasive Species Management	27,237	7,218	29,419	82,400	82,400
Streets & Roads	1,773	3,150	4,923	15,000	15,000
Ayer Island Maint & Repair	-	-	-	2,000	2,000
Fencing & Security Repairs	1,168	1,249	1,998	5,000	5,000
<b>TOTAL MAINTENANCE, REPAIRS &amp; PARTS</b>	<b>\$ 867,591</b>	<b>\$ 237,781</b>	<b>\$ 475,258</b>	<b>\$ 1,254,550</b>	<b>\$ 947,650</b>
<b>GENERAL &amp; ADMINISTRATIVE EXPENSES</b>					
General & Administrative Expense Allocated	\$ 825,504	\$ 341,616	\$ 815,223	\$ 924,130	\$ 1,018,592
<b>TOTAL GENERAL &amp; ADMINISTRATIVE EXPENSES</b>	<b>\$ 825,504</b>	<b>\$ 341,616</b>	<b>\$ 815,223</b>	<b>\$ 924,130</b>	<b>\$ 1,018,592</b>
<b>TOTAL EXPENSES</b>	<b>\$ 5,107,050</b>	<b>\$ 2,614,206</b>	<b>\$ 5,075,023</b>	<b>\$ 6,971,205</b>	<b>\$ 6,831,180</b>

**San Jacinto River Authority - Lake Conroe**  
**Actual to Budget Comparison**  
**FY2017 - FY2019**

Description	Rolling 12			Budget FY2018	Budget FY2019
	Actuals 8/31/2017	Actuals Sept-March FY2018	Mo. Actuals April 2017- March 2018		
<b>NET REVENUES OVER EXPENSES</b>	<b>\$ (1,183,068)</b>	<b>\$ (683,138)</b>	<b>\$ (1,280,442)</b>	<b>\$ (1,946,137)</b>	<b>\$ (2,087,565)</b>
<b>CAPITAL IMPROVEMENTS</b>					
Property Acquisition				\$ 10,000	\$ -
Capital Improvements				466,000	1,012,000
Office Buildings				167,000	-
Dam Rehabilitation				103,194	-
Maintenance Equipment				40,000	-
Transportation Equipment				40,000	83,430
Software				11,006	30,590
Computer Equipment				10,517	10,576
Radio Communications Equipment				30,000	-
COH 2/3				(541,144)	(757,730)
<b>TOTAL CAPITAL IMPROVEMENTS</b>				<b>\$ 336,572</b>	<b>\$ 378,866</b>
<b>OTHER USES</b>					
Operating Reserve Fund				\$ -	\$ 27,585
Emergency Reserve Fund				-	27,585
Capital Repair/Replacement Reserve Fund				186,965	166,520
<b>TOTAL OTHER USES</b>				<b>\$ 186,965</b>	<b>\$ 221,691</b>
<b>OTHER SOURCES</b>					
Grant Proceeds				\$ 216,000	\$ 90,000
Cash Sources				-	616,000
<b>TOTAL OTHER SOURCES</b>				<b>\$ 216,000</b>	<b>\$ 706,000</b>
<b>NET CASH BASIS SOURCES (USES)</b>	<b>\$ (1,183,068)</b>	<b>\$ (683,138)</b>	<b>\$ (1,280,442)</b>	<b>\$ (2,253,674)</b>	<b>\$ (1,982,122)</b>

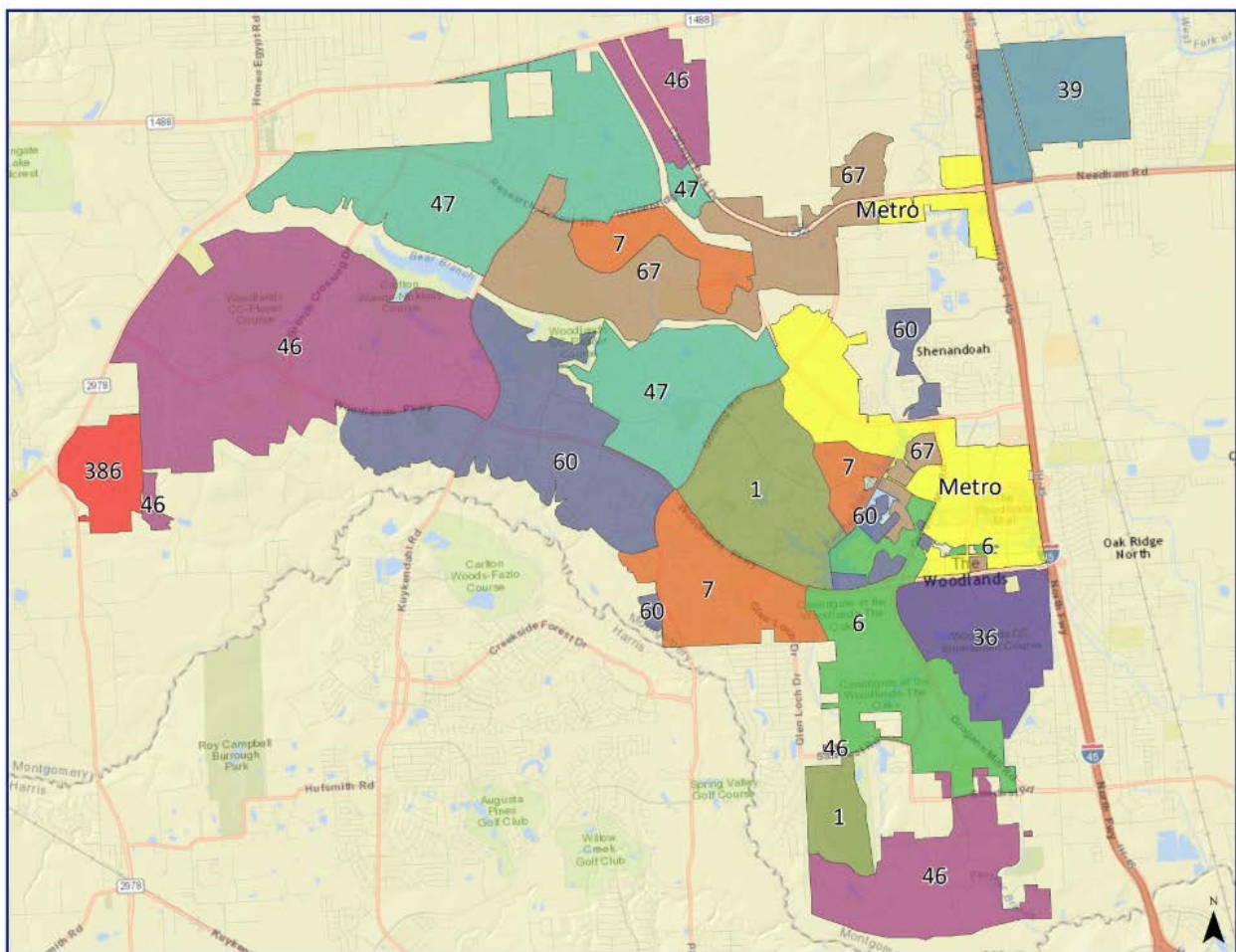
# WOODLANDS DIVISION



## WOODLANDS DIVISION

The Woodlands Division was created in 1975 to operate and maintain wholesale water supply and wastewater treatment systems for the Woodlands area that is made up of eleven Municipal Utility Districts (MUDs) in southern Montgomery County. The Woodlands Division works in coordination with the eleven MUDs, ten of which are operated by the Woodlands Joint Powers Agency (WJPA) and the other operated by a third-party for the Montgomery County portion of MUD 386, to provide services to a population in excess of 100,000 people.

### MAP OF WOODLANDS MUDS

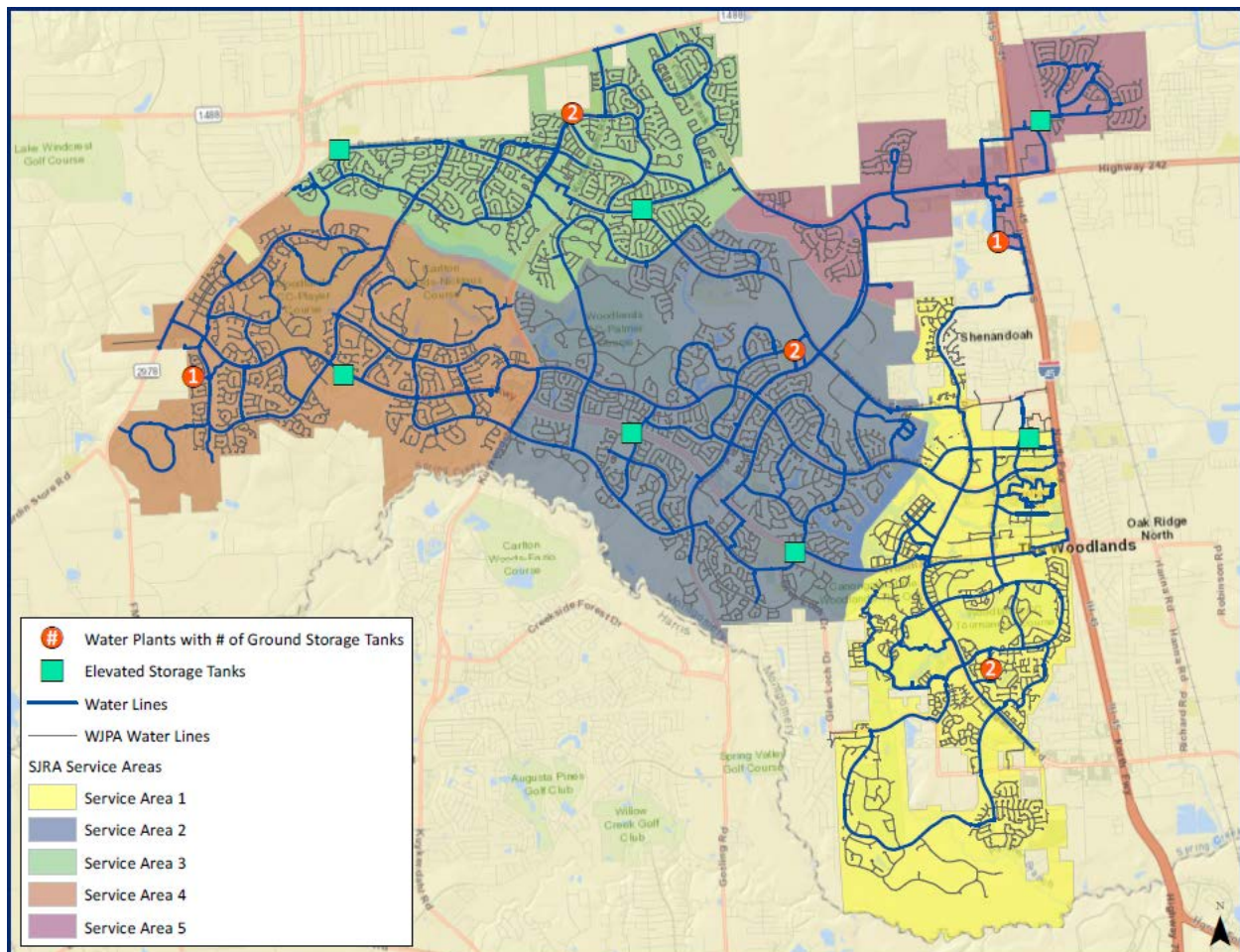


The Woodlands' wholesale water system consists of thirty-eight water wells drilled into the Evangeline and Jasper aquifers, five water plants, six elevated storage tanks, eight ground storage tanks, and 120 miles of potable water transmission lines of ten inches or greater. The Woodlands' wholesale wastewater system consists of thirty lift stations, three regional wastewater treatment plants, 50 miles of wastewater gravity lines fourteen inches or greater, and 20 miles of force mains. In addition to the wholesale water and wastewater services, the Woodlands Division ensures compliance with applicable local, state and

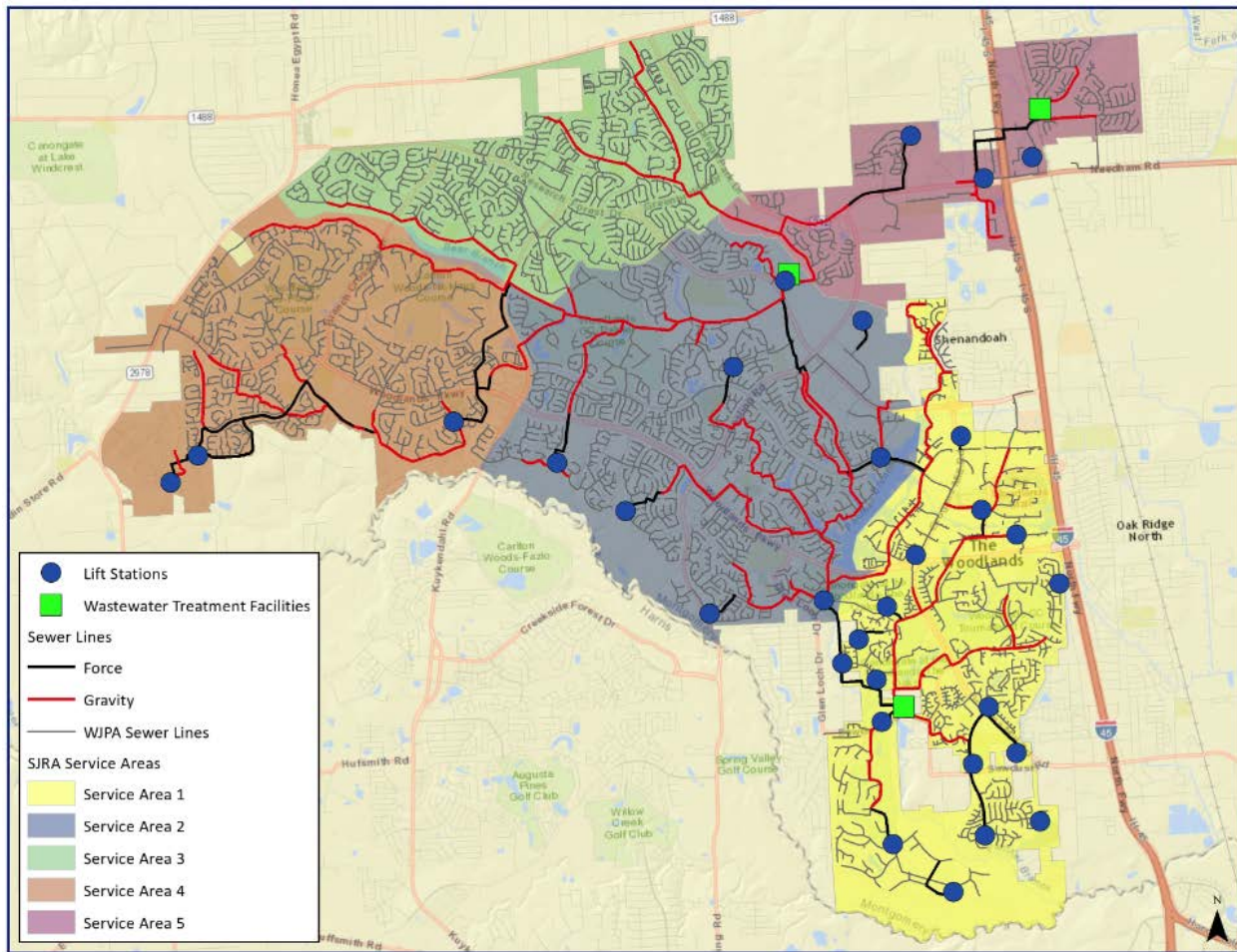


federal regulations for grease traps and industrial pre-treatment through its Environmental Department. Programs of the Environmental Department include: EPA risk management plans, stormwater pollution prevention, tier-two chemical reporting, EPA industrial pretreatment, interceptor program, and spill prevention control and countermeasures plan. There are roughly 450 commercial establishments and four voluntarily issued industrial users permitted through the Environmental Department of the Woodlands Division.

### MAP OF THE WOODLANDS WHOLESALE WATER SYSTEM



## MAP OF WOODLANDS WHOLESALE WASTEWATER SYSTEM



The Woodlands Division is a separate enterprise fund of the Authority. Based on the eleven contractual agreements, the Woodlands Division is comprised of five unique budgets:

- **Operations and Maintenance (O&M):** Consists of the wholesale water and wastewater revenues, as well as any revenues from industrial and commercial permitting; and regular and customary expenses associated with operations and maintenance of the wholesale water and wastewater systems, and environmental activities
- **Repair and Rehabilitation (R&R Fund):** Funded by annual contributions from the O&M budget for capital improvement projects related to the repair and replacement of existing infrastructure and construction of new non-capacity related infrastructure
- **Water System Bonds:** Revenue and expenses associated with the issuance and repayment of bonds issued solely for water capacity related projects as authorized by the MUDs utilizing bond financing and not making cash contributions
- **Waste Disposal Bonds:** Revenue and expenses associated with the issuance and repayment of bonds issued solely for wastewater capacity related projects as authorized by the MUDs utilizing bond financing and not making cash contributions

- **Future Facilities:** Revenue and expenses associated with “new” capacity and infrastructure necessary to support development projections approved and funded by the MUDs through “interim accounting” processes

**Major Initiatives:** During FY2018 and planned for FY2019, The Woodlands Division has either completed or started, or will complete or start a number of major initiatives to improve the operations related to the Woodlands.

1. **Sixth and Final Accounting:** Starting in 1983, the Woodlands Division has undertaken “interim accounting” procedures roughly every five years to ensure equitable sharing of capacity costs associated with residential and commercial development within the eleven MUDs. The process utilizes re-evaluations of each MUD’s current and projected development and re-balances projected capacity costs based on required system increases and development growth results of the interim accounting findings. As the Woodlands area nears ultimate development, in FY 2018 the Woodlands Division received approval for the sixth and “final” accounting. This “final” accounting determined projected development and associated costs for capacity needs through 2027, ultimate build-out of The Woodlands service area. After 2027, the individual MUDs will be responsible for financing capacity needs within their service area. This process will be completed with contributions from and refunds to various MUDs in December 2018.
2. **Pretreatment Implementation:** The industrial pre-treatment program will be formally implemented in FY2018 / FY2019 after TCEQ approval and will include the permitting, sampling, and monitoring of industrial users to mitigate undesirable materials and pollutants from entering the wastewater collection system.
3. **Operational Efficiencies:** In FY2018 / FY2019, the Division continued efforts to improve efficiency and effectiveness and reduce costs. Included in those efforts are: 1) revisions to all standard operating procedures to ensure best practices, compliance with safety requirements, and more consistent and improved operations, 2) refinements to demand forecasting based on ten-year historical averages and newly developed projections from the Final Accounting efforts, 3) archiving and transfer of physical, paper records to electronic storage, allowing for greater security and data resilience, quicker access, and reduction in off-site storage costs, and 4) clean-up of line easements, ensuring the Authority has accurate and documented easements for all water and wastewater lines.
4. **Asset Management:** Along with all of the other operating divisions, the Woodlands Division will be focused in FY2018 and into FY2019 on improving the management of their assets through the revision and expansion of their current asset management program. The Woodlands has embraced the use of the Authority’s new Enterprise Asset Management and Computerized Maintenance Management System (EAM/CMMS). The EAM/CMMS system allows for the tracking of assets throughout the asset’s lifetime, tracking planned and corrective maintenance, and assisting in determining the appropriate time to replace assets. In FY2018 The Woodlands Division, in coordination with the G&A Information Technology and Technical Services Departments, is integrating the Geographic Information Systems (GIS) with the EAM/CMMS system. This integration will improve the efficiency and effectiveness of the Woodlands



EAM/CMMS system by placing all available information in the hands of staff as they address issues in the field.

