

# GROUNDWATER REDUCTION PLAN – MONTHLY OPERATIONS REPORT

MONTH REPORTED: MAY, 2019

FY 2019 - Operating Actual vs. Budgeted

	Actual	Budgeted	% Variance
Operating Revenues	\$32,359,661	\$36,813,032	(12%)
Operating Expenses	\$12,194,134	\$14,071,524	13%
Non-Operating Revenues & Expenses	(\$14,170,330)	(\$15,421,731)	8%
Net Income/Loss	\$5,995,197	\$7,319,776	(18%)

2019 - Key Performance Indicators

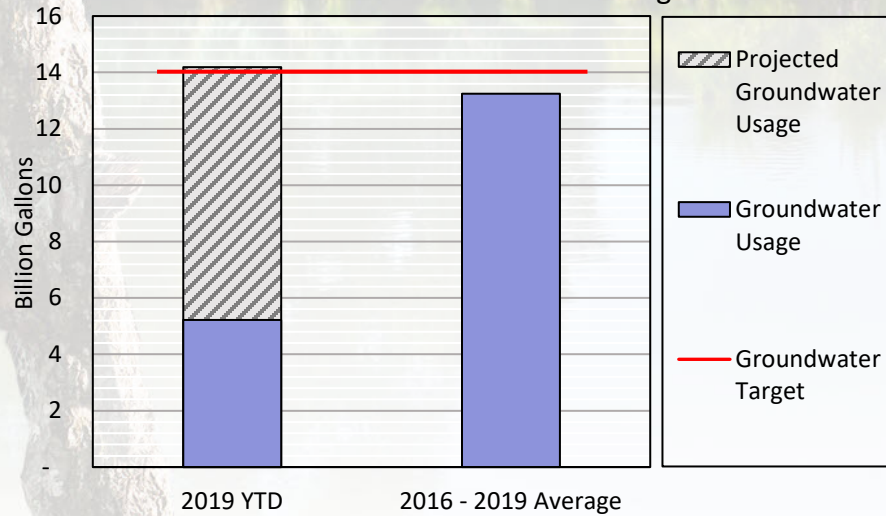
Indicator	Target	Status
Plant Downtime	<1%	Target Met
Water Quality	TCEQ Standards	Target Met
O&M Cost per 1,000 gal *	\$2.80	\$4.61

\*excluding debt cost

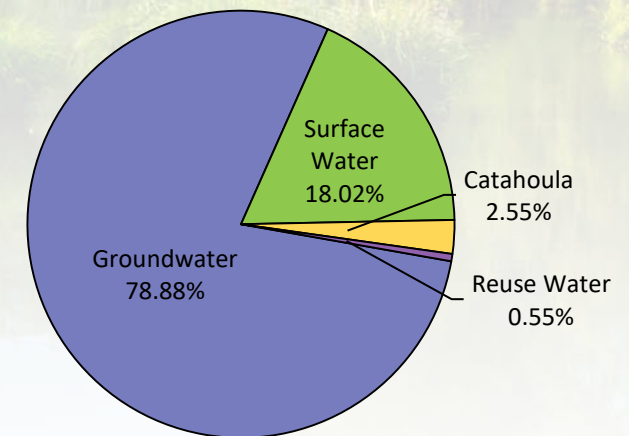
Operating Fund Balance	\$4,078,579
Months of Budgeted Operating Funds	2.63
Change from Previous Month	(\$1,316,721)
Bond Interest/Principal Payment Due 10/1/2019	\$24,289,064
Balance in Debt Service Fund as of 5/31/2019	\$8,149,603



Groundwater Reduction Target



May Total Water Usage: 1,696,715,234 gal



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## 1.0 REPORTED WATER USAGE

For the purpose of the GRP Monthly Operations Report, water usage is separated into three (3) categories; groundwater, alternative water source (AWS), and surface water withdrawal. Groundwater and AWS water usage is self-reported by Participants through an online reporting system (ORS), TrueBill. Pursuant to the GRP Rate Order, Participant water usage must be reported no later than ten (10) days from the end of the month. The water usage data in Sections 1.1 - 1.3 is as of June 14, 2019.

### 1.1 REPORTED GROUNDWATER USAGE

The amount of groundwater usage reported by GRP Participants for the month of May is **1,340,241,534** gallons.