5. **Bond Funding:** Through discussions with the MUDs regarding required maintenance of the wastewater system, approval was received in calendar year 2016 to secure \$43M in TWDB bonds to repair or replace aging infrastructure beginning in FY2018. The bond proceeds are currently allocated to three long service life projects (replacement of WWTF No. 1 Aeration Basin Nos. 1 and 2, rehabilitation of the Bear Branch Gravity Main, and replacement of WWTF No. 1 Solids Processing Building). It is anticipated if any proceeds remain after the three projects are completed, it is intended to be used for other MUD approved, qualified projects.
6. **LSGCD Changes:** As part of the legislative changes to the Lone Star Groundwater Conservation District (LSGCD), relative to the transition of their Board of Directors from appointed to elected positions, the Woodlands Division will monitor LSGCD rules and regulations and adapt operations and assess infrastructure to best service the Woodlands area.

**Capital Improvement and Other Projects Plans:** Each year the Woodlands Division conducts risk and condition assessments of their infrastructure. The Woodlands reviews the likelihood and consequences of failure of each asset and then prioritizes projects based on a variety of factors related to reliable, cost-effective service. Projects included within the Woodlands' Projects Plan may be funded with bonds, capacity charges to MUDs, and/or R&R funds and may extend over multiple fiscal years. In FY2018, the Woodlands Division conducted their assessments and prioritized the following projects for the start of or continuation of design and/or construction:

Woodlands - Projects	Stage	Est. FY2019 Cost	Funding Source
Rehabilitation of Water Wells 25 & 31	Design/Const	\$ 460,000	R&R
Elevated Storage Tank No. 2 Rehabilitation	Design	\$ 100,000	R&R
Gravity Main Rehabilitation	Construction	\$ 502,500	R&R
Lift Station No. 5 Force Main Replacement	Construction	\$ 3,510,000	R&R
Lift Station No. 13 Rehabilitation	Design	\$ 266,000	R&R
WWTF No. 2 MCC Replacement	Design	\$ 64,000	R&R
Sanitary Sewer Evaluation Study and Flow Monitoring	Study	\$ 502,000	R&R
WWTF Nos. 2 and 3 Generator Replacement	Construction	\$ 631,000	R&R
Rehabilitation of Bear Branch Gravity Main	Design	\$ 16,299,000	Bond
WWTF No. 1 Rehabilitation of Aeration Basin Nos. 1 & 2	Design	\$ 5,279,000	Bond
Total		\$ 27,613,500	

**Total Indebtedness and Annual Debt Service:** At August 31, 2017, the Woodlands Division had \$40,524,773 of total indebtedness, made up of the following bond issuances:

- Series 2010 Special Project Rev. Refunding Bonds (Outstanding: \$1,985,000: Matures 10/1/20)
- Series 2014 Special Project Rev. Refunding Bonds (Outstanding: \$9,935,000: Matures 10/1/30)
- Series 2014 Special Project Rev. Refunding Bonds (Outstanding: \$24,760,000: Matures 10/1/33)
- Series 2017 Special Project Rev. Bonds (Outstanding: \$42,895,000: Matures 10/01/42)

Total annual debt service (principal and interest) for FY2019 for the existing bond issuances listed above is \$5,668,721.

Bond payments each year are made in April (interest only) and October (principal and interest). Monthly accruals of interest are made for October to March, while monthly accruals of principal and interest are made for April to September. The Woodlands Division maintains a debt service reserve for the Series 2017 Special Project Revenue Bond.

**Staffing Plans:** The Woodlands Division's staffing plan for FY2018 includes 42 direct FTE positions, with no part-time, temporary, or intern positions. In addition to the 42 direct Woodlands Division FTEs, the Division is allocated 24.06 FTEs for FY2019 from G&A Departments. Total FY2019 FTEs associated with the Woodlands Division, direct and allocated, is 66.06 FTEs.

**Revenues:** One of the first budgeting activities of the Woodlands Division is to forecast total water demands and estimate the amount of wastewater that will be treated for the upcoming year. The Woodlands utilizes a ten-year historical average to forecast water and wastewater demands then adjusts the demand for growth by utilizing the final accounting growth projections for FY2018-FY2027. The Woodlands Division approximates normal weather conditions with this approach by allowing for wet and dry years to average out. For wastewater, the WJPA uses a three month "winter" average of wastewater demand. The winter average approach creates a cap on residential wastewater fees for the upcoming year based on wastewater flows during the months of December, January, and February. By taking a winter average approach, a more accurate estimate of in-home residential wastewater demand is expected to be obtained, subtracting the impacts of water used for summertime irrigation. MUD 386 does not utilize a winter averaging methodology, using 51% of the water demand each month as their wastewater demand billing formula.

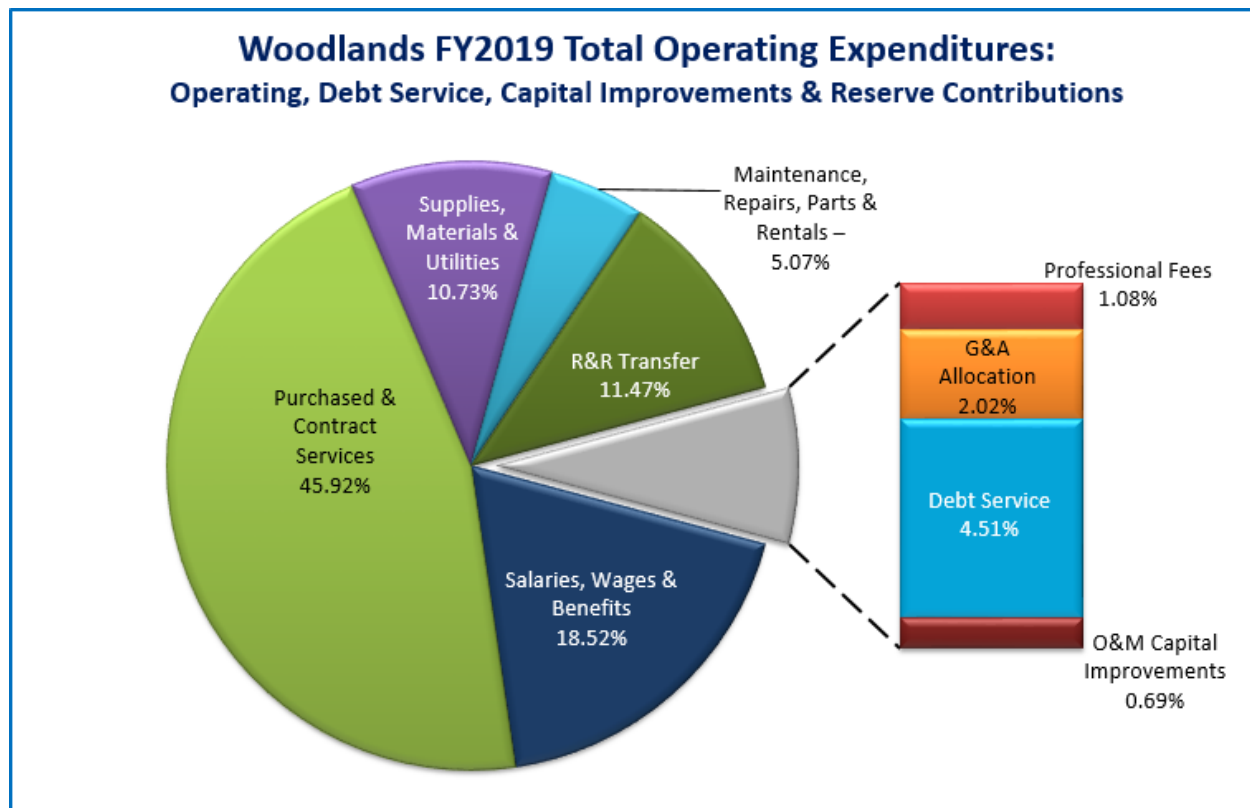
For FY2019, the Woodlands is forecasting a 1% decrease in water sales and a 1% decrease in wastewater sales. The wholesale water rate to the MUDs for FY2019 is \$2.10 per 1,000 gallons, resulting in wholesale water sales totaling \$12,223,214. The wholesale wastewater rate to the MUDs for FY2019 is \$4.30, resulting in wholesale wastewater sales totaling \$11,962,144. The WJPA directed the Woodlands Division to utilize a blended groundwater/surface-water GRP rate based on the anticipated FY2019 groundwater to surface-water usage ratio within the Woodlands system. The blended GRP rate for FY2019 is \$2.74 and will be passed-through directly to the Woodlands MUDs as GRP Pumping Fees, not as part of the Woodlands wholesale water rate. Revenues from the GRP Pumping Fees for FY2019 are anticipated to be \$15,948,384 and will be offset by GRP Pumping Fee and Surface Water Fee expenses. Additionally, the Woodlands anticipates receiving revenues from the sale of direct effluent reuse water, fees from commercial environmental licenses, and Industrial sampling fees, totaling \$250,100.

Expected O&M Operating and Other Revenues for the Woodlands Division for FY2019 total \$40,399,442. Woodlands expected Operating, Other Revenues, and Other Cash Sources for the R&R Fund total \$12,191,745: \$102,589 from interest income, \$7,457,564 from cash sources, and 4,631,592 from inter-division transfer from O&M. Woodlands expected Operating, Other Revenues, and Other Cash Sources for Water Bonds, Wastewater Bonds, and Future Facility are \$2,868,807, \$983,950, and \$5,801,012, respectively.

**Expenditures:** The Woodlands Division O&M Budget for FY2019 contains regular and customary expenses related to the on-going operation and maintenance of the Woodlands' wholesale water and wastewater systems. Such expenditures include:

- Salaries, Wages, and Benefits
- Professional Fees
- Purchased and Contracted Services
- Supplies, Materials, and Utilities
- Maintenance, Repairs, Parts, and Rentals
- G&A Allocations
- Debt Service (interest and bond issuance costs)
- O&M Capital Improvements (non-bond related)
- R&R Reserve Contributions

Expected total O&M expenditures for the Woodlands Division for FY2019, including operating, debt service, capital improvements, and contributions to the R&R Reserves, totals \$40,399,442. Woodlands expected R&R Fund operating expenses, capital improvements, and contributions R&R Reserves, totals \$6,035,500. Woodlands expected operating and debt service expenditures for Water Bonds and Wastewater Bonds are \$2,869,489 and \$986,534, respectively. Woodlands has no budgeted expenditures for Future Facilities in FY2018; however, expenditures are expected to occur to spend the capacity contributions funded by the 6<sup>th</sup> and Final Interim Accounting.



**Fund Balance and Reserves:** As approved by the Board of Directors and by the Woodlands MUDs, the Woodlands Division utilizes three reserves: Operating Reserve, Emergency Reserve, and R&R Fund.

**Operating Reserve:** The Operating Reserve is created for cash flow management, and rate and revenue stabilization. The Operating Reserve target for the Woodlands Division is set to be approximately three months of operating expenditures. For FY2018, the Woodlands Division has met a three-month Operating Reserve target at \$4,541,712, equivalent to three months of operating expenses. For FY2019, the Operating Reserve is projected to be \$4,543,529, equivalent to three months of operating expenses.

**Emergency Reserve:** The Emergency Reserve (contractually labeled as Contingency Reserve) is created to provide for a full or partial source of funding for unplanned or emergency repair or replacement of Woodlands Division capital asset. The Emergency Reserve target is established at \$2,000,000, with the ability to increase based on inflationary factors, if approved, and determined by the Engineering News Record Construction for Construction Cost. The Emergency Reserve is considered fully funded for FY2018 and no contributions are budgeted in FY2019.

**R&R Fund:** The Repair and Replacement Fund is created to fund large ongoing and planned projects to prevent significant rate fluctuations, funded annually through pre-determined transfer of funds from the remaining funds available from the O&M budget after the Operating Reserve requirements are met. Based on the Woodlands project plan for FY2019, the contribution to the R&R Fund is estimated to be \$4,631,592.

For FY2019, the net between O&M revenues and expenditures, including annual debt service and scheduled contributions to any of the three reserves, is \$0.

**San Jacinto River Authority - Woodlands Operating Fund**  
**Actual to Budget Comparison**  
**FY2017 - FY2019**

Description	Rolling 12				
	Actuals	Actuals	Mo. Actuals	Budget	Budget
	8/31/2017	Sept-March FY2018	April 2017- March 2018	FY2018	FY2019
<b>OPERATING REVENUES</b>					
Water Sales-Woodlands MUD's	\$ 11,604,919	\$ 5,497,487	\$ 11,336,437	\$ 12,381,458	\$ 12,223,214
Wastewater Treatment Fees	13,289,956	7,365,258	13,310,023	12,078,068	11,962,144
Direct Reuse Water	30,000	17,500	30,000	30,000	30,000
Permits, Licenses & Fees - Commercial	205,100	-	205,100	205,100	205,100
GRP Pumping Fees	14,486,373	7,252,438	14,537,223	16,272,773	15,948,384
Sampling	-	-	-	18,000	15,000
Other Operating Revenue	13,074	-	-	-	-
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 39,629,423</b>	<b>\$ 20,132,683</b>	<b>\$ 39,418,782</b>	<b>\$ 40,985,398</b>	<b>\$ 40,383,842</b>
<b>OTHER REVENUES</b>					
Interest Income	\$ 37,774	\$ 97,180	\$ 117,359	\$ 8,000	\$ 15,600
FEMA Grant Revenue	180,828	-	180,828	-	-
Proceeds From Sale Of Assets	9,875	-	1,675	-	-
Other Gains & Losses	8,998	5,873	6,959	-	-
<b>TOTAL OTHER REVENUES</b>	<b>\$ 237,475</b>	<b>\$ 103,053</b>	<b>\$ 306,821</b>	<b>\$ 8,000</b>	<b>\$ 15,600</b>
<b>OPERATING EXPENSES</b>					
<b>SALARIES, WAGES, &amp; EMPLOYEE BENEFITS</b>					
Salaries & Wages	\$ 2,533,230	\$ 1,399,863	\$ 2,542,116	\$ 2,598,218	\$ 2,693,869
Salary & Wage Allocation	2,003,018	1,190,888	2,073,345	2,110,606	2,113,456
Compensated Absences	3,128	-	3,128	-	-
Group Insurance	927,555	634,153	1,025,206	1,284,266	1,314,448
Group Insurance - Retirees	4,170	3,308	5,634	5,806	6,021
Group Insurance - Retiree OPEB	201,838	-	201,838	68,000	200,000
Group Retirement Expense	567,037	320,801	561,517	642,712	631,523
Workers Compensation Insurance	114,570	70,734	115,716	135,070	161,465
Social Security Taxes	332,813	183,821	330,962	352,213	359,185
<b>TOTAL SALARIES, WAGES, &amp; EMPLOYEE BENEFITS</b>	<b>\$ 6,687,358</b>	<b>\$ 3,803,569</b>	<b>\$ 6,859,462</b>	<b>\$ 7,196,890</b>	<b>\$ 7,479,966</b>
<b>PROFESSIONAL FEES</b>					
Legal Fees	\$ 41,785	\$ 58,459	\$ 76,012	\$ 78,500	\$ 190,000
Annual Financial Audit	26,553	29,122	33,400	27,400	40,000
Paying Agent Fees	-	750	750	-	750
Engineering	345,392	78,946	374,088	175,400	196,772
Safety Inspections & Testing	5,314	3,132	4,587	4,000	5,000
Graphic Design	125	-	125	2,500	2,000
<b>TOTAL PROFESSIONAL FEES</b>	<b>\$ 419,168</b>	<b>\$ 170,409</b>	<b>\$ 488,961</b>	<b>\$ 287,800</b>	<b>\$ 434,522</b>
<b>PURCHASED &amp; CONTRACTED SERVICES</b>					
Waste Disposal Services	\$ 66,488	\$ 43,995	\$ 74,832	\$ 106,969	\$ 93,000
Sampling-Reimbursible	-	-	-	18,000	15,000
Sludge Removal	413,463	222,206	436,383	412,940	416,000
Meter Calibration Services	1,227	1,906	2,021	6,650	6,950
Commercial Laboratory Fees	166,203	92,910	178,908	213,163	203,000
State Fees	95,114	92,819	96,849	94,500	100,300
Groundwater District Fees	7,830	-	15,661	-	-
Groundwater District Fees-GRP	128,906	116,727	149,287	234,522	316,500
Employee Testing- New	3,780	3,629	4,974	7,460	5,450
GRP Pumpage Fees	5,495,505	4,321,510	7,609,107	6,191,392	8,351,264
GRP Surface Water Fees	10,565,653	3,726,315	8,389,849	11,304,399	8,952,302
Janitorial Services	25,595	12,296	25,860	28,500	29,000
Stream Gauging & Water Quality-USGS	35,350	31,125	45,854	79,200	48,000
Public Relations Expense	7,650	-	3,752	3,000	2,000
Water Conservation & Public Education	9,145	-	3,439	7,000	7,000
Document Retention/Destruction	62,576	329	62,905	2,700	5,000
<b>TOTAL PURCHASED &amp; CONTRACTED SERVICES</b>	<b>\$ 17,084,485</b>	<b>\$ 8,665,767</b>	<b>\$ 17,099,681</b>	<b>\$ 18,710,396</b>	<b>\$ 18,550,766</b>
<b>SUPPLIES, MATERIALS &amp; UTILITIES</b>					
Office Supplies & Printing	\$ 22,220	\$ 6,826	\$ 16,953	\$ 21,000	\$ 19,000

**San Jacinto River Authority - Woodlands Operating Fund**  
**Actual to Budget Comparison**  
**FY2017 - FY2019**

Description	Rolling 12			Budget FY2018	Budget FY2019
	Actuals 8/31/2017	Actuals Sept-March FY2018	Mo. Actuals April 2017- March 2018		
Travel	6,367	2,338	6,447	19,000	4,000
Automobile & Truck Expense	73,225	48,989	76,219	80,500	83,500
Postage	9,799	5,582	11,925	13,000	21,500
Property Insurance	202,297	113,696	197,207	241,227	204,818
Auto Insurance	35,892	27,484	40,504	38,468	52,211
Liability Insurance	40,501	21,416	40,490	52,008	65,474
Training-External	52,319	29,191	47,895	56,700	64,000
Training-Internal	-	837	837	6,000	3,000
Training-Employee HR	6,274	3,116	6,375	6,460	6,540
Chlorine	102,300	67,362	121,893	114,332	184,000
Polymer	51,061	39,375	54,563	69,750	69,500
Sulfur Dioxide	41,177	24,645	42,930	51,675	97,000
Chemicals - Lab	432	-	-	-	-
Other Chemicals	20,172	24,571	32,396	57,913	52,000
Alkalinity	123,690	35,670	96,815	138,600	50,000
Fuel	68,910	56,997	91,905	81,577	103,000
Uniform Services	35,985	20,975	36,152	42,820	39,000
Maintenance Supplies	59,624	37,185	71,171	50,700	70,500
Supplies - Lab	2,997	530	2,539	15,300	-
Operations Supplies	58,519	19,341	46,455	90,200	67,750
Other Operating Expenses	22,005	11,529	23,635	20,000	18,000
Memberships & Professional Dues	539	1,206	1,206	3,000	2,000
Utilities-Electric	2,308,868	1,299,554	2,480,947	2,550,536	2,575,000
Utilities-Natural Gas	11,289	8,631	12,916	14,500	12,500
Bank Service Charges	30	150	180	-	-
Safety Equipment & Meetings	24,382	10,824	20,817	28,220	34,875
Health & Wellness Program	805	-	732	1,140	1,450
Recruiting Expenses	2,302	1,253	2,107	15,200	5,900
Computer Hardware	9,858	13,041	18,196	87,593	80,946
Software & Support	90,866	58,964	97,555	123,232	128,593
Software Maintenance	5,478	23,750	29,228	65,000	71,000
Network Communications	22,185	13,108	18,013	22,860	21,360
Newspaper Ads	-	-	-	-	14,000
Wireless Devices & Services	31,048	25,045	39,182	47,490	50,340
Phone System-Install, Maintenance, & Changes	-	-	-	2,100	-
Landline Telephone Services	72,410	26,242	39,867	65,400	63,000
<b>TOTAL SUPPLIES, MATERIALS &amp; UTILITIES</b>	<b>\$ 3,615,824</b>	<b>\$ 2,079,421</b>	<b>\$ 3,826,250</b>	<b>\$ 4,293,501</b>	<b>\$ 4,335,757</b>
<b>RENTALS</b>					
Equipment Rentals	\$ 9,326	\$ 8,402	\$ 11,835	\$ 18,800	\$ 15,000
Office Rent	5,693	5,731	8,936	3,850	-
Radio Tower Rental	7,868	4,052	7,330	8,400	8,700
<b>TOTAL RENTALS</b>	<b>\$ 22,886</b>	<b>\$ 18,185</b>	<b>\$ 28,101</b>	<b>\$ 31,050</b>	<b>\$ 23,700</b>
<b>MAINTENANCE, REPAIRS &amp; PARTS</b>					
Office, Furniture, & Fixtures	\$ 7,586	\$ 4,884	\$ 10,588	\$ 6,000	\$ 7,000
Air Conditioner	63,607	23,559	84,484	57,500	62,000
Sidewalks & Driveways	90,153	17,800	107,851	35,000	35,000
Mowing	228,659	73,818	231,991	211,688	270,000
Building Equipment	239	-	239	-	-
Buildings & Grounds Maintenance	76,470	41,548	91,738	92,720	125,000
Plants & Facilities	17,865	15,304	24,983	140,000	60,000
Security System Monitoring	3,562	1,484	2,746	3,624	4,000
Wells	4,311	236	3,961	29,500	12,000
Tanks	297,201	81,343	346,453	114,200	185,500
Electrical	107,967	146,118	222,228	185,800	96,000
Generators	17,100	16,677	23,433	162,000	45,000
Pumps & Motors	204,456	109,529	279,526	233,000	271,500
Compressor	600	-	-	1,500	-
Aerators	2,694	5,239	6,584	10,000	6,500

**San Jacinto River Authority - Woodlands Operating Fund**  
**Actual to Budget Comparison**  
**FY2017 - FY2019**

Description	Rolling 12			Budget FY2018	Budget FY2019
	Actuals 8/31/2017	Actuals Sept-March FY2018	Mo. Actuals April 2017- March 2018		
Machinery, Tools, & Implements	2,000	175	1,356	-	-
Belt Press	23,870	314	13,673	22,350	10,000
Clarifier	28,387	-	20,281	7,400	5,000
UV Equipment	5,381	9,316	14,697	10,000	5,000
Lines, Valves, & Pipes	244,961	451,668	543,455	740,000	402,000
Drainage Structures	-	-	-	-	30,000
Other Maintenance	13,532	-	2,015	-	100,100
Laboratory Equipment	2,253	444	2,323	1,600	-
Instrumentation Equipment & Parts	162,218	103,285	175,363	216,000	192,000
Bar Screens	22,033	180	11,282	109,500	9,500
Chlorinator	39,580	12,944	28,127	49,500	42,500
Low Head Filters	16,768	22,620	29,404	19,500	36,000
Networking and Communications - SCADA	-	-	-	-	13,500
Inventory Gains and Losses	4,247	(5,614)	(2,295)	-	-
<b>TOTAL MAINTENANCE, REPAIRS &amp; PARTS</b>	<b>\$ 1,687,699</b>	<b>\$ 1,132,871</b>	<b>\$ 2,276,487</b>	<b>\$ 2,458,382</b>	<b>\$ 2,025,100</b>
<b>GENERAL &amp; ADMINISTRATIVE EXPENSES</b>					
General & Administrative Expense Allocated	\$ 773,195	\$ 441,878	\$ 776,892	\$ 822,231	\$ 815,409
<b>TOTAL GENERAL &amp; ADMINISTRATIVE EXPENSES</b>	<b>\$ 773,195</b>	<b>\$ 441,878</b>	<b>\$ 776,892</b>	<b>\$ 822,231</b>	<b>\$ 815,409</b>
<b>NON-OPERATING EXPENSES</b>					
Interest Expense	\$ -	\$ 182,912	\$ 182,912	\$ 479,319	\$ 457,281
Bond Issuance Costs	-	1,420,700	1,420,700	660,050	-
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$ -</b>	<b>\$ 1,603,612</b>	<b>\$ 1,603,612</b>	<b>\$ 1,139,369</b>	<b>\$ 457,281</b>
<b>TOTAL EXPENSES</b>	<b>\$ 30,290,616</b>	<b>\$ 17,915,712</b>	<b>\$ 32,959,447</b>	<b>\$ 34,939,619</b>	<b>\$ 34,122,501</b>
<b>NET REVENUES OVER EXPENSES</b>	<b>\$ 9,576,282</b>	<b>\$ 2,320,024</b>	<b>\$ 6,766,156</b>	<b>\$ 6,053,779</b>	<b>\$ 6,276,941</b>
<b>CAPITAL IMPROVEMENTS</b>					
Easements				\$ -	\$ 75,000
Maintenance Equipment				-	9,000
Operations Equipment				-	26,600
Transportation Equipment				75,000	75,000
Software				10,316	1,652
Computer Equipment				112,447	69,612
Radio Communications Equipment				10,000	20,000
<b>TOTAL CAPITAL IMPROVEMENTS</b>				<b>\$ 207,763</b>	<b>\$ 276,864</b>
<b>OTHER USES</b>					
Bond Principal	\$ -	\$ -	\$ -	\$ -	\$ 1,366,667
Interdivision Transfers	7,448,000	3,800,000	6,800,000	7,647,336	4,631,592
<b>TOTAL OTHER USES</b>	<b>\$ 7,448,000</b>	<b>\$ 3,800,000</b>	<b>\$ 6,800,000</b>	<b>\$ 7,647,336</b>	<b>\$ 5,998,259</b>
<b>OTHER SOURCES</b>					
Cash Sources	\$ -	\$ 42,895,000	\$ 42,895,000	\$ 1,801,319	\$ (1,818)
Capacity Contributions	-	132,710	132,710	-	-
<b>TOTAL OTHER SOURCES</b>	<b>\$ -</b>	<b>\$ 42,895,000</b>	<b>\$ 42,895,000</b>	<b>\$ 1,801,319</b>	<b>\$ (1,818)</b>
<b>NET CASH BASIS SOURCES (USES)</b>	<b>\$ 2,128,282</b>	<b>\$ 41,415,024</b>	<b>\$ 42,861,156</b>	<b>\$ 0</b>	<b>\$ -</b>

**San Jacinto River Authority - Woodlands Repair and Replacement**  
**Actual to Budget Comparison**  
**FY2017 - FY2019**

Description	Rolling 12				
	Actuals 8/31/2017	Actuals Sept-March FY2018	Mo. Actuals April 2017- March 2018	Budget FY2018	Budget FY2019
OTHER REVENUES					
Interest Income	\$ 57,469	\$ 90,934	\$ 126,391	\$ 20,000	\$ 102,589
TOTAL OTHER REVENUES	\$ 57,469	\$ 90,934	\$ 126,391	\$ 20,000	\$ 102,589
OPERATING EXPENSES					
PROFESSIONAL FEES					
Engineering	\$ 320,516	\$ -	\$ 200,657	\$ -	\$ 502,000
TOTAL PROFESSIONAL FEES	\$ 320,516	\$ -	\$ 200,657	\$ -	\$ 502,000
MAINTENANCE, REPAIRS & PARTS					
Plants & Facilities	\$ 5,014	\$ -	\$ 14	\$ -	\$ 266,000
Wells	120,762	325,112	444,642	-	460,000
Tanks	1,396,100	919,011	2,064,418	2,749,000	100,000
Lines, Valves, & Pipes	(61,530)	163,143	(138,665)	1,288,000	4,012,500
TOTAL MAINTENANCE, REPAIRS & PARTS	\$ 1,460,346	\$ 1,407,266	\$ 2,370,408	\$ 4,037,000	\$ 4,838,500
TOTAL EXPENSES	\$ 1,780,862	\$ 1,407,266	\$ 2,571,066	\$ 4,037,000	\$ 5,340,500
NET REVENUES OVER EXPENSES	\$ (1,723,393)	\$ (1,316,332)	\$ (2,444,674)	\$ (4,017,000)	\$ (5,237,911)
CAPITAL IMPROVEMENTS					
Water Treatment Plant & Facilities				\$ 1,419,000	\$ -
Sewage Treatment Plant & Facilities				1,459,000	695,000
TOTAL CAPITAL IMPROVEMENTS	\$ -	\$ -	\$ -	\$ 2,878,000	\$ 695,000
OTHER USES					
Capital Repair/Replacement Reserve Fund				\$ 6,968,545	\$ -
TOTAL OTHER USES	\$ -	\$ -	\$ -	\$ 6,968,545	\$ -
OTHER SOURCES					
Cash Sources				\$ 11,684,147	\$ 7,457,564
Interdivision Transfers	7,448,000	3,800,000	6,800,000	7,647,336	4,631,592
TOTAL OTHER SOURCES	\$ 7,448,000	\$ 3,800,000	\$ 6,800,000	\$ 19,331,483	\$ 12,089,156
NET CASH BASIS SOURCES (USES)	\$ 5,724,607	\$ 2,483,668	\$ 4,355,326	\$ 5,467,938	\$ 6,156,245



**San Jacinto River Authority - Waste Disposal Bonds**  
**Actual to Budget Comparison**  
**FY2017 - FY2019**

Description	Actuals		Rolling 12 Mo. Actuals		Budget FY2018	Budget FY2019
	Actuals 8/31/2017	Sept-March FY2018	April 2017-March 2018			
OPERATING REVENUES						
Capacity Revenue	\$ 991,650	\$ 341,338	\$ 983,692	\$ 985,150	\$ 982,750	
TOTAL OPERATING REVENUES	\$ 991,650	\$ 341,338	\$ 983,692	\$ 985,150	\$ 982,750	
OTHER REVENUES						
Interest Income	\$ 2,595	\$ 1,908	\$ 3,650	\$ 250	\$ 1,200	
TOTAL OTHER REVENUES	\$ 2,595	\$ 1,908	\$ 3,650	\$ 250	\$ 1,200	
OPERATING EXPENSES						
PROFESSIONAL FEES						
Disclosure Filing	\$ 188	\$ -	\$ -	\$ 250	\$ 500	
Arbitrage Rebate Audit	250	-	-	-	4,000	
Paying Agent Fees	750	-	750	750	750	
TOTAL PROFESSIONAL FEES	\$ 1,188	\$ -	\$ 750	\$ 1,000	\$ 5,250	
NON-OPERATING EXPENSES						
Interest Expense	\$ 443,258	\$ 249,379	\$ 433,575	\$ 426,525	\$ 404,617	
TOTAL NON-OPERATING EXPENSES	\$ 443,258	\$ 249,379	\$ 433,575	\$ 426,525	\$ 404,617	
TOTAL EXPENSES	\$ 444,446	\$ 249,379	\$ 434,325	\$ 427,525	\$ 409,867	
NET REVENUES OVER EXPENSES	\$ 549,799	\$ 93,867	\$ 553,017	\$ 557,875	\$ 574,083	
OTHER USES						
Bond Principal	\$ 500,000	\$ 550,000	\$ 550,000	\$ 558,333	\$ 576,667	
TOTAL OTHER USES	\$ 500,000	\$ 550,000	\$ 550,000	\$ 558,333	\$ 576,667	
OTHER SOURCES						
Bond Proceeds				\$ -	\$ -	
Cash Sources				750	-	
TOTAL OTHER SOURCES				\$ 750	\$ -	
NET CASH BASIS SOURCES (USES)	\$ 49,799	\$ (456,133)	\$ 3,017	\$ 292	\$ (2,583)	

**San Jacinto River Authority - Water Supply Bonds**  
**Actual to Budget Comparison**  
**FY2017 - FY2019**

Description	Rolling 12					
	Actuals		Mo. Actuals		Budget	Budget
	Actuals	Sept-March	April 2017-	FY2018		
	8/31/2017	FY2018	March 2018	FY2018	FY2019	
OPERATING REVENUES						
Capacity Revenue	\$ 2,864,888	\$ 929,516	\$ 2,839,885	\$ 2,861,313	\$ 2,868,687	
TOTAL OPERATING REVENUES	\$ 2,864,888	\$ 929,516	\$ 2,839,885	\$ 2,861,313	\$ 2,868,687	
OTHER REVENUES						
Interest Income	\$ 7,072	\$ 5,011	\$ 9,840	\$ 100	\$ 120	
TOTAL OTHER REVENUES	\$ 7,072	\$ 5,011	\$ 9,840	\$ 100	\$ 120	
OPERATING EXPENSES						
PROFESSIONAL FEES						
Disclosure Filing	\$ 188	\$ -	\$ 0	\$ 250	\$ 500	
Arbitrage Rebate Audit	4,150	-	-	-	4,000	
Paying Agent Fees	2,250	-	1,500	1,500	1,500	
TOTAL PROFESSIONAL FEES	\$ 6,588	\$ -	\$ 1,500	\$ 1,750	\$ 6,000	
NON-OPERATING EXPENSES						
Interest Expense	\$ 1,150,190	\$ 638,564	\$ 1,119,108	\$ 1,091,194	\$ 1,042,656	
TOTAL NON-OPERATING EXPENSES	\$ 1,150,190	\$ 638,564	\$ 1,119,108	\$ 1,091,194	\$ 1,042,656	
TOTAL EXPENSES	\$ 1,156,777	\$ 638,564	\$ 1,120,608	\$ 1,092,944	\$ 1,048,656	
NET REVENUES OVER EXPENSES	\$ 1,715,183	\$ 295,963	\$ 1,729,117	\$ 1,768,469	\$ 1,820,151	
OTHER USES						
Bond Principal	\$ 1,665,000	\$ 1,720,000	\$ 1,720,000	\$ 1,765,833	\$ 1,820,833	
TOTAL OTHER USES	\$ 1,665,000	\$ 1,720,000	\$ 1,720,000	\$ 1,765,833	\$ 1,820,833	
NET CASH BASIS SOURCES (USES)	\$ 50,183	\$ (1,424,037)	\$ 9,117	\$ 2,635	\$ (682)	

**San Jacinto River Authority - Future Facilities  
Actual to Budget Comparison  
FY2017 - FY2019**

Description	Actuals		Rolling 12 Mo. Actuals		Budget FY2018	Budget FY2019
	Actuals 8/31/2017	Sept-March FY2018	April 2017- March 2018			
<b>OTHER REVENUES</b>						
Interest Income	\$ 9,662	\$ 9,919	\$ 15,116	\$ 1,000	\$ 6,000	
<b>TOTAL OTHER REVENUES</b>	<b>\$ 9,662</b>	<b>\$ 9,919</b>	<b>\$ 15,116</b>	<b>\$ 1,000</b>	<b>\$ 6,000</b>	
<b>NET REVENUES OVER EXPENSES</b>	<b>\$ 9,662</b>	<b>\$ 9,919</b>	<b>\$ 15,116</b>	<b>\$ 1,000</b>	<b>\$ 6,000</b>	
<b>OTHER SOURCES</b>						
Capacity Contributions				\$ -	\$ 5,795,012	
<b>TOTAL OTHER SOURCES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,795,012</b>	
<b>NET CASH BASIS SOURCES (USES)</b>	<b>\$ 9,662</b>	<b>\$ 9,919</b>	<b>\$ 15,116</b>	<b>\$ 1,000</b>	<b>\$ 5,801,012</b>	

## SJRA FY 2019 Woodlands Division Risk Management – May 15, 2018

Risk	Probability	Management Method
<b>Revenue</b>		
Revenue sales less than projected due to conservation or wet weather	Medium	<ul style="list-style-type: none"> <li>Limited operating reserves are available to cover a small amount of deficit</li> <li>Can request a cash call from the MUDs</li> <li>Additional funding available in the R&amp;R Fund and Emergency Reserves should the shortfall be significant</li> <li>Delay capital projects to subsequent years</li> <li>Reduce transfer to R&amp;R Fund</li> <li>Delay non-critical items in current fiscal year</li> </ul>
Delayed payments from Municipal Utility Districts	Low	<ul style="list-style-type: none"> <li>Limited operating reserves are available to cover a small amount of deficit</li> <li>Suspend non-critical items</li> <li>Use of Emergency Reserve</li> </ul>
<b>Labor (Staffing)</b>		
Inadequate staff available for daily operations in Operations and Maintenance Departments.	Low	<ul style="list-style-type: none"> <li>Hire temporary personnel to support operations and maintenance staff</li> <li>Outsource some maintenance related items</li> <li>Increase overtime to bridge gap in staffing</li> <li>Conduct workload analysis to map out critical tasks.</li> </ul>
<b>Professional, Construction and Miscellaneous Services</b>		
Inadequate and/or poorly performing providers of professional, construction and/or miscellaneous services	Low	<ul style="list-style-type: none"> <li>SJRA staff in key management positions to oversee/drive progress</li> <li>Project management procedures are implemented for effective project delivery including control of scope, fee, schedule and risk. Implement the Project Management Plan, as appropriate.</li> <li>All contracts contain termination clauses</li> <li>Professional services contracts are typically work order based, which authorizes work one phase at a time, thereby allowing opportunity to adjust services provided.</li> </ul>
<b>Operations and Maintenance</b>		
Operations or maintenance costs greater than budgeted	Low	<ul style="list-style-type: none"> <li>Suspend non-critical items</li> <li>Limited emergency reserve funds available</li> <li>Plan for operations costs based on historic and anticipated expenditures, with a contingency</li> </ul>