### 1.2 REPORTED ALTERNATIVE WATER SOURCE USAGE

For the purpose of this report, reported AWS usage is separated into three (3) categories; surface water, Catahoula Aquifer usage, and reuse. The amount of AWS usage reported for the month of May is **356,473,700** gallons. The AWS data reflected in the tables below are reported by source and Participant for the month of May.

#### 1.2.1 REPORTED SURFACE WATER USAGE

Reported Surface Water Usage in Gallons - May 2019	
City of Conroe	97,973,000
City of Oak Ridge North	5,751,000
Montgomery County MUD 99	13,260,000
MSEC - Montgomery Trace Crown Oaks	9,591,000
Rayford Road MUD	12,170,000
SJRA - The Woodlands	151,244,000
Southern Montgomery County MUD	12,542,000
<b>Total Gallons</b>	<b>302,531,000</b>

#### 1.2.2. REPORTED CATAHOULA AQUIFER USAGE

Reported Catahoula Aquifer Usage in Gallons - May 2019	
City of Conroe	781,000
City of Willis	25,374,000
Corinthian Point MUD No. 2	3,051,000
Far Hills Utility District	4,272,000
Point Aquarius MUD	9,069,000
<b>Total Gallons</b>	<b>42,547,000</b>

#### 1.2.3. REPORTED REUSE WATER

Reported Reuse Water Usage in Gallons - May 2019	
Sequoia - Panther Trails	6,592,000
Southern Montgomery County MUD	4,803,700
<b>Total Gallons</b>	<b>11,395,700</b>

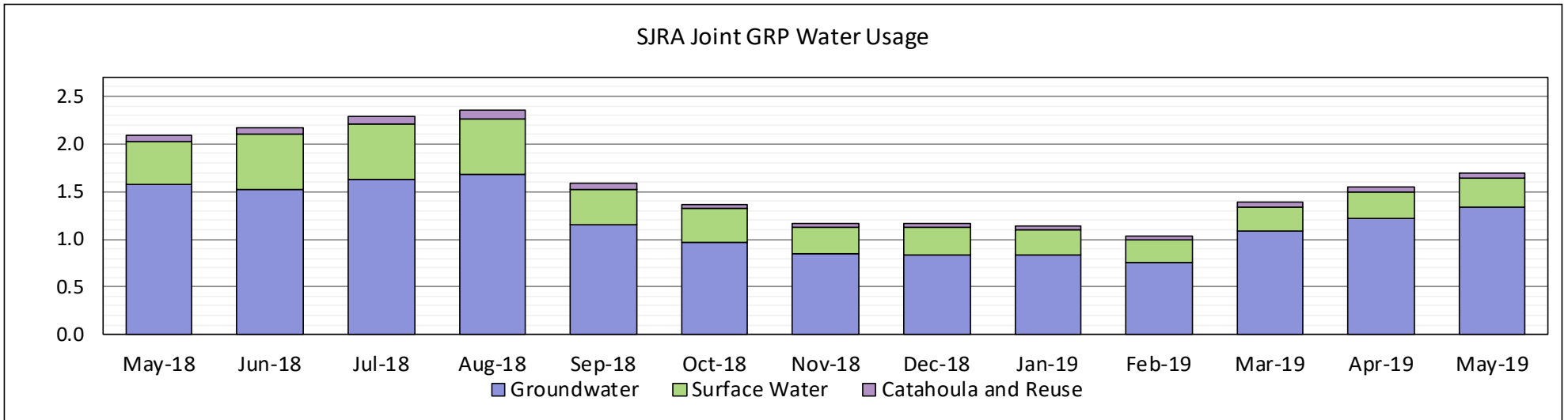
#### 1.2.4. SURFACE WATER WITHDRAWAL

Surface water withdrawal is the amount of surface water that is metered through the Raw Water Intake. For the purpose of the GRP, the amount of surface water withdrawal for the month of May, 2019 was **311,750,000** gallons.