Failure of a key Water or wastewater system component, requiring immediate funds greater than budgeted.	Low	<ul style="list-style-type: none"> <li>• Emergency Reserve Funds are available for critical and immediate repair of failed system components</li> <li>• Increase surface water delivery till funds become available</li> <li>• Current Risk Management and Emergency Response Plans anticipate stepped response to failures and include mitigation efforts</li> <li>• Can request a cash call from the MUDs</li> </ul>
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# GRP DIVISION

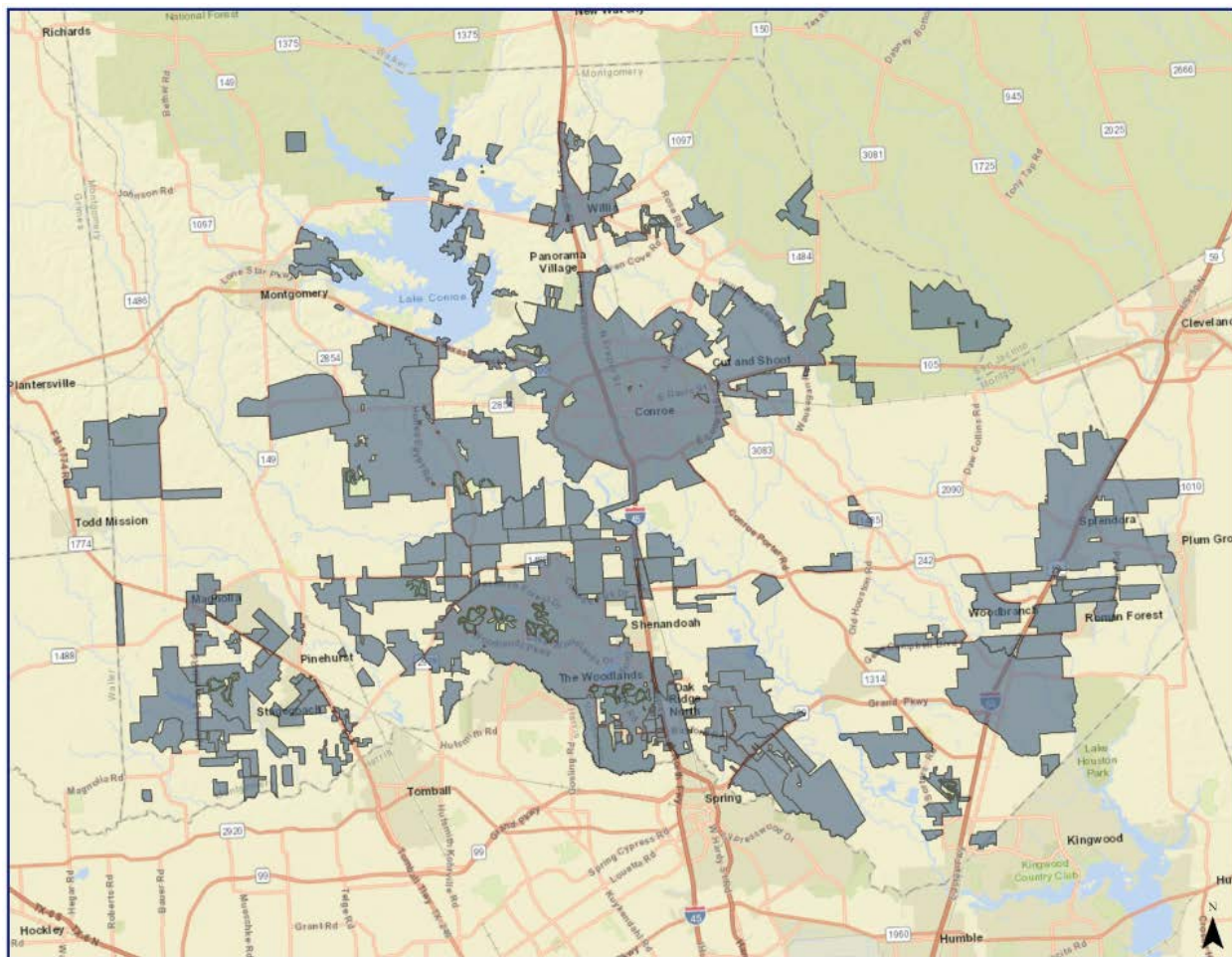


## GRP DIVISION

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The Lone Star Groundwater Conservation District (LSGCD) issued its District Regulatory Plan Phase IIB Rules on August 20, 2009. These rules require large volume groundwater users within Montgomery County to reduce the amount of groundwater pumped by 30% for the calendar year 2016 via a Groundwater Reduction Plan (GRP). The GRP Division was created in 2010 by the Board of Directors as a separate operating division of the Authority. In 2011, the GRP Division submitted and received certification of its Groundwater Reduction Plan (Plan) to LSGCD on behalf of the Plan's participants. The Plan outlines the collective compliance strategy for the original 79 contracts. The Woodlands Division of SJRA is one of the 139 LSGCD permits that made up the original Plan. The Plan has expanded since 2011 to include 80 contracts representing 150 water systems and an estimated 2016 population of 365,000 people.

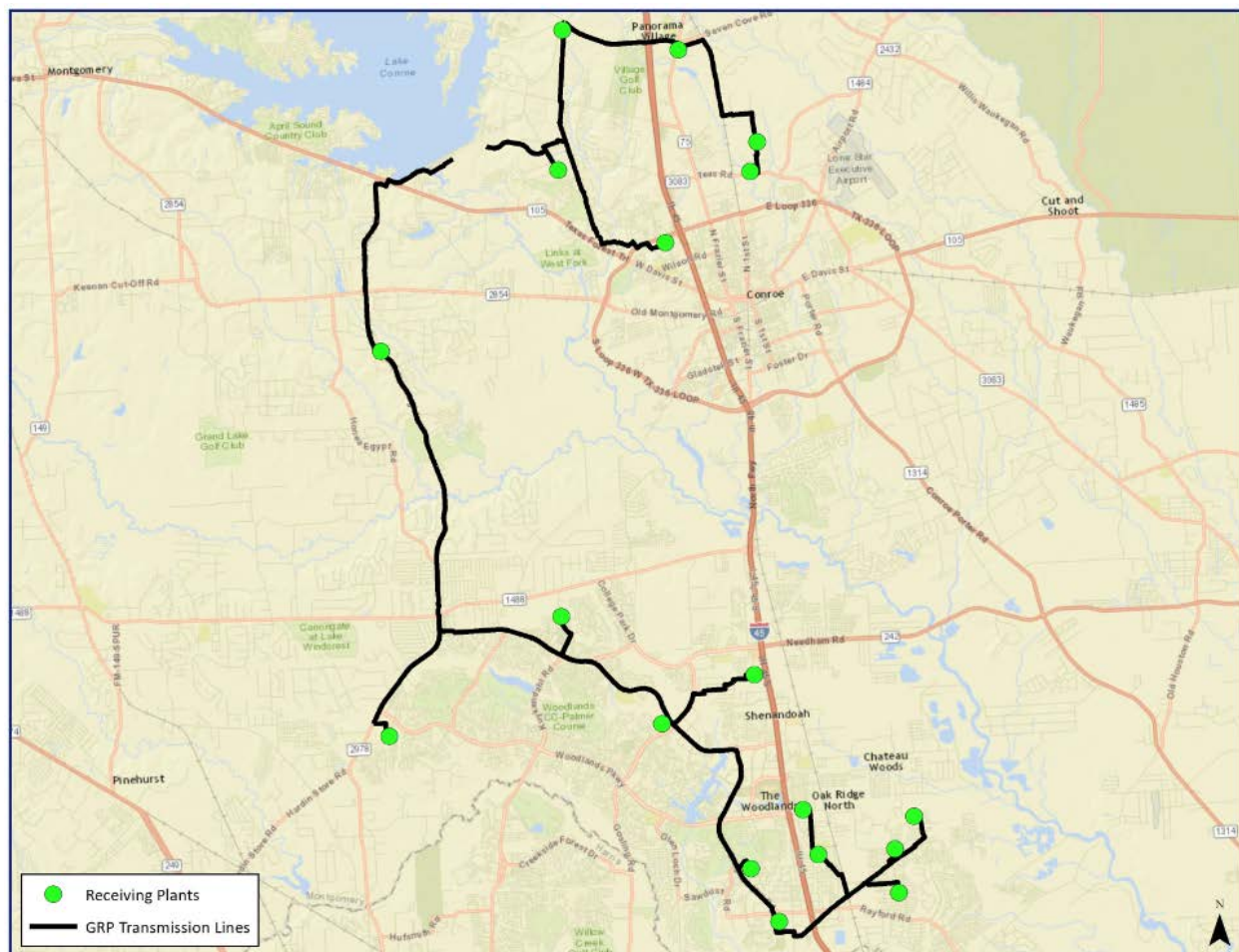
### MAP OF GRP PARTICIPANTS





The GRP Division constructed a 30 million gallon per day (mgd) surface water treatment plant on the southern shore of Lake Conroe to supply surface-water to seven participants through two main transmission lines and 18 separate surface-water receiving facilities. The GRP Division completed the surface-water treatment facility in September 2015 and began supplying treated surface-water to six participants, ahead of the LSGCD regulations. The SJRA's Surface Water Treatment Plant can produce water that meets or exceeds all State and Federal water quality recommendations and requirements. In past years, the plant has successfully produced treated water quantities in excess of the amounts required to meet Lone Star's rules. In 2016, 2017, and 2018 the GRP Division has managed to offset groundwater consumption through surface water production in excess of that needed to meet the LSGCD requirements. At this time, the GRP is exceeding the required groundwater conversion over the 30-year averaging period by 5 billion gallons. This means that all of the GRP's Participant water systems remain in full compliance with the LSGCD groundwater regulations.

### MAP OF GRP TRANSMISSION LINES AND RECEIVING FACILITIES





**Major Initiatives:** During FY2018 and planned for FY2019, the GRP Division has either completed or started, or will complete or start a number of major initiatives to improve the operations related to the Division.

1. **Reduce the GRP Surface Water Treatment Plant production rate.** Given that the GRP is in a favorable condition with regard to compliance the GRP Division proposes to reduce the budgeted production rate from the current 7.2 billion gallons per year to 4.4 billion gallons per year. This will help to reduce expenses until legal costs return to a more normal level and payment of past due amounts from the two Participants are realized. The reduced expenses will also allow some recovery of the GRP's lagging operating fund balance.
2. **Water Demand Forecasting:** For FY2019, the GRP proposes changing the projected water demand methodology used to calculate projected revenue and set pumpage and surface water rates. The need for this change is driven by several years of revenue shortfalls due to projections exceeding actual demand. The GRP believes this gap is due to a combination of overly optimistic demand projections and wetter than normal weather. The GRP proposes using a forecasting methodology, which would utilize the previous year's actual demand. The primary advantage of this forecast is that this model is based exclusively on historical observation. This method of forecasting does project water demand to be lower in comparison to the previous method.
3. **Asset Management:** Along with all of the other operating divisions, the GRP Division will be focused in FY2018 and FY2019 on improving the management of their assets. The Division has embraced the use of the Authority's new Enterprise Asset Management and Computerized Maintenance Management System (EAM/CMMS). The EAM/CMMS system allows the Division to track assets throughout the asset's lifetime, tracking planned and corrective maintenance, and assisting in determining the appropriate time to replace assets. In FY2018, the GRP Division, in coordination with the G&A Information Technology and Technical Services Departments, is integrating Geographic Information Systems (GIS) with the EAM/CMMS system. This integration will improve the efficiency and effectiveness of the Division's EAM/CMMS system by placing all available information in the hands of staff as the address issues in the field.

**Capital Improvement and Other Projects Plans:** Each year the GRP Division conducts risk assessments and evaluations of their infrastructure. The Division reviews the likelihood and consequences of failure of each asset and then prioritizes projects based on a variety of factors related to reliable, cost-effective service. There are no projects planned for FY2019.

**Total Indebtedness and Annual Debt Service:** At August 31, 2017, the GRP Division currently had \$507,535,000 of total indebtedness, made up of the following bond issuances:

- Series 2009 Special Project Revenue Bonds (Outstanding: \$21,500,000; Matures 10/1/28)
- Series 2011 Special Project Revenue Bonds (Outstanding: \$76,855,000; Matures 10/1/37)
- Series 2011A Special Project Revenue Bonds (Outstanding: \$59,110,000; Matures 10/1/35)
- Series 2012 Special Project Revenue Bonds (Outstanding: \$155,450,000; Matures 10/1/37)
- Series 2012A Special Project Revenue Bonds (Outstanding: \$155,365,000; Matures 10/1/40)
- Series 2013 Special Project Revenue Bonds (Outstanding: \$37,025,000; Matures 10/1/40)
- Series 2016 Special Project Revenue Bonds (Outstanding: \$2,230,000; Matures 10/1/41)

Annual debt service (principal and interest) for FY2019 for the above bond issuances is \$34,525,702. Bond payments are made each year in April (interest only) and October (principal and interest). Monthly accruals of interest are made for October to March, while monthly accruals of principal and interest are made for April to September. Debt Service Reserves for the above bond issuances are fully funded.

**Staffing Plans:** The GRP Division's staffing plan for FY2019 includes 31 direct FTE positions, with no part-time, temporary, or intern positions. In addition to the 31 direct GRP Division FTEs, the Division is allocated 15.77 FTEs for FY2019 from G&A Departments. Total FY2019 FTEs associated with the GRP Division, direct and allocated, is 46.77 FTEs.

**Revenues:** One of the first activities in the budgeting process for the GRP Division is to determine the cumulative total water demand of its participants and then further define the groundwater portion and the surface-water portion. As was described under GRP's major initiatives related to water demand projection and surface water production rate, actual water demand over the previous twelve months will be used as the projected demand for FY2019 and our surface water production rate is planned to be 4.4 billion gallons.

The GRP Pumping Fee rate will remain the same to its participants for FY2019 at \$2.64 per 1,000 gallons, resulting in groundwater revenues totaling \$39,240,518. The GRP Surface-Water Fee will remain the same to its participants for FY2019 at \$2.83, resulting in surface-water revenues totaling \$12,392,060. Also, the LSGCD requires the GRP Division, as the GRP sponsor to collect the LSGCD permit fees for all of its participants. The GRP Division anticipates collecting \$1,560,703 as a LSGCD pass-through fee to its participants, which will be offset with the LSGCD permit fee expense. Other revenues from interest income and office rental total \$14,808. In addition, there is a refund of \$472,943 as a prepaid reservation fee from the City of Houston to the GRP Division.

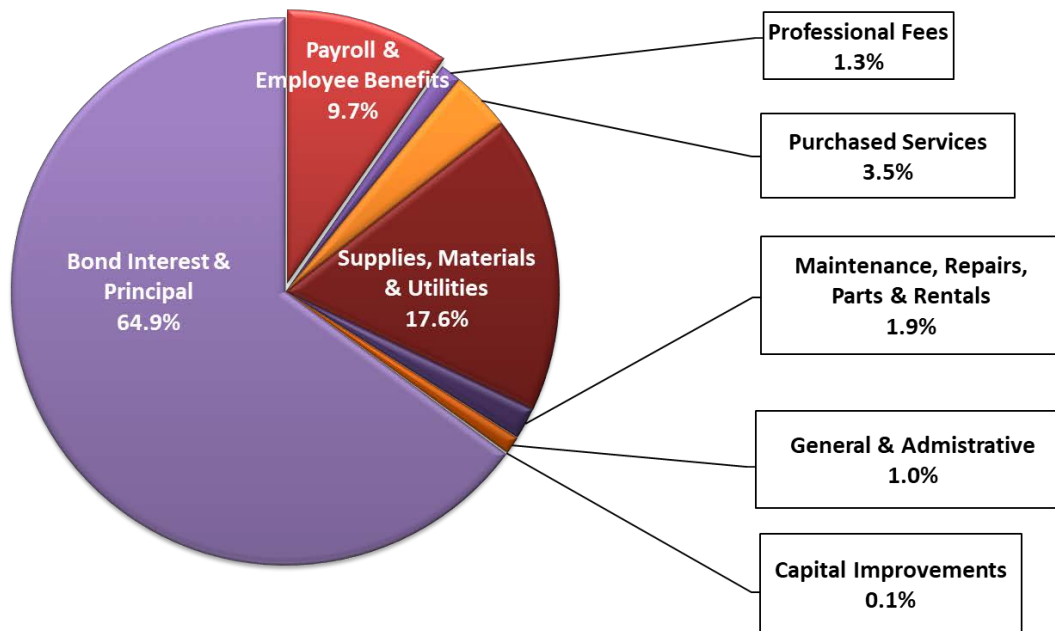
Expected O&M revenues for the GRP Division for FY2019 total \$53,681,031.

**Expenditures:** The GRP Division for FY2019 contains regular and customary expenses related to the on-going operation and maintenance of the GRP's Surface-Water Treatment Plant. Such expenditures include:

- Salaries, Wages, and Benefits
- Professional Fees
- Purchased and Contracted Services
- Supplies, Materials, and Utilities
- Maintenance, Repairs, Parts, and Rentals
- G&A Allocations
- Debt Service (principal and interest)
- O&M Capital Improvements (non-bond related)
- Multi-Purpose Operating Reserve Contributions

Expected total O&M expenditures for the GRP Division for FY2019, including operating, debt service, capital improvements, and any other cash uses, totals \$53,681,031.

## GRP FY2019 Total Operating Expenditures



**Fund Balance and Reserves:** Based upon actual monthly revenues and expenditures for FY2018, along with the forecasted monthly revenues and expenditures for the remaining FY2018 months, the operating fund balance for the GRP Division for the end of FY2018, beginning of FY2019, is projected to well below the six month operating reserve.

As approved by the GRP Review Committee and adopted by the Board of Directors, the GRP Division utilizes three reserves: a Multi-Purpose Operating Reserve, a Renewal and Replacement (R&R) Reserve, and a Capital Reserve.

**Operating Reserve:** The Multi-Purpose Operating Reserve is created for cash flow management, and rate and revenue stabilization. The Operating Reserve target for the GRP Division is set to be an amount equal to six months of operating expenditures. For FY2018, the GRP Division has not met the six-month Operating Reserve target. As of the beginning of FY2018 the Operating Reserve balance was \$3,409,275, roughly three months of operating reserves. For year-end of FY2019, the Operating Reserve is projected to be roughly three months of operating expenses.

**R&R Reserve:** The R&R Reserve is created to establish annual funding for the renewal and/or replacement of GRP assets with an anticipated life expectancy between five and ten years, in order to prevent significant rate fluctuations. R&R Reserve contributions are made only after the Operating Reserve funding target is met. No contributions have been made to the GRP R&R Reserve and no contributions are budgeted for FY2019.

**Capital Reserve:** The Capital Reserve is created to fund planned long-term capital expenditures. Capital Reserve contributions are made only after the Operating Reserve and R&R Reserve funding

targets are met. No contributions have been made to the GRP Capital Reserve and no contributions are budgeted for FY2019.

For FY2019, the net between revenues and expenditures, including annual debt service and scheduled contributions to any of the three reserves, is \$465,265.

**San Jacinto River Authority - GRP**  
**Actual to Budget Comparison**  
**FY2017 - FY2019**

Description	Rolling 12				
		Actuals	Mo. Actuals		
	Actuals	Sept-March	April 2017-	Budget	Budget
	8/31/2017	FY2018	March 2018	FY2018	FY2019
OPERATING REVENUES					
GRP Pumping Fees	\$ 25,891,653	\$ 14,808,550	\$ 27,328,298	\$ 31,712,076	\$ 30,889,254
GRP Pumping Fees-Woodlands	5,495,506	4,210,494	7,498,092	6,191,392	8,351,264
LSGCD Revenue	768,745	794,861	1,031,461	1,201,215	1,228,550
LSGCD Revenue-Woodlands	128,905	227,742	307,463	234,522	332,153
GRP Surface Water Sales	7,617,989	3,538,192	7,226,508	9,058,972	3,439,758
GRP Surface Water Sales-Woodlands	10,565,653	3,726,315	8,389,849	11,304,399	8,952,302
Compliance Fee Revenue	1,250	11,850	12,600	-	-
TOTAL OPERATING REVENUES	\$ 50,469,701	\$ 27,318,005	\$ 51,794,271	\$ 59,702,577	\$ 53,193,280
OTHER REVENUES					
Interest Income	\$ 418,418	\$ 265,062	\$ 521,137	\$ 47,500	\$ (2,880)
Office Rental Revenue	17,688	10,318	17,688	17,688	17,688
Proceeds From Sale Of Assets	906	-	906	-	-
Other Gains & Losses	2,846	-	-	-	-
TOTAL OTHER REVENUES	\$ 439,859	\$ 275,380	\$ 539,731	\$ 65,188	\$ 14,808
OPERATING EXPENSES					
SALARIES, WAGES, & EMPLOYEE BENEFITS					
Salaries & Wages	\$ 1,817,218	\$ 1,050,485	\$ 1,821,949	\$ 1,945,912	\$ 2,021,041
Salary & Wage Allocation	1,716,256	899,024	1,620,031	1,637,651	1,441,816
Compensated Absences	25,410	-	25,410	-	-
Group Insurance	667,006	412,639	670,335	899,125	860,878
Group Retirement Expense	442,843	237,979	415,938	488,895	452,071
Workers Compensation Insurance	79,796	48,747	77,164	95,912	108,997
Social Security Taxes	250,860	136,511	245,220	263,023	255,567
TOTAL SALARIES, WAGES, & EMPLOYEE BENEFITS	\$ 4,999,390	\$ 2,785,384	\$ 4,876,046	\$ 5,330,517	\$ 5,140,369
PROFESSIONAL FEES					
Legal Fees	\$ 1,044,681	\$ 195,647	\$ 435,017	\$ 875,000	\$ 350,000
Disclosure Filing	375	-	-	500	500
Annual Financial Audit	27,170	31,549	35,927	35,000	35,000
Arbitrage Rebate Audit	6,700	3,250	3,250	3,600	4,000
Paying Agent Fees	6,500	2,500	4,500	4,500	4,750
Engineering	471,631	132,974	223,280	125,050	281,600
Safety Inspections & Testing	1,069	428	428	1,500	500
Graphic Design	94	-	94	2,000	2,000
TOTAL PROFESSIONAL FEES	\$ 1,558,220	\$ 366,348	\$ 702,496	\$ 1,047,150	\$ 678,350
PURCHASED & CONTRACTED SERVICES					
Waste Disposal Services	\$ 3,114	\$ 1,570	\$ 2,945	\$ 3,500	\$ 3,500
Sludge Removal	203,347	78,955	168,348	225,219	134,753
Meter Calibration Services	-	2,000	2,000	3,000	9,100
Commercial Laboratory Fees	37,859	4,280	16,464	18,200	13,400
Other Services	85,469	1,898	51,394	84,500	79,400
Groundwater District Fees	967,105	736,874	1,178,355	1,436,237	1,561,202
Employee Testing- New	2,811	1,771	3,557	4,420	2,675
Janitorial Services	38,671	22,351	38,316	41,000	41,000
Water Quality Testing	-	10,375	10,375	22,200	22,200
Public Relations Expense	-	-	-	4,000	1,500
Water Conservation & Public Education	7,462	-	262	6,000	6,000
Meeting Expenses	3,232	1,474	3,099	11,300	8,000
Public Official Liability	4,356	-	4,356	3,605	4,574
TOTAL PURCHASED & CONTRACTED SERVICES	\$ 1,353,426	\$ 861,547	\$ 1,479,470	\$ 1,863,181	\$ 1,887,305
SUPPLIES, MATERIALS & UTILITIES					
Office Supplies & Printing	\$ 2,761	\$ 1,912	\$ 3,602	\$ 17,500	\$ 9,000
Other Office Expense	11,300	5,644	11,519	15,000	10,000
Travel	3,537	673	3,972	7,500	4,500
Automobile & Truck Expense	11,086	3,215	9,823	15,000	15,000

**San Jacinto River Authority - GRP**  
**Actual to Budget Comparison**  
**FY2017 - FY2019**

Description	Rolling 12			Budget FY2018	Budget FY2019
	Actuals 8/31/2017	Actuals Sept-March FY2018	Mo. Actuals April 2017- March 2018		
Postage	1,885	1,233	2,152	4,500	3,500
Property Insurance	162,271	92,456	159,644	198,329	166,451
Auto Insurance	12,386	8,599	13,199	20,600	16,732
Liability Insurance	12,881	9,877	16,561	9,979	28,859
Small Tools Purchases	12,643	3,102	8,932	10,000	8,000
Training-External	13,708	5,931	15,059	12,500	12,500
Training-Internal	9,922	-	-	1,000	1,000
Training-Employee HR	4,623	2,132	4,534	4,420	4,800
Copper Sulfate	21,480	-	10,547	35,114	12,786
Citric Acid	73,487	45,845	69,688	145,638	63,186
Granulated Activated Carbon	1,223,188	1,223,188	2,446,376	2,480,740	2,385,296
Aluminum Chlorohydrate	666,398	206,651	508,593	1,012,268	454,784
Sodium Permanganate	146,273	58,512	146,303	135,060	110,259
Sodium Bisulfate	14,872	10,681	15,647	19,428	10,947
Sodium Hydroxide	132,291	80,075	129,885	181,903	122,957
Sodium Hypochlorite	160,202	49,406	113,503	273,071	178,612
Chlorine	783	-	-	-	6,500
Polymer	65,665	24,840	49,680	107,285	40,154
Chemicals - Lab	11,754	-	6,048	-	-
Managers Expense	368	400	469	5,000	5,000
Employee Relations	2,678	822	2,441	7,000	5,000
Fuel	25,551	21,365	32,558	45,500	51,000
Uniform Services	6,223	1,462	7,098	12,600	12,600
Maintenance Supplies	19,124	2,190	7,239	20,000	15,000
Supplies - Lab	3,674	12,356	13,967	25,000	23,500
Operations Supplies	24,952	15,039	20,647	33,000	27,000
Other Operating Expenses	(4)	-	-	-	-
Memberships & Professional Dues	1,829	362	1,760	2,500	2,000
Signage	2,696	-	2,685	2,500	2,500
Copier, Scanner & Fax	20,398	12,110	20,800	26,000	20,000
Delivery & Freight	1,268	55	630	-	-
Utilities-Electric	1,253,324	537,124	1,056,321	1,364,346	722,612
Utilities-Sewer	155,072	87,527	170,444	190,500	129,200
Reservation Fees-City of Houston	2,172,129	1,213,047	1,213,047	1,942,184	2,034,940
Reservation Fees-SJRA	103,198	217,301	239,418	88,442	415,683
Supply Use Fee-SJRA	2,782,041	1,095,059	2,385,501	3,067,085	2,000,442
Additional Water Fees	237,500	237,500	237,500	235,000	-
Bank Service Charges	60	30	30	-	-
Personal Protective Equipment	3,290	2,106	4,295	5,000	5,000
Safety Equipment & Meetings	2,158	367	1,846	5,000	2,400
Health & Wellness Program	593	-	539	780	1,100
Recruiting Expenses	3,775	616	2,759	10,400	4,300
Computer Hardware	45,628	15,135	28,219	46,753	47,539
Software & Support	65,670	51,362	85,222	96,339	74,586
Software Maintenance	32,244	20,486	33,874	46,000	47,000
Network Communications	4,183	2,405	4,122	5,754	6,250
Publications & Subscriptions	255	-	255	1,000	1,000
Newspaper Ads	-	-	-	-	1,000
Wireless Devices & Services	21,313	12,206	20,401	32,960	35,220
Phone System-Install, Maintenance, & Changes	-	-	-	1,163	992
Landline Telephone Services	5,387	3,065	5,084	5,289	5,744
<b>TOTAL SUPPLIES, MATERIALS &amp; UTILITIES</b>	<b>\$ 9,771,973</b>	<b>\$ 5,395,467</b>	<b>\$ 9,344,438</b>	<b>\$ 12,029,930</b>	<b>\$ 9,364,431</b>
<b>RENTALS</b>					
Equipment Rentals	\$ 891	\$ -	\$ -	\$ 6,000	\$ 6,000
<b>TOTAL RENTALS</b>	<b>\$ 891</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,000</b>	<b>\$ 6,000</b>
<b>MAINTENANCE, REPAIRS &amp; PARTS</b>					
Office, Furniture, & Fixtures	\$ 2,731	\$ 356	\$ 2,735	\$ 2,000	\$ 2,000
Air Conditioner	1,252	37,576	38,828	17,400	30,000

**San Jacinto River Authority - GRP**  
**Actual to Budget Comparison**  
**FY2017 - FY2019**

Description	Rolling 12			Budget FY2018	Budget FY2019
	Actuals 8/31/2017	Actuals Sept-March FY2018	Mo. Actuals April 2017- March 2018		
Mowing	-	23,697	23,697	51,000	46,000
Buildings & Grounds Maintenance	96,126	18,543	51,388	39,000	39,000
Building Repair & Modifications	2,826	64	2,890	5,000	5,000
Plants & Facilities	67,555	5,571	44,982	55,100	31,100
Security System Monitoring	1,351	816	1,100	2,400	2,400
Electrical	24,418	192,199	196,155	199,800	191,000
Generators	-	12,422	12,422	55,000	37,650
Pumps & Motors	17,957	30,252	43,790	50,000	50,000
Compressor	-	7,786	7,786	21,001	15,850
Aerators	492	28,889	29,381	90,000	75,000
Machinery, Tools, & Implements	7,635	4,229	8,183	25,000	15,000
Belt Press	-	159	159	10,700	10,700
Clarifier	-	430	430	5,000	10,000
Pipeline Transmission System	1,143,040	200	19,715	308,000	193,500
Lines, Valves, & Pipes	33,974	10,042	34,585	50,000	65,000
Other Maintenance	7,832	2,725	5,724	10,000	5,000
Laboratory Equipment	6,027	1,619	6,343	5,000	5,000
Instrumentation Equipment & Parts	70,763	47,778	69,968	93,000	85,600
Pretreatment	-	3,150	3,150	12,000	12,000
Membrane	-	8,716	8,716	12,000	20,500
Networking and Communications - SCADA	-	-	-	-	10,500
Backwash Equalization	-	-	-	-	12,000
Chemical Handling	-	-	-	-	17,000
Inventory Gains and Losses	(4,637)	(10,787)	(15,424)	-	-
<b>TOTAL MAINTENANCE, REPAIRS &amp; PARTS</b>	<b>\$ 1,479,342</b>	<b>\$ 426,433</b>	<b>\$ 596,705</b>	<b>\$ 1,118,401</b>	<b>\$ 986,800</b>
<b>GENERAL &amp; ADMINISTRATIVE EXPENSES</b>					
General & Administrative Expense Allocated	\$ 464,403	\$ 239,536	\$ 437,514	\$ 688,592	\$ 553,734
<b>TOTAL GENERAL &amp; ADMINISTRATIVE EXPENSES</b>	<b>\$ 464,403</b>	<b>\$ 239,536</b>	<b>\$ 437,514</b>	<b>\$ 688,592</b>	<b>\$ 553,734</b>
<b>NON-OPERATING EXPENSES</b>					
Interest Expense	\$ 21,226,070	\$ 12,211,229	\$ 21,044,819	\$ 20,914,988	\$ 20,567,369
Bond Issuance Costs	823	-	-	-	-
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$ 21,226,893</b>	<b>\$ 12,211,229</b>	<b>\$ 21,044,819</b>	<b>\$ 20,914,988</b>	<b>\$ 20,567,369</b>
<b>TOTAL EXPENSES</b>	<b>\$ 40,854,539</b>	<b>\$ 22,285,944</b>	<b>\$ 38,481,488</b>	<b>\$ 42,998,760</b>	<b>\$ 39,184,357</b>
<b>NET REVENUES OVER EXPENSES</b>	<b>\$ 10,055,021</b>	<b>\$ 5,307,441</b>	<b>\$ 13,852,513</b>	<b>\$ 16,769,005</b>	<b>\$ 14,023,731</b>
<b>CAPITAL IMPROVEMENTS</b>					
Office Buildings				\$ 7,000	\$ -
Software				19,444	11,219
Computer Equipment				20,332	61,857
<b>TOTAL CAPITAL IMPROVEMENTS</b>				<b>\$ 46,777</b>	<b>\$ 73,076</b>
<b>OTHER USES</b>					
Bond Principal	\$ 13,025,000	\$ 13,315,000	\$ 13,315,000	\$ 13,604,167	\$ 13,958,333
Operating Reserve Fund				3,591,006	465,265
<b>TOTAL OTHER USES</b>	<b>\$ 13,025,000</b>	<b>\$ 13,315,000</b>	<b>\$ 13,315,000</b>	<b>\$ 17,195,172</b>	<b>\$ 14,423,599</b>
<b>OTHER SOURCES</b>					
Prepaid Reservation Fee				\$ 472,943	\$ 472,943
<b>TOTAL OTHER SOURCES</b>				<b>\$ 472,943</b>	<b>\$ 472,943</b>
<b>NET CASH BASIS SOURCES (USES)</b>	<b>\$ (2,969,979)</b>	<b>\$ (8,007,559)</b>	<b>\$ 537,513</b>	<b>\$ 0</b>	<b>\$ -</b>

**SJRA FY2019 GRP Risk Management**  
**May 2018**

<b>Risk</b>	<b>Probability</b>	<b>Management Method</b>
<b>Revenue</b>		
Total water demand lower than projected will cause revenue shortfall	Med	We have lowered SWTP production rate to reduce operating costs.
Delayed full funding of reserves <ul style="list-style-type: none"> <li>• May leave inadequate funding for unexpected emergencies</li> <li>• Fails to save for known replacement needs</li> <li>• GRP unable to respond to possible line extension requests</li> </ul>	High	Delay capital projects until funds are available Fund balance triggers will prompt action to reduce spending. Reduce surface water production to reduce operating costs Mid-year rate increase if necessary
<b>Regulatory Violations</b>		
Total water demand higher than projected may cause compliance tension	Low	Increase SWTP production rate to maintain compliance (revenues will be above projections)
Treated water quality fails to meet TCEQ standards resulting in fines	Low	Water treatment process is very effective and reliable and includes processes effective at removing disinfection by-products.
<b>Interruption Of Operations</b>		
Interruption of operations due to emergency incident (ie. Fire, Storm, Line Break, Power Outage, Terrorist Threat).	Med	GRP Emergency Response Plan provides instruction for responding to emergency incidents.



# FLOOD MANAGEMENT DIVISION



**Flood Management Division:** The Flood Management Division was created in the spring of 2018 to develop short-term and long-term regional flood management strategies within the San Jacinto River Basin. The intent is to build partnerships with federal, state, and local governmental entities; identify funding options and/or revenue sources; and coordinate, collaborate, and partner with other flood management entities within the San Jacinto River Basin. The FY2018 budget was amended in February 2018 to create the Flood Management Division. For FY2018, \$204,815 of expenses were created for roughly half the fiscal year.

**Major Initiatives:** In FY2018, the Flood Management Division has focused on the initial start-up of the Division and meeting with elected officials, city and county staff members, and local stakeholders. For FY2019, the Flood Management Division will be focused on the following initiatives:

*Regional Flood Study:* The SJRA has partnered with Montgomery County, City of Houston, and Harris County Flood Control District to conduct a regional study of the San Jacinto River watershed to address flooding and the response to flooding. The project will include the development of new hydrologic and hydraulic models, an analysis of historic storms for model calibration, identification of flood mitigation alternatives within the watershed, vegetation and sedimentation control, expansion of the Harris County Flood Warning System gauge locations in the San Jacinto River watershed, and improvements to flood response planning.

*Phase II Study:* In 2016, the Texas Water Development Board awarded a grant to the SJRA and other funding partners for Phase 1 of a multi-phased project to address flood protection in the San Jacinto River Watershed. The Flood Management Division is applying for funding for a second phase to develop a flood forecasting and reservoir operations tool leveraging the Phase 1 study to enhance early flood warning capabilities for the region and improve flood response. Phase 2 will also identify appropriate locations in the Spring Creek watershed for flood control reservoir(s), as well as identify funding opportunities and calculate cost/benefit ratios for projects.

*Sand Mining Activities in the River:* In 2019, the Flood Management Division will also research state laws governing mining in Texas rivers. The intent is to gain an understanding of the fees and royalty payments that are required by the state when contractors mine for sand and aggregates in the river, and to determine the approximate annual revenue received by the state from mining activities in the river. Based on the results of this research, Flood Management will coordinate with our Legal Counsel and local State Senators and State Representatives to propose new legislation to allow for mining activities in the San Jacinto River and/or potentially redirect fees and royalty payments being collected by the State to help fund sediment management in the basin.

**Capital Improvement and Other Project Plans:** The Flood Management Division does not maintain any physical infrastructure or assets at this time; therefore no maintenance or construction projects exist for FY2019. The Division does not have a 10-year project plan at this time. In the short term, it is

anticipated that future studies will be funded by local community partners or grant funds from the State.

Flood Management is currently working on opportunities for a grant application with the Texas Water Development Board to fund the development of a computer model/tool to assist with gate operations on Lake Conroe. If the grant is successful and the State funds 50% of that project, then we will likely return to the SJRA Board with an amendment to the Lake Conroe Division operating budget to fund the remaining 50%.

**Total Indebtedness and Annual Debt Service:** The Flood Management Division does not have any indebtedness as of FY2018 and no plans for future indebtedness in FY2019 or beyond.

**Staffing Plans:** The Flood Management Division's staffing plan for FY2019 includes zero direct FTE positions, with no part-time, temporary, or intern positions but is allocated 2.65 FTEs for FY2019 from G&A Departments.

**Revenues:** The Flood Management Division has no revenues forecasted for FY2019. The Division's minimal expenses are covered by the Raw Water Rate, with 1.5 cents per 1,000 gallons dedicated to supporting the start-up of the Flood Management Division. The Flood Management Division is tasked with studying and implementing regional flood management partnerships, including the potential identification of state and federal grants. If funding sources are identified in FY2019, it is possible that the Flood Management FY2019 budget could be amended.