### 1.3 HISTORICAL DATA REPORTED BY PARTICIPANTS

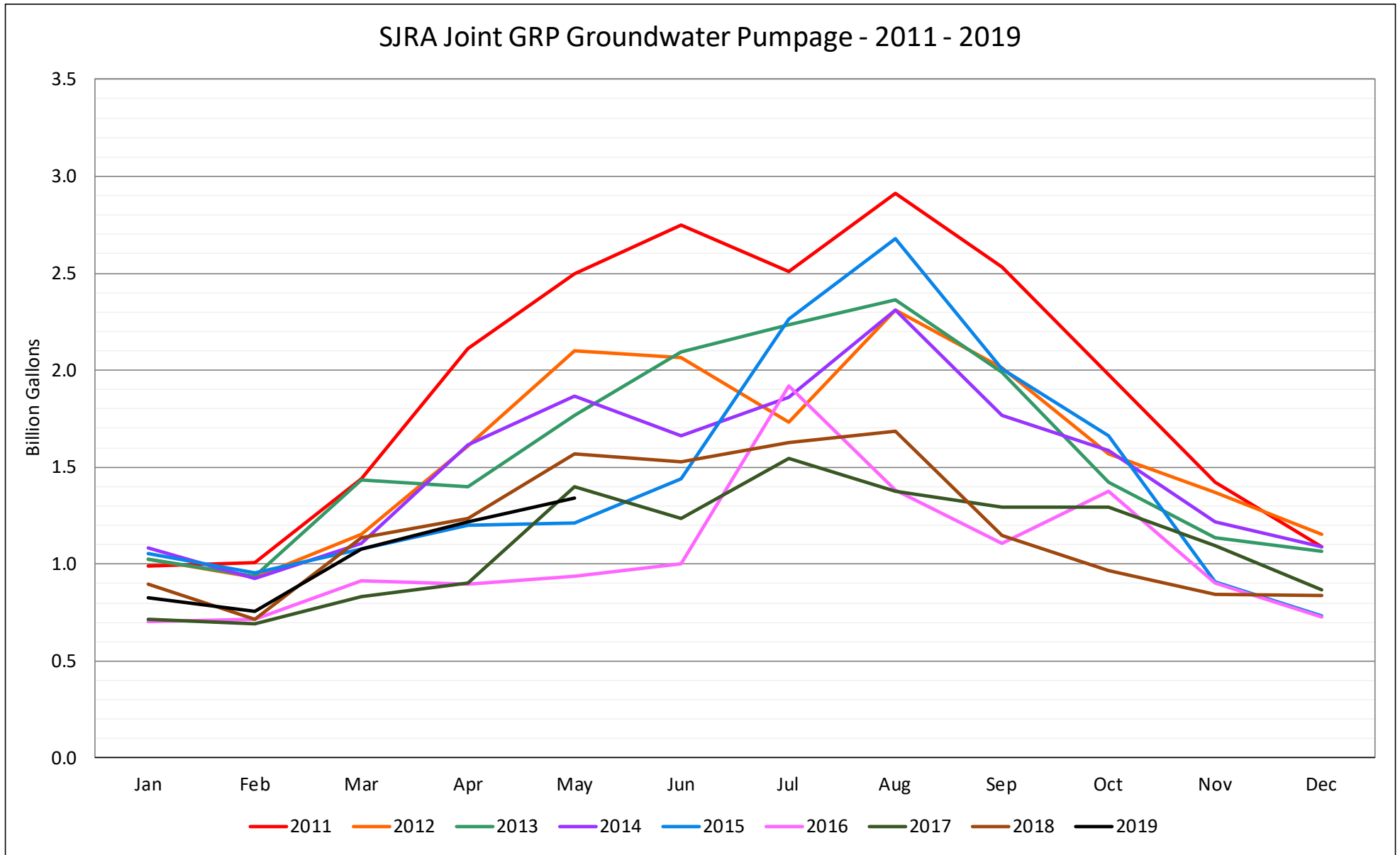
The table and graph below reflect the historical usage of groundwater and AWS for all Joint GRP Participants. For representational purposes, historical surface water usage has been presented independently from other AWS usage.

	2017				2018				2019			
	Groundwater	Surface Water	Catahoula and Reuse	Total	Groundwater	Surface Water	Catahoula and Reuse	Total	Groundwater	Surface Water	Catahoula and Reuse	Total
Jan	717,378,927	426,901,000	37,167,900	1,181,447,827	894,816,974	294,096,000	60,763,000	1,249,675,974	828,821,192	266,200,000	38,489,600	1,133,510,792
Feb	694,097,542	409,905,000	34,156,700	1,138,159,242	716,013,822	254,370,000	39,516,400	1,009,900,222	755,846,967	241,055,000	36,975,200	1,033,877,167
Mar	830,066,897	575,385,000	44,316,700	1,449,768,597	1,133,942,796	300,765,000	53,161,100	1,487,868,896	1,079,613,749	262,445,000	48,362,800	1,390,421,549
Apr	901,389,269	611,393,000	43,978,800	1,556,761,069	1,235,107,008	315,698,000	46,536,700	1,597,341,708	1,219,777,764	278,619,000	47,907,300	1,546,304,064
May	1,399,140,537	636,301,000	44,206,800	2,079,648,337	1,570,081,982	451,045,000	68,855,100	2,089,982,082	1,340,241,534	302,531,000	53,942,700	1,696,715,234
Jun	1,234,684,077	620,552,000	46,685,100	1,901,921,177	1,525,503,620	576,404,000	72,557,900	2,174,465,520	—	—	—	—
Jul	1,547,759,975	656,934,000	69,487,700	2,274,181,675	1,626,056,723	583,352,000	77,884,800	2,287,293,523	—	—	—	—
Aug	1,375,472,471	579,597,000	63,068,700	2,018,138,171	1,686,145,365	581,988,000	93,221,900	2,361,355,265	—	—	—	—
Sep	1,292,558,265	547,357,000	57,440,800	1,897,356,065	1,149,402,279	377,060,000	56,130,000	1,582,592,279	—	—	—	—
Oct	1,293,860,270	503,712,000	65,501,100	1,863,073,370	967,615,568	351,035,000	43,617,900	1,362,268,468	—	—	—	—
Nov	1,095,359,247	359,632,000	63,441,400	1,518,432,647	846,041,795	282,451,000	39,736,200	1,168,228,995	—	—	—	—
Dec	866,222,826	307,447,000	54,766,900	1,228,436,726	837,312,703	283,594,000	39,882,400	1,160,789,103	—	—	—	—
Total	13,247,990,303	6,235,116,000	624,218,600	20,107,324,903	14,188,040,635	4,651,858,000	691,863,400	19,531,762,035	5,224,301,206	1,350,850,000	225,677,600	6,800,828,806



### 1.3 HISTORICAL DATA REPORTED BY PARTICIPANTS (CONTINUED)

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



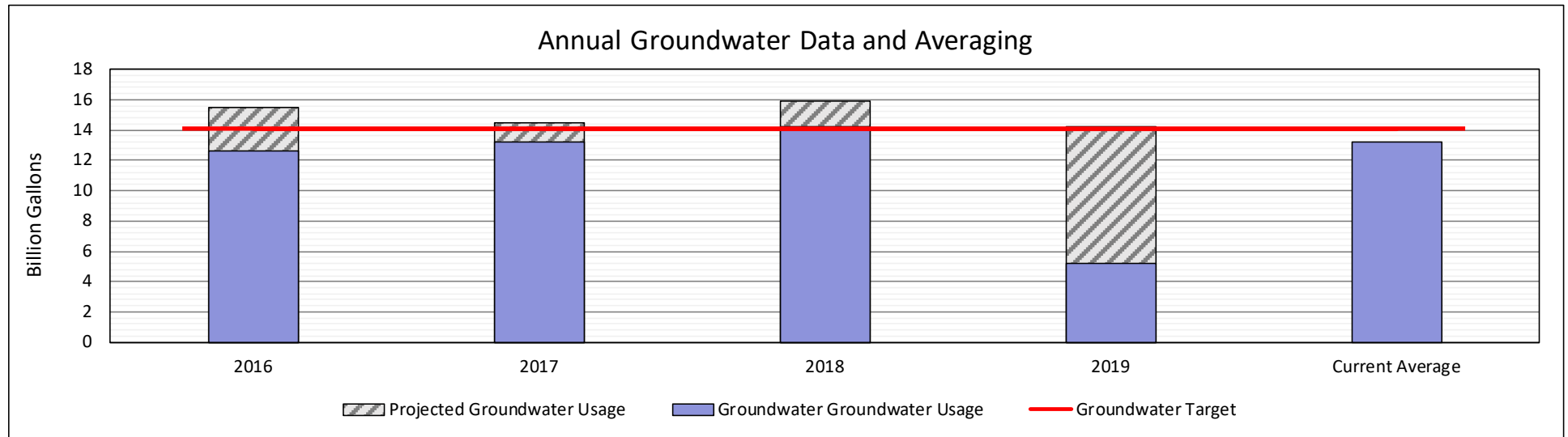


## 2.0 GROUNDWATER REDUCTION TARGET AND COMPLIANCE

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

### 2.1 GROUNDWATER REDUCTION TARGET

The purpose of the graph below is to track the current groundwater usage and average. The graph represents the projected use and reported use of groundwater along with the current usage average in relation to the Joint GRP's groundwater target.