**Expenditures:** In FY2019, Flood Management expenses are related to the start-up of the Division and studies in the San Jacinto River watershed with cooperative partners. Such expenditures include Authority salaries and benefits, legal and professional fees, purchase of a vehicle, and appropriate allocation of G&A expenses.

Expected total expenditures for the Authority's Flood Management Division for FY2019 is \$776,748.

**Fund Balance and Reserves:** The Authority's General Fund Balance combines to cover the Flood Management Division, which is also made up of the Raw Water Supply, Highlands Division, Lake Conroe Division, and the G&A Division. The Flood Management Division does not maintain any Operating, Emergency, or Capital R&R Reserves.

**San Jacinto River Authority - Flood Management**  
**Actual to Budget Comparison**  
**FY2017 - FY2019**

Description	Rolling 12							
	Actuals		Mo. Actuals		Budget	Budget		
	Actuals	Sept-March	April 2017-	March 2018				
	8/31/2017	FY2018			FY2018	FY2019		
<b>OPERATING EXPENSES</b>								
<b>SALARIES, WAGES, &amp; EMPLOYEE BENEFITS</b>								
Salary & Wage Allocation	\$	-	\$	-	\$	128,670	\$	351,033
Group Insurance		-		-		25,321		70,888
Group Retirement Expense		-		-		16,681		47,998
Workers Compensation Insurance		-		-		1,220		3,707
Social Security Taxes		-		-		7,924		21,308
<b>TOTAL SALARIES, WAGES, &amp; EMPLOYEE BENEFITS</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>179,815</b>	<b>\$</b>	<b>494,933</b>
<b>PROFESSIONAL FEES</b>								
Legal Fees	\$	-	\$	-	\$	10,000	\$	50,000
Engineering		-		-		-		50,000
<b>TOTAL PROFESSIONAL FEES</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>10,000</b>	<b>\$</b>	<b>100,000</b>
<b>SUPPLIES, MATERIALS &amp; UTILITIES</b>								
Automobile & Truck Expense	\$	-	\$	-	\$	3,000	\$	5,000
Fuel		-		-		2,000		3,000
Imagery & Data Sets		-		-		10,000		-
<b>TOTAL SUPPLIES, MATERIALS &amp; UTILITIES</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>15,000</b>	<b>\$</b>	<b>8,000</b>
<b>GENERAL &amp; ADMINISTRATIVE EXPENSES</b>								
General & Administrative Expense Allocated	\$	-	\$	-	\$	-	\$	134,815
<b>TOTAL GENERAL &amp; ADMINISTRATIVE EXPENSES</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>134,815</b>
<b>TOTAL EXPENSES</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>204,815</b>	<b>\$</b>	<b>737,748</b>
<b>NET REVENUES OVER EXPENSES</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>(204,815)</b>	<b>\$</b>	<b>(737,748)</b>
<b>CAPITAL IMPROVEMENTS</b>								
Transportation Equipment	\$	-	\$	-	\$	-	\$	39,000
<b>TOTAL CAPITAL IMPROVEMENTS</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>39,000</b>
<b>NET CASH BASIS SOURCES (USES)</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>(204,815)</b>	<b>\$</b>	<b>(776,748)</b>

# G & A DIVISION



## GENERAL AND ADMINISTRATION DIVISION

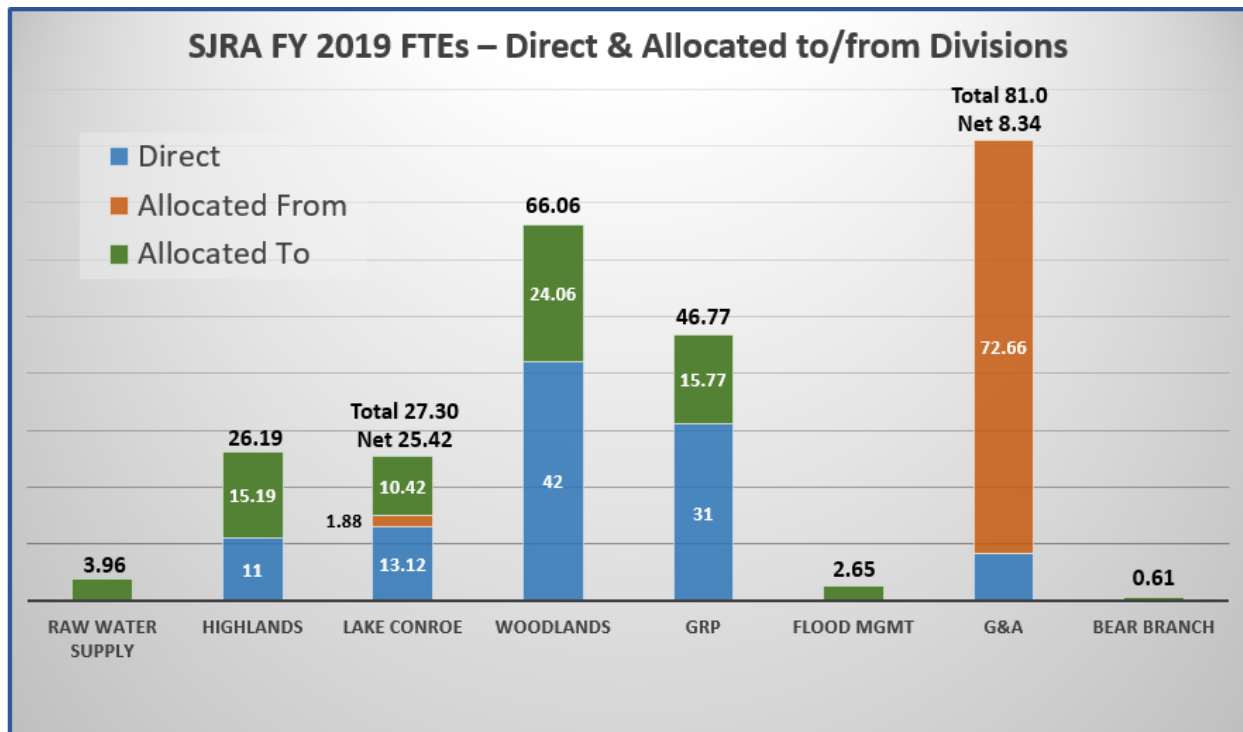
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The general and administrative functions of the Authority are organized into departments within the General and Administration Division (G&A). The G&A consists of Senior Management and the following departments:

<b>Accounting</b>	<b>Public Relations (PR)</b>
<b>Administrative Services</b>	<b>Purchasing</b>
<b>Human Resources (HR)</b>	<b>SCADA/I&amp;C</b>
<b>Information Technology (IT)</b>	<b>Technical Services (TS)</b>

The G&A Departments are largely customer service focused on the operating divisions as internal customers of the services they provide. These departments support the operating divisions with administrative and technical services provided on a daily, monthly, and periodic basis. The Authority's G&A employees are well trained: administratively, technically, and professionally. They cross-train within their departments to provide consistent and resilient services and operate with a team mentality within their departments and across the Authority.

Senior Management and the G&A Departments allocate FTEs to the operating divisions based upon appropriate methodologies for their department activities within the terms of existing contracts. Using historical data and projected estimates for the upcoming year, the Administrative Services and Public Relations Departments follow an approach that estimates, where reasonable, individual employee's projected time worked for each operating division. The Accounting, IT, and Purchasing Departments combine the previous approach with the use of specifically dedicated FTEs to certain operating divisions. The HR Department and some of the IT Department FTEs utilize a proportionate allocation of time worked by their employees based on the percentage of operating divisions' direct and allocated FTEs to the 180 total employees of the Authority. The SCADA/I&C Department and Technical Services Department employees work mainly with the operating divisions on the maintenance of certain systems and assist with specific projects, therefore many of those FTEs estimate their allocated time based on specific tasks or the projects proposed for FY2019.



**Major Initiatives:** During FY2018 and planned for FY2019, the G&A Departments have either completed or started, or will complete or start a number of major initiatives to improve the services they provide to the operating divisions.

**Accounting:** In FY2018 and continuing in FY2019, the Accounting Department continued to collaborate with the GRP Division to fine-tune the GRP Rate Model utilization for optimum use in the FY2019 budget process. They assisted each operating division throughout the year with monitoring and reporting of revenues and expenditures, allowing the divisions to more efficiently and effectively manage their operations. In FY2018, the Accounting Department is assisting the Raw Water Enterprise and a third part consultant with the development of a robust Raw Water Rate Model that was utilized in the FY2019 budget development.

**Administrative Services:** The Administrative Services Department supports, facilitates, and strengthens processes by assisting Senior Management and the Board of Directors; improves access to records; preserves and cultivates the records management process; and exceeds customer expectations through extensive interaction with an array of wide-spread services. In Fiscal Year 2018, the Administrative Services Department coordinated and assisted in the new Board member orientation and facilitated the Texas Open Meeting Act training for same. The department provided training to staff related to records management, records retention, the Public Information Act, and increased SJRA-wide understanding of adopted retention policies. The department continued preservation of the Authority's archival records and expanded web based repository of public records. Further, in Fiscal Year 2018, the Administrative Services Department hired a Records Management Technician to further assist in the coordination of scanning and imaging archival records as well as other required legislative processes related to records management and public



information. The Administrative Services Department also assisted Senior Management, SJRA divisions and departments on various internal administrative projects and initiatives. For FY2019, the Department will begin implementing the Authority's asset management tool EAM/CMMS for the G&A office building and the G&A fleet of pool vehicles, continue training in records management and records retention policies, improve digitization across all divisions and departments, assist in Board of Directors onboarding and training, and continue to engage in SJRA-wide initiatives.

**HR/Safety:** The HR Department continues to improve processes and systems in FY2018 and will continue to develop and implement several improvements in FY2019. The Department has implemented the performance management component of the new Talent Management System and continues to work with managers to develop job related competencies and further fine tune the job description component. In FY2018, HR transitioned the benefits plan year to July 1<sup>st</sup> instead of September 1<sup>st</sup>, in order to better align insurance renewals with annual budget development. In line with Authority-wide efforts to effect reasonable cost-savings, the HR Department made the decision not to fill a vacancy that was created by the resignation of the Benefits Specialist in late 2017. Instead, another employee was assigned benefits management and all employees within the HR Department assumed additional responsibilities in order to cover the work effort. As part of the on-going effort to reduce healthcare costs, the HR Department is continuing to focus on health and wellness initiatives and plans to leverage the Blue Cross Blue Shield health and wellness program already available to employees. In addition to employee relations activities, the HR Department also oversees the Authority's safety programs, processes, and activities. In FY2018, the HR Department continued to increase their coordination with the operating divisions by participating in regular coordination meetings with focus on both HR and Safety topics such as training needs, process and procedure analysis, and improvement recommendations.

**IT:** The IT Department collaborates with the operating divisions on various projects and coordinates the many Authority-wide computer systems, network infrastructure, and physical security system. The Department provides services that are a combination of division specific projects and the development of uniform business processes across the Authority in coordination with the Divisions and other G&A Departments. In FY2018, the Department conducted an initial cyber security assessment. The addition of a Business Analyst has provided greater insight and improved business centric alignment for the IT Department. Also in FY2018 the IT Department, in collaboration with the operating divisions and the Technical Services Department has completed the integration of Enterprise Asset Management (EAM) and Geographic Information System (GIS). The IT Department in FY2019 will continue work to provide enhanced Business Intelligence (BI) leveraging data from EAM and Enterprise Resource Planning (ERP). The cyber security assessment mentioned above provided insight in to the opportunities for improvement. These include a few hardware updates and upgrades. We will also be developing an Authority specific training and evaluation program in the area of Social Engineering.

**PR:** The Public Relations Department provides public outreach and education for the Authority by increasing the Authority's social media presence as well as participating and facilitating in school programs, functions, and tours. During FY2018, the PR Department maintained each operating division's website to provide effective, user-friendly communications with on-going status updates and most recent data. The PR Department also collaborated with the Lake Conroe Division by expanding and building its core partner relationships through presentations and networking

meetings. In the Woodlands and Highlands Divisions, the department assisted the division managers, project managers, and the engineers on numerous constructions projects to insure the proper line of communication between the Authority, local leaders, and residents. PR continues to work internally with Senior Management, HR, and staff to build employee moral through activities and annual events. For FY2019, the PR Department will continue to work with each division to improve public perception by assisting with meetings, networking events, political meetings, and education.

**Purchasing:** For FY2019, the Purchasing Department continued collaboration with the five divisions to better leverage annual contracts for goods and services across the entire Authority. Their goal is to increase savings to the Authority through strategic sourcing of long-term contracts, and ensure continuity of delivery for both goods and services. Purchasing will be delivering a training session for all SJRA staff with focus on documentation requirements for procurement activity, delegated procurement levels, and best practices for government entities to follow.

**SCADA/I&C:** The major initiatives for the SCADA/I&C (SCADA) Department are generally included as collaborative projects with the various operating divisions.

For FY2018 SCADA has had a focus of maintaining and improving their cybersecurity for all the SCADA networks around the SJRA. This will continue into FY2019 as new sites are brought into the networks for the Highlands and Woodland divisions. In FY2018 the SCADA/I&C department added the Lake Conroe division to the GRP SCADA network and began the work on creating a new SCADA system for the Highlands division. In FY2018 one of the members of the SCADA/I&C Department obtained their Master Electrician's license. As a support department, this along with getting staff trained in fiber optic cable splicing, will allow the department to help the operating divisions in additional ways. In FY2019 and moving forward SCADA will also have a role to play in the development and continued updating of all the operating divisions' asset management plans.

**Technical Services:** The major initiatives for the Technical Services Department are generally included as collaborative projects with the various operating divisions. Additionally, the Department has experienced several key changes in staffing and is reassessing staffing needs and reorganizing personnel to continually improve the effectiveness of the services they provide the operating divisions.

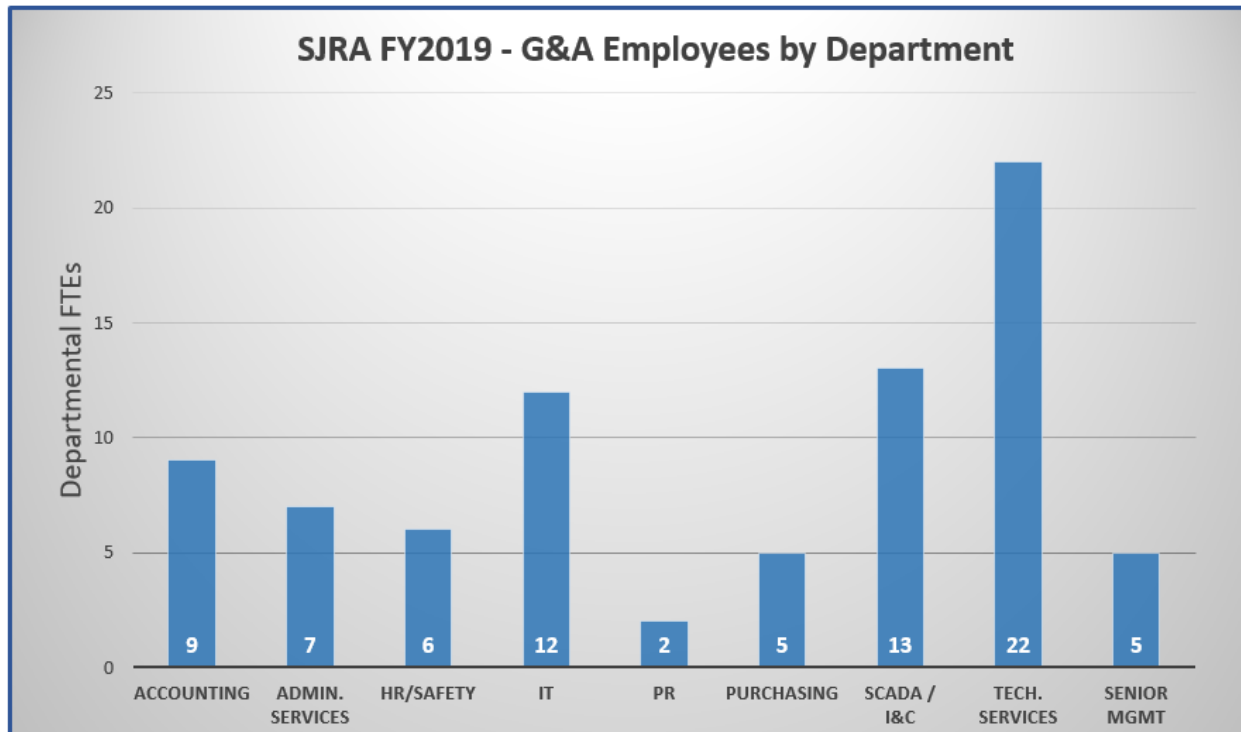
**Capital Improvement and Other Projects Plans:** Each year the G&A Division conducts risk assessments and evaluations of their limited infrastructure. G&A reviews the likelihood and consequences of failure of each asset and then prioritizes projects based on a variety of factors related to reliable, cost-effective service. The one project included within G&A's Project Plan for FY2019 is anticipated to be funded from a combination of the O&M budget and the Repair and Replacement Reserve as highlighted below:

PROJECT NO.	PROJECT NAME	PREVIOUS BUDGET	2019 Estimate
GABRR	G&A Building Roof Replacement		\$ 142,000

**Total Indebtedness and Annual Debt Service:** As of August 31, 2017, the G&A Division had \$2,310,895 of total indebtedness, made up one bank loan for the construction of the G&A office building.

Annual debt service (principal and interest) for FY2019 for the G&A office building bank loan is \$393,499 through monthly loan payments. The G&A bank loan is unsecured. There are no Annual Debt Service Fund or Debt Service Reserve requirements.

**Staffing Plans:** The G&A Division's staffing plan for FY2019 includes 81 direct FTE positions, with no part-time, temporary, or intern positions. Of the 81 direct G&A Division FTEs, 72.66 FTEs are allocated to the various operating divisions. The remaining 8.34 G&A Division FTEs, 10.3%, remain unallocated to the operating divisions.