### 2.2 LONE STAR GROUNDWATER CONSERVATION DISTRICT REQUIREMENT STATUS

The Joint GRP is compliant with Lone Star Groundwater Conservation District rules.

### 2.3 PARTICIPANTS

There are currently 149 Joint GRP Participants

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

- None at this time.



## 3.0 FINANCIAL

### 3.1 SCHEDULE OF REVENUES AND EXPENSES

#### Schedule of Revenues and Expenses – Actual and Budget For Nine Months Ending May 31, 2019 (Unaudited)

	May	Fiscal Year To Date				Fiscal Budget	
	Actual	Actual	Budget	Variance	% Variance	Total Year Budget*	Actual YTD % of Total Year Budget
<b>OPERATING REVENUES</b>							
GRP pumping fees	\$ 3,507,417	\$ 23,815,001	\$ 26,892,502	\$ (3,077,501)	(11%)	\$ 39,240,518	61%
GRP surface water sales	856,163	7,482,514	8,750,003	(1,267,489)	(14%)	12,392,060	60%
LSGCD revenue	483,219	1,054,954	1,170,527	(115,573)	(10%)	1,560,702	68%
Repair recover revenue		6,942		6,942	100%	-	0%
Compliance fee revenue		250		250	100%	-	0%
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 4,846,798</b>	<b>\$ 32,359,661</b>	<b>\$ 36,813,032</b>	<b>\$ (4,453,371)</b>	<b>(12%)</b>	<b>\$ 53,193,280</b>	<b>61%</b>
<b>OPERATING EXPENSES</b>							
Payroll & employee benefit expenses	\$ 470,699	\$ 3,290,802	\$ 3,928,881	\$ 638,079	(16%)	\$ 5,140,369	(64%)
Professional fees	83,494	705,569	701,326	(4,243)	1%	1,178,350	(60%)
Purchased & contracted services	383,378	1,256,929	1,434,430	177,500	(12%)	1,887,305	(67%)
Supplies, materials & utilities	428,851	6,243,408	6,846,987	603,579	(9%)	9,364,431	(67%)
Maintenance repairs, parts & rentals	45,642	416,863	744,600	327,737	(44%)	992,800	(42%)
General & administration	37,894	280,563	415,301	134,738	(32%)	553,734	(51%)
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 1,449,958</b>	<b>\$ 12,194,134</b>	<b>\$ 14,071,524</b>	<b>\$ 1,877,390</b>	<b>13%</b>	<b>\$ 19,116,988</b>	<b>64%</b>
<b>NON-OPERATING REVENUES &amp; EXPENSES</b>							
Interest on investments	\$ 161,337	\$ 1,259,599	\$ (2,160)	\$ 1,261,759	(58,415%)	\$ (2,880)	(43,736%)
Other revenues		2,908	13,266	(10,358)	(78%)	17,688	16%
Interest expense	(1,711,511)	(15,432,837)	(15,432,837)	-	(0%)	(20,567,369)	75%
<b>TOTAL NON-OPERATING (EXCLUDING ITEMS NOT BUDGETED)</b>	<b>\$ (1,550,174)</b>	<b>\$ (14,170,330)</b>	<b>\$ (15,421,731)</b>	<b>\$ 1,251,401</b>	<b>(8%)</b>	<b>\$ (20,552,561)</b>	<b>69%</b>
<b>NET INCOME (LOSS) (EXCLUDING ITEMS NOT BUDGETED)</b>	<b>\$ 1,846,666</b>	<b>\$ 5,995,197</b>	<b>\$ 7,319,776</b>	<b>\$ (1,324,580)</b>	<b>(18%)</b>	<b>\$ 13,523,731</b>	<b>44%</b>
<b>NON-OPERATING REVENUES &amp; EXPENSES (NOT BUDGETED)</b>							
Depreciation	(1,231,283)	(11,149,584)		(11,149,584)	0%		0%
Amortized debt issuance expense