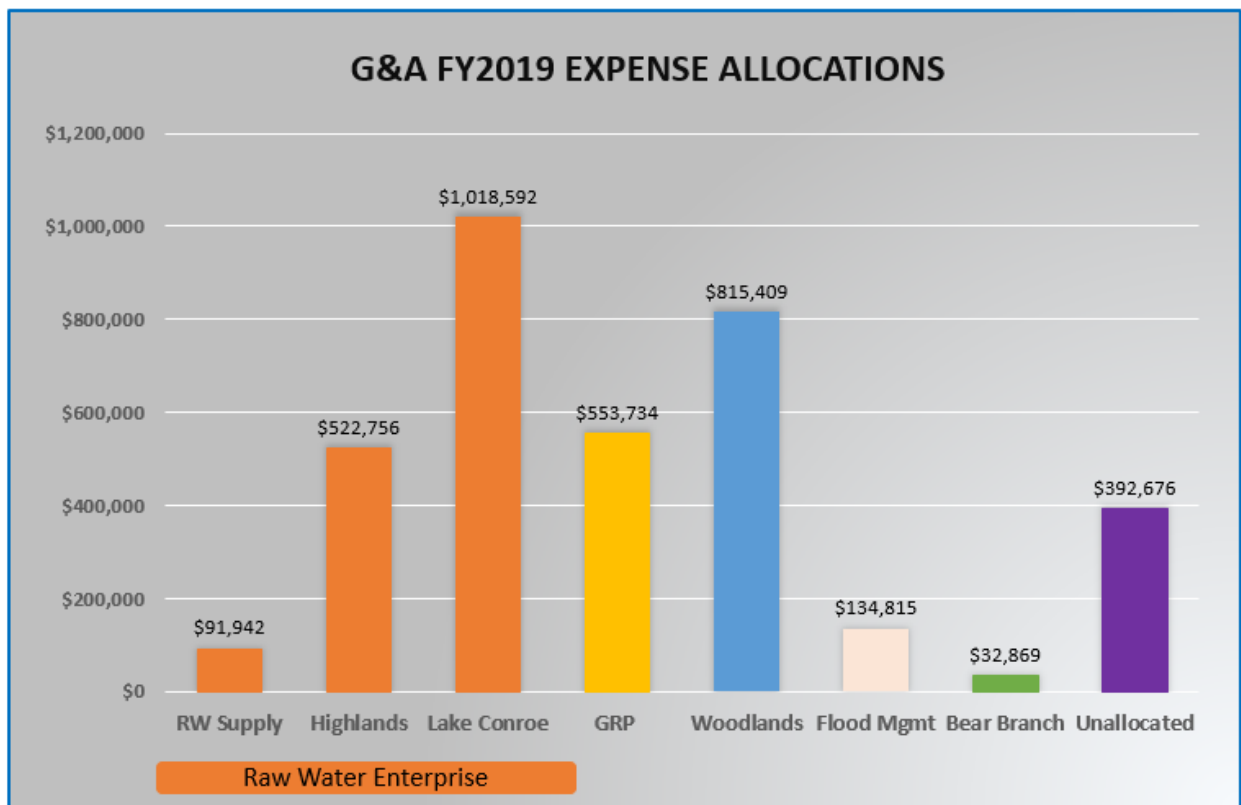
**Revenues:** The G&A Division has no significant revenues forecast for FY2019 with zero Operating Income and only \$164,439 of Non-Operating Income from interest income and office rental and annual adjustment Operating and Non-Operating Reserves.

**Expenditures:** The G&A Division for FY2019 contains regular and customary expenses related to the ongoing administrative and technical support to the Authority's five operating divisions. Such expenditures include:

- Salaries, Wages, and Benefits
- Professional Fees
- Purchased and Contracted Services
- Supplies, Materials, and Utilities
- Maintenance, Repairs, Parts, and Rentals
- Debt Service (principal and interest)
- O&M Capital Improvements

- Reserve Contributions

G&A Division expenses are allocated to the operating divisions and Bear Branch based on terms stipulated in contracts (Woodlands and Lake Conroe) or by a formula related to a ratio of the division's expenses as compared to the Authority's total expenses (Raw Water Supply, Highlands, GRP, Flood Management, and Bear Branch). For FY2019, G&A expense allocations to the operating divisions, Flood Management, and Bear Branch total \$3,170,118. Expected total expenditures, after allocations to the operating divisions, and Bear Branch, for FY2019, including operating, debt service, capital improvements, and contributions to reserves, totals \$392,676.



**Fund Balance and Reserves:** The Authority's General Fund Balance combines to cover the Raw Water Enterprise, which is made up of the Raw Water Supply, Highlands Division, and Lake Conroe Division, as well as the G&A Division and to cover the Flood Management Division.

As approved by the Board of Directors reserve policy, the G&A Division utilizes three reserves: Operating Reserve, Emergency Reserve, and Capital Repair and Replacement Reserve.

**Operating Reserve:** The Operating Reserve is created to manage cash flow, and stabilize rates and revenues. The Operating Reserve target beginning in FY2019 for the G&A Division is set to be an amount equal to six months of operating expenditures. Currently the G&A has met the six-month operating reserve. For FY2018, the G&A Operating Reserve is at \$1,589,315, equivalent to six months of operating expenses. For FY2019, the Operating Reserve is projected to be \$1,519,213, equivalent to six months of operating expenses.

**Emergency Reserve:** The Emergency Reserve is created to provide for a full or partial source of funds for unplanned or emergency repair or replacement of Authority capital assets, excluding the Woodlands and GRP Divisions. The Emergency Reserve target for the G&A Division is set to be an amount equal to six months of operating expenses. For FY2018, the G&A Emergency Reserve is at \$1,589,315, equivalent to six months of operating expenses. For FY2019, the Emergency Reserve is projected to be \$1,519,213, equivalent to six months of operating expenses.

**Capital R&R Reserve:** The Capital R&R Reserve target for the G&A Division is to be the year-after-year accumulation of an annual amount equal to that year's depreciation of the Division's assets. For FY2018, the G&A Capital R&R Reserve is at \$940,091. For FY2019, the Capital R&R Reserve contribution is projecting no contribution.

For FY2019, the net between revenues and expenditures for the G&A Division, including annual debt service and scheduled contributions to any of the three reserves, is (\$395,676). This amount will be covered by the Raw Water Supply revenues.

**San Jacinto River Authority - General and Administration**  
**Actual to Budget Comparison**  
**FY2017 - FY2019**

Description	Actuals		Rolling 12 Mo. Actuals		Budget FY2018	Budget FY2019
	8/31/2017	Sept-March FY2018	April 2017-March 2018			
<b>OTHER REVENUES</b>						
Interest Income	\$ 100,059	\$ 123,773	\$ 188,133	\$ 5,000	\$ 5,000	
Office Rental Revenue	19,235	11,220	19,235	19,235	19,235	
Proceeds From Sale Of Assets	12,265	-	-	-	-	
Other Gains & Losses	15,141	2,516	5,112	-	-	
<b>TOTAL OTHER REVENUES</b>	<b>\$ 146,700</b>	<b>\$ 137,510</b>	<b>\$ 212,480</b>	<b>\$ 24,235</b>	<b>\$ 24,235</b>	
<b>OPERATING EXPENSES</b>						
<b>SALARIES, WAGES, &amp; EMPLOYEE BENEFITS</b>						
Salaries & Wages	\$ 564,262	\$ 309,229	\$ 555,687	\$ 590,821	\$ 617,731	
Compensated Absences	(36,070)	-	(36,070)	-	-	
Group Insurance	107,621	72,437	118,246	164,341	142,061	
Group Insurance - Retirees	14,215	6,616	11,268	17,417	11,826	
Group Insurance - Retiree OPEB	217,298	-	217,298	13,000	225,000	
Group Retirement Expense	(174,088)	38,953	(176,217)	80,690	81,985	
Workers Compensation Insurance	2,925	1,874	2,953	3,278	4,030	
Social Security Taxes	46,822	24,780	45,530	43,578	45,358	
Tuition Reimbursement	11,811	10,852	16,375	30,000	30,000	
<b>TOTAL SALARIES, WAGES, &amp; EMPLOYEE BENEFITS</b>	<b>\$ 754,795</b>	<b>\$ 464,741</b>	<b>\$ 755,069</b>	<b>\$ 943,124</b>	<b>\$ 1,157,992</b>	
<b>PROFESSIONAL FEES</b>						
Legal Fees	\$ 169,939	\$ 181,804	\$ 280,803	\$ 295,000	\$ 295,000	
Disclosure Filing	(1,500)	-	(0)	-	-	
Annual Financial Audit	35	35	35	-	-	
Management Audit	-	-	-	50,000	-	
Engineering	15,548	10,627	11,945	50,000	50,000	
Other Professional Services	-	7,737	7,737	20,000	20,000	
Safety Inspections & Testing	713	151	151	800	200	
<b>TOTAL PROFESSIONAL FEES</b>	<b>\$ 184,736</b>	<b>\$ 200,353</b>	<b>\$ 300,671</b>	<b>\$ 415,800</b>	<b>\$ 365,200</b>	
<b>PURCHASED &amp; CONTRACTED SERVICES</b>						
Waste Disposal Services	\$ 4,412	\$ 1,311	\$ 3,450	\$ 3,500	\$ 3,850	
Meter Calibration Services	2,926	2,213	4,544	5,900	6,700	
State Fees	388	125	125	-	-	
Employee Testing- New	836	461	919	850	750	
Janitorial Services	15,566	9,023	15,517	19,000	18,000	
Public Relations Expense	45,158	3,600	26,146	30,000	50,000	
Water Conservation & Public Education	500	-	-	40,000	30,000	
Website Hosting & Maintenance	3,180	2,650	3,975	5,000	35,000	
Directors Fees & Expenses	16,050	9,150	14,700	24,000	24,000	
Meeting Expenses	7,438	728	4,743	8,500	8,000	
Directors' Travel Expenses	6,373	3,230	5,329	8,500	8,500	
Document Retention/Destruction	1,325	106	923	171,500	5,000	
<b>TOTAL PURCHASED &amp; CONTRACTED SERVICES</b>	<b>\$ 104,151</b>	<b>\$ 32,597</b>	<b>\$ 80,371</b>	<b>\$ 316,750</b>	<b>\$ 189,800</b>	
<b>SUPPLIES, MATERIALS &amp; UTILITIES</b>						
Office Supplies & Printing	\$ 17,334	\$ 8,822	\$ 16,404	\$ 40,800	\$ 35,020	
Travel	32,499	9,182	24,150	88,329	77,700	
Automobile & Truck Expense	32,922	9,766	27,307	63,500	56,257	
Postage	1,257	745	1,321	3,630	3,130	
Property Insurance	8,404	4,968	8,357	18,314	8,690	
Auto Insurance	20,636	14,718	22,373	23,190	28,776	
Liability Insurance	4,059	(379)	2,651	2,174	3,381	
Training-External	51,769	24,029	50,703	168,140	117,248	
Training-Internal	3,616	557	2,659	53,000	44,600	
Training-Employee HR	1,121	410	839	850	924	
Managers Expense	24,987	10,354	26,852	59,540	50,340	
Employee Relations	23,961	10,953	16,388	57,000	42,000	
Fuel	16,827	8,538	14,704	73,023	61,426	
Uniform Services	2,025	722	1,396	4,871	4,400	
Operations Supplies	1,823	335	1,144	8,511	5,000	
Memberships & Professional Dues	27,569	20,752	31,857	45,048	40,501	

**San Jacinto River Authority - General and Administration**  
**Actual to Budget Comparison**  
**FY2017 - FY2019**

Description	Actuals		Rolling 12 Mo. Actuals		Budget FY2018	Budget FY2019
	Actuals 8/31/2017	Sept-March FY2018	April 2017-March 2018			
Janitorial Supplies	5,782	3,077	5,664		7,000	6,500
Copier, Scanner & Fax	1,244	2,170	2,239		9,700	11,425
Delivery & Freight	993	740	1,270		3,200	3,200
Utilities-Electric	39,325	16,281	35,264		45,000	45,000
Utilities-Natural Gas	457	191	399		1,000	1,000
Bank Service Charges	90	150	150		200	200
Bank Account Analysis Fee	1,009	-	465		1,000	1,000
Personal Protective Equipment	4,305	2,083	3,516		11,300	9,921
Safety Equipment & Meetings	2,002	729	1,783		4,525	2,950
Health & Wellness Program	106	-	96		150	200
Recruiting Expenses	3,852	15	2,962		2,000	800
Computer Hardware	38,644	29,130	55,601		138,930	123,034
Software & Support	243,525	127,609	249,000		215,956	208,260
Software Maintenance	4,011	-	-		4,000	3,000
Network Communications	15,005	8,753	15,005		16,469	15,926
Publications & Subscriptions	6,810	2,233	4,956		17,250	17,940
Newspaper Ads	-	-	-		-	6,000
Wireless Devices & Services	58,997	40,418	68,470		78,310	82,150
Phone System-Install, Maintenance, & Changes	-	-	-		7,539	2,528
Emergency Operations Communications	2,665	2,397	3,645		2,880	2,880
Landline Telephone Services	13,299	7,867	13,368		15,136	14,637
<b>TOTAL SUPPLIES, MATERIALS &amp; UTILITIES</b>	<b>\$ 712,928</b>	<b>\$ 368,311</b>	<b>\$ 712,958</b>	<b>\$ 1,291,466</b>	<b>\$ 1,137,946</b>	
<b>RENTALS</b>						
Office Rent	\$ 19,064	\$ 10,318	\$ 18,598	\$ 17,688	\$ 17,688	
Office Equipment Rentals	24,108	12,276	21,084	21,000	25,000	
<b>TOTAL RENTALS</b>	<b>\$ 43,172</b>	<b>\$ 22,594</b>	<b>\$ 39,682</b>	<b>\$ 38,688</b>	<b>\$ 42,688</b>	
<b>MAINTENANCE, REPAIRS &amp; PARTS</b>						
Office, Furniture, & Fixtures	\$ 2,300	\$ 594	\$ 2,612	\$ 9,300	\$ 9,300	
Buildings & Grounds Maintenance	60,653	39,160	58,609	147,000	127,000	
Security System Monitoring	706	222	443	1,500	1,500	
Machinery, Tools, & Implements	14,478	4,486	12,070	15,000	7,000	
Instrumentation Equipment & Parts	42	-	-	-	-	
<b>TOTAL MAINTENANCE, REPAIRS &amp; PARTS</b>	<b>\$ 78,179</b>	<b>\$ 44,462</b>	<b>\$ 73,735</b>	<b>\$ 172,800</b>	<b>\$ 144,800</b>	
<b>GENERAL &amp; ADMINISTRATIVE EXPENSES</b>						
General & Administrative Expense Allocated	\$ -	\$ -	\$ -	\$ -	\$ -	
General & Administrative Expense Allocated to Lake Conroe	(825,504)	(341,616)	(815,223)	(924,130)	(1,018,592)	
General & Administrative Expense Allocated to Bear Branch	(15,522)	(4,211)	(13,811)	(18,253)	(32,869)	
General & Administrative Expense Allocated to Highlands	(368,479)	(186,851)	(348,320)	(579,465)	(522,756)	
General & Administrative Expense Allocated to Raw Water	(23,219)	(24,401)	(32,008)	(90,750)	(91,942)	
General & Administrative Expense Allocated to Woodlands	(773,195)	(441,878)	(776,892)	(822,231)	(815,409)	
General & Administrative Expense Allocated to GRP Division	(464,403)	(239,536)	(437,514)	(688,592)	(553,734)	
General & Administrative Expense Allocated to Flood Management	-	-	-	-	(134,815)	
<b>TOTAL GENERAL &amp; ADMINISTRATIVE EXPENSES</b>	<b>\$ (2,470,322)</b>	<b>\$ (1,238,491)</b>	<b>\$ (2,423,769)</b>	<b>\$ (3,123,421)</b>	<b>\$ (3,170,118)</b>	
<b>NON-OPERATING EXPENSES</b>						
Interest Expense	\$ 107,392	\$ 55,995	\$ 99,565	\$ 93,013	\$ 80,554	
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$ 107,392</b>	<b>\$ 55,995</b>	<b>\$ 99,565</b>	<b>\$ 93,013</b>	<b>\$ 80,554</b>	
<b>TOTAL EXPENSES</b>	<b>\$ (484,969)</b>	<b>\$ (49,437)</b>	<b>\$ (361,718)</b>	<b>\$ 148,221</b>	<b>\$ (51,138)</b>	
<b>NET REVENUES OVER EXPENSES</b>	<b>\$ 631,669</b>	<b>\$ 186,947</b>	<b>\$ 574,198</b>	<b>\$ (123,986)</b>	<b>\$ 75,373</b>	
<b>CAPITAL IMPROVEMENTS</b>						
Capital Improvements				\$ 117,000	\$ 142,000	
Transportation Equipment				57,500	83,000	
Software				5,564	3,107	
Computer Equipment				58,193	55,699	



**San Jacinto River Authority - General and Administration**  
**Actual to Budget Comparison**  
**FY2017 - FY2019**

Description	Actuals		Rolling 12 Mo. Actuals		Budget	
	8/31/2017	Sept-March FY2018	April 2017-March 2018		FY2018	Budget FY2019
Electronic Test Equipment					36,500	11,500
<b>TOTAL CAPITAL IMPROVEMENTS</b>				\$	<b>274,757</b>	<b>\$ 295,306</b>
<b>OTHER USES</b>						
Loan Principal	\$ 286,107	\$ 173,546	\$ 293,935	\$	300,486	\$ 312,945
Capital Repair/Replacement Reserve Fund					70,957	-
<b>TOTAL OTHER USES</b>	<b>\$ 286,107</b>	<b>\$ 173,546</b>	<b>\$ 293,935</b>	<b>\$</b>	<b>371,443</b>	<b>\$ 312,945</b>
<b>OTHER SOURCES</b>						
Operating Reserve Fund				\$	-	\$ 70,102
Emergency Reserve Fund					-	70,102
<b>TOTAL OTHER SOURCES</b>				<b>\$</b>	<b>-</b>	<b>\$ 140,203</b>
<b>NET CASH BASIS SOURCES (USES)</b>	<b>\$ 345,561</b>	<b>\$ 13,401</b>	<b>\$ 280,264</b>	<b>\$</b>	<b>(770,186)</b>	<b>\$ (392,676)</b>

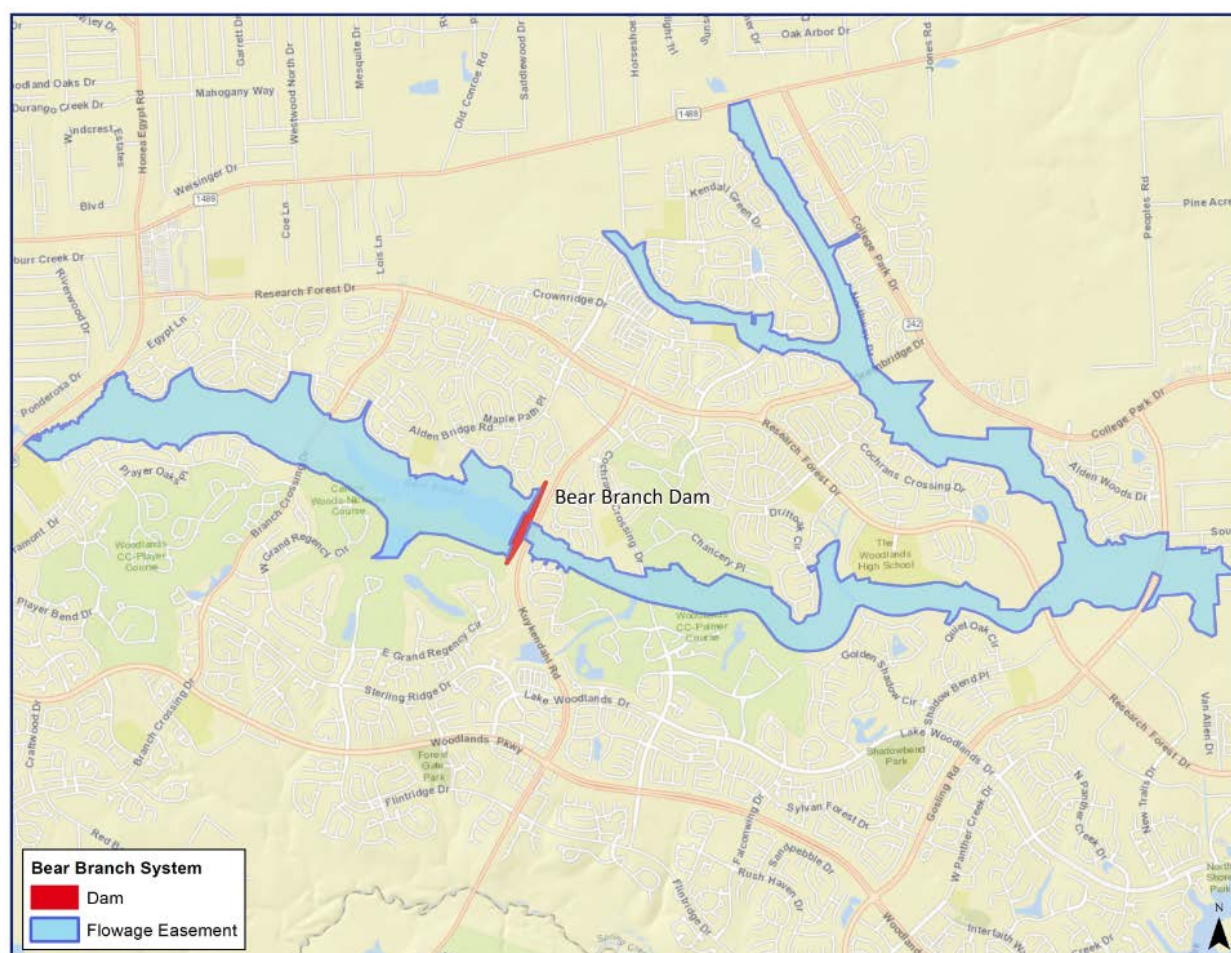
# BEAR BRANCH



## BEAR BRANCH

The Authority contracted with five Woodlands MUDs to operate and maintain the Bear Branch Reservoir and drainage system (Bear Branch) for stormwater detention. The Lake Conroe Division provides the O&M services for Bear Branch. The participating MUDs make annual contributions to cover the budgeted O&M expenses and any capital improvements based on a ratio of the number of lots in each MUD compared to the total number of lots within the overall drainage area.

### MAP OF BEAR BRANCH RESERVOIR AND STORMWATER DRAINAGE SYSTEM



**Capital Improvements and Other Projects Plans:** The Bear Branch system has no capital improvements or other major projects planned for FY2019.

**Total Indebtedness and Annual Debt Service:** The Bear Branch system does not have any indebtedness as of FY2018 and no plans for future indebtedness in FY2019 or beyond.

**Staffing Plan:** For FY2019, the Lake Conroe Division projects 0.36 FTEs and the G&A Departments project 0.25 FTEs to Bear Branch for a total of 0.61 FTEs.

**Revenues:** Revenues for FY2019 for Bear Branch combine contributions from the five participating MUDs totaling \$289,533 with \$120 in interest income for total revenues of \$289,653. Additionally, Bear Branch also plans to use \$71,910 of remaining cash balances.

**Expenses:** Expenses for FY2019 for Bear Branch contains regular and customary expenses related to the on-going operation and maintenance of the Bear Branch reservoir and drainage system. Such expenditures include:

- Salaries, Wages, and Benefits
- Professional Fees
- Purchased and Contracted Services
- Supplies, Materials, and Utilities
- Maintenance, Repairs, and Parts

Expected operating expenditures including operating and any for the Bear Branch System for FY2019 total \$361,563.

**Fund Balance and Reserves:** The Bear Branch System does not maintain any fund balance or Operating, Emergency, or Capital R&R Reserves. For FY2019, the net between revenues and expenditures for Bear Branch is \$0.

**San Jacinto River Authority - Bear Branch**  
**Actual to Budget Comparison**  
**FY2017 - FY2019**

Description	Rolling 12					
	Actuals		Mo. Actuals		Budget	Budget
	Actuals	Sept-March	April 2017-	March 2018		
	8/31/2017	FY2018			FY2018	FY2019
<b>OTHER REVENUES</b>						
Interest Income	\$ 584	\$ 230	\$ 522	\$ 100	\$ 120	
<b>TOTAL OTHER REVENUES</b>	<b>\$ 584</b>	<b>\$ 230</b>	<b>\$ 522</b>	<b>\$ 100</b>	<b>\$ 120</b>	
<b>OPERATING EXPENSES</b>						
<b>SALARIES, WAGES, &amp; EMPLOYEE BENEFITS</b>						
Salary & Wage Allocation	\$ 24,550	\$ 9,828	\$ 22,241	\$ 16,153	\$ 41,188	
Group Insurance	5,184	1,664	4,091	4,329	12,050	
Group Retirement Expense	2,995	1,320	2,739	2,228	5,389	
Workers Compensation Insurance	406	97	292	190	1,034	
Social Security Taxes	1,758	721	1,621	1,236	3,151	
<b>TOTAL SALARIES, WAGES, &amp; EMPLOYEE BENEFITS</b>	<b>\$ 34,892</b>	<b>\$ 13,630</b>	<b>\$ 30,985</b>	<b>\$ 24,135</b>	<b>\$ 62,813</b>	
<b>PROFESSIONAL FEES</b>						
Legal Fees	\$ 1,895	\$ 923	\$ 2,817	\$ 10,000	\$ 10,000	
Engineering	-	-	-	10,000	67,000	
<b>TOTAL PROFESSIONAL FEES</b>	<b>\$ 1,895</b>	<b>\$ 923</b>	<b>\$ 2,817</b>	<b>\$ 20,000</b>	<b>\$ 77,000</b>	
<b>SUPPLIES, MATERIALS &amp; UTILITIES</b>						
Operating Supplies & Expenses	\$ 130	\$ -	\$ 81	\$ 500	\$ 500	
Office Supplies & Printing	250	-	250	250	250	
Liability Insurance	2,383	1,276	2,172	2,369	3,443	
Managers Expense	16	-	16	250	250	
Fuel	295	73	327	625	688	
Signage	970	-	-	2,000	1,000	
Newspaper Ads	-	-	-	-	1,000	
<b>TOTAL SUPPLIES, MATERIALS &amp; UTILITIES</b>	<b>\$ 4,045</b>	<b>\$ 1,349</b>	<b>\$ 2,847</b>	<b>\$ 5,994</b>	<b>\$ 7,130</b>	
<b>RENTALS</b>						
Equipment Rentals	\$ 1,603	\$ -	\$ 1,603	\$ -	\$ 1,750	
<b>TOTAL RENTALS</b>	<b>\$ 1,603</b>	<b>\$ -</b>	<b>\$ 1,603</b>	<b>\$ -</b>	<b>\$ 1,750</b>	
<b>MAINTENANCE, REPAIRS &amp; PARTS</b>						
Mowing	\$ 78,613	\$ 26,204	\$ 78,613	\$ 82,400	\$ 120,000	
Channel Desilting & Desnagging	1,383	-	1,383	10,000	20,000	
Canals, Levees, & Dams-Maintenance & Repairs	3,500	-	-	10,000	10,000	
Clearing	500	-	-	5,000	5,000	
Invasive Species Management	15,250	-	7,500	20,000	20,000	
Streets & Roads	11,435	-	11,435	-	-	
Fencing & Security Repairs	2,100	-	-	5,000	5,000	
<b>TOTAL MAINTENANCE, REPAIRS &amp; PARTS</b>	<b>\$ 112,781</b>	<b>\$ 26,204</b>	<b>\$ 98,931</b>	<b>\$ 132,400</b>	<b>\$ 180,000</b>	
<b>GENERAL &amp; ADMINISTRATIVE EXPENSES</b>						
General & Administrative Expense Allocated	\$ 15,522	\$ 4,211	\$ 13,811	\$ 18,253	\$ 32,869	
<b>TOTAL GENERAL &amp; ADMINISTRATIVE EXPENSES</b>	<b>\$ 15,522</b>	<b>\$ 4,211</b>	<b>\$ 13,811</b>	<b>\$ 18,253</b>	<b>\$ 32,869</b>	
<b>TOTAL EXPENSES</b>	<b>\$ 170,738</b>	<b>\$ 46,316</b>	<b>\$ 150,995</b>	<b>\$ 200,782</b>	<b>\$ 361,563</b>	
<b>NET REVENUES OVER EXPENSES</b>	<b>\$ (170,154)</b>	<b>\$ (46,086)</b>	<b>\$ (150,473)</b>	<b>\$ (200,682)</b>	<b>\$ (361,443)</b>	
<b>OTHER SOURCES</b>						
Cash Sources				\$ 101,145	\$ 71,910	
Capacity Contributions	170,662	99,537	99,537	99,537	289,533	
<b>TOTAL OTHER SOURCES</b>	<b>\$ 170,662</b>	<b>\$ 99,537</b>	<b>\$ 99,537</b>	<b>\$ 200,682</b>	<b>\$ 361,443</b>	
<b>NET CASH BASIS SOURCES (USES)</b>	<b>\$ 508</b>	<b>\$ 53,451</b>	<b>\$ (50,936)</b>	<b>\$ -</b>	<b>\$ 0</b>	



# REGION H

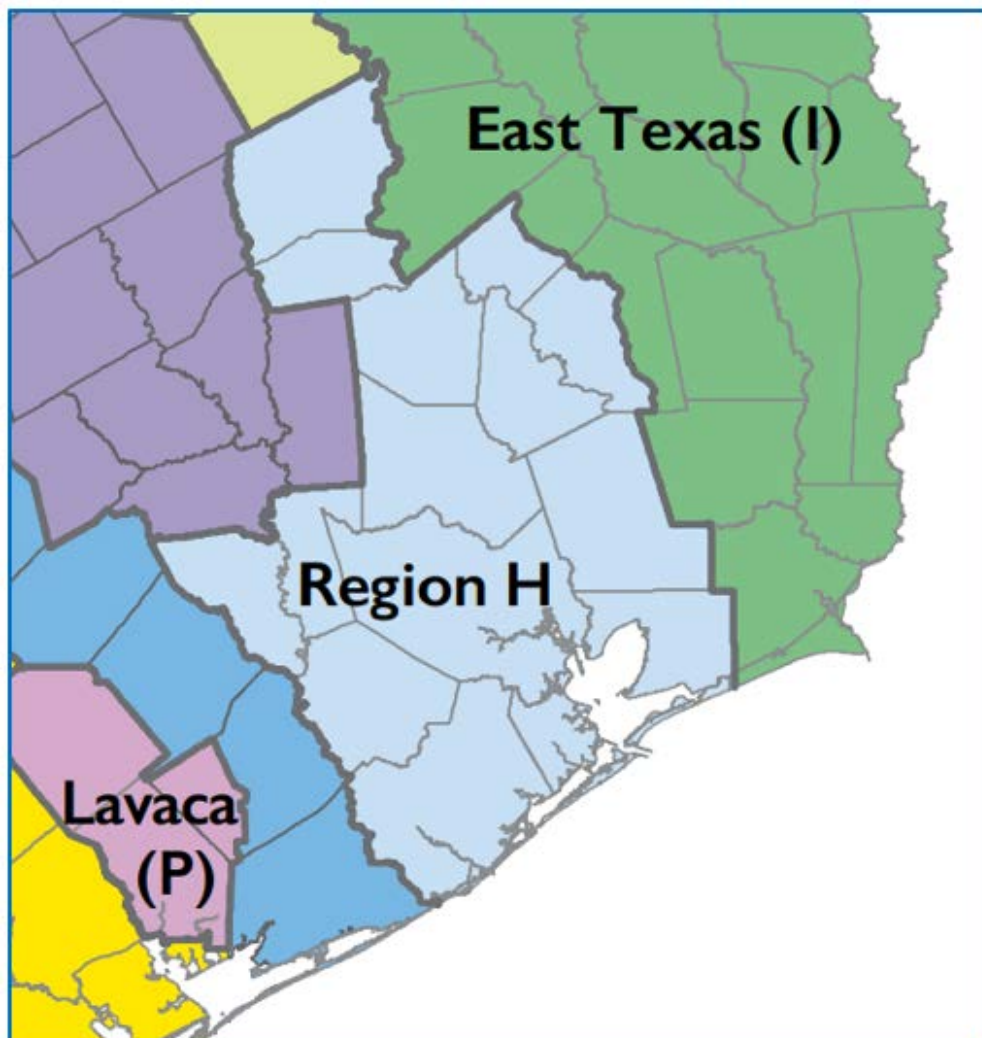


## REGION H

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The Authority serves as the administrative agent for the Region H Water Planning Group (Region H). Region H is one of sixteen regional planning groups created by the Texas Legislature in 1997 with the adoption of Senate Bill 1, with 26 voting members and ten non-voting members. Region H's efforts are directed at creating a 50-year regional water plan every five years for all or parts of fifteen counties, including Montgomery County, identifying projected water shortages when forecasted water demands outpace existing water supplies. The State of Texas provides funding for the vast majority of Region H through TWDB grants, with local entities contributing a small amount of funds to cover small miscellaneous expenses. Region H completed its latest plan in 2016 and submitted it to the TWDB for inclusion in the 2017 State Water Plan. Region H is continuing the five-year planning process, working towards the development of the 2021 Region H Plan and resulting 2022 State Water Plan.

### MAP OF REGION H WATER PLANNING AREA





**Capital Improvements and Other Projects Plans:** Region H has no capital improvements or other major projects planned for FY2019.

**Total Indebtedness and Annual Debt Service:** Region H does not have any indebtedness as of FY2018 and no plans for future indebtedness in FY2019 or beyond.

**Staffing Plan:** The Authority does not allocate any staff time to Region H.

**Revenues:** Revenues for FY2019 for Region H combine an anticipated TWDB grant of \$1,000,000 with \$500 in interest income for total revenues of \$1,000,500.

**Expenses:** Expenses for FY2019 for Region H contain professional fees and miscellaneous purchased and contracted services related to the early stages in the development of the 2021 Region H Water Plan. The TWDB grant covers the professional fees while miscellaneous expenses are covered by previous contributions from the members.

Expected expenditures for Region H for FY2018 total \$1,008,493.

**Fund Balance and Reserves:** Region H does not maintain any fund balance or Operating, Emergency, or Capital R&R Reserves. For FY2019, the net between revenues and expenditures for Region H is \$(7,993).

**San Jacinto River Authority - Region H**  
**Actual to Budget Comparison**  
**FY2017 - FY2019**

Description	Rolling 12				
		Actuals	Mo. Actuals		
	Actuals 8/31/2017	Sept-March FY2018	April 2017- March 2018	Budget FY2018	Budget FY2019
<b>OTHER REVENUES</b>					
Interest Income	\$ 594	\$ 354	\$ 670	\$ -	\$ -
Interest Income- Region H - General Fund	833	882	1,355	500	500
Grant Revenue	110,950	299,259	379,289	453,303	1,000,000
<b>TOTAL OTHER REVENUES</b>	<b>\$ 112,377</b>	<b>\$ 300,496</b>	<b>\$ 381,314</b>	<b>\$ 453,803</b>	<b>\$ 1,000,500</b>
<b>OPERATING EXPENSES</b>					
<b>PROFESSIONAL FEES</b>					
Annual Financial Audit	\$ -	\$ -	\$ -	\$ -	\$ 5,000
Engineering	179,505	64,091	212,675	450,000	1,000,000
<b>TOTAL PROFESSIONAL FEES</b>	<b>\$ 179,505</b>	<b>\$ 64,091</b>	<b>\$ 212,675</b>	<b>\$ 450,000</b>	<b>\$ 1,005,000</b>
<b>PURCHASED &amp; CONTRACTED SERVICES</b>					
Meeting Expenses	\$ 502	\$ -	\$ 202	\$ 1,000	\$ 1,000
Posting Notice Expenses	19	42	52	500	500
Public Official Liability	1,422	1,422	1,422	1,803	1,493
<b>TOTAL PURCHASED &amp; CONTRACTED SERVICES</b>	<b>\$ 1,943</b>	<b>\$ 1,464</b>	<b>\$ 1,677</b>	<b>\$ 3,303</b>	<b>\$ 2,993</b>
<b>SUPPLIES, MATERIALS &amp; UTILITIES</b>					
Automobile & Truck Expense	\$ -	\$ -	\$ -	\$ 500	\$ 500
<b>TOTAL SUPPLIES, MATERIALS &amp; UTILITIES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 500</b>	<b>\$ 500</b>
<b>TOTAL EXPENSES</b>	<b>\$ 181,448</b>	<b>\$ 65,555</b>	<b>\$ 214,352</b>	<b>\$ 453,803</b>	<b>\$ 1,008,493</b>
<b>NET REVENUES OVER EXPENSES</b>	<b>\$ (69,071)</b>	<b>\$ 234,940</b>	<b>\$ 166,962</b>	<b>\$ -</b>	<b>\$ (7,993)</b>
<b>NET CASH BASIS SOURCES (USES)</b>	<b>\$ (69,071)</b>	<b>\$ 234,940</b>	<b>\$ 166,962</b>	<b>\$ -</b>	<b>\$ (7,993)</b>

**San Jacinto River Authority**  
**FY2019 Budget**  
**Capital Equipment List**

**FY2019 Budget    Description**

**Flood Management:**

Transportation Equipment	\$ 39,000	Vehicle for Director of Flood Management
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**General & Administration:**

Electronic Test Equipment	\$ 11,500	Optical Time Domain Reflectometer to test fiber
Transportation Equipment	\$ 83,000	Senior Management vehicle (\$48,000); Technical Services Department Pool Vehicle (\$35,000)

**Highlands:**

Other Equipment	\$ 7,000	Welding Machine
Pump Station-CWA	\$ 30,000	Access and security improvements to secure junction box and/or via fencing/gates, or lighting. Coordination with CWA will be required.
Tractors	\$ 40,000	(2) - 15 ft mowers (\$20,000/mower)
Transportation Equipment	\$ 60,000	Flat bed 1 ton truck with tool boxes

**Lake Conroe:**

Transportation Equipment	\$ 83,430	1-Ton Super Cab Dually with Service Bed and 4000 lb Crane (\$66,950); 6X6 Ranger ATV (\$16,480)
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**Woodlands:**

Maintenance Equipment	\$ 9,000	Air Compressor for plasma cutter
Operations Equipment	\$ 26,600	(2) - Refrigerated composite samplers for wastewater (\$11,600); WWTF 2 biofilter and frame (\$15,000)
SCADA I/C	\$ 20,000	(4) -New Lift Station Programmable Logic Controllers (PLCs) (\$5,000/panel)
Transportation Equipment	\$ 75,000	UTV for Easement, manhole and water valve inspections (\$10,000); 1/2-ton truck and 3/4 ton truck with service body (\$65,000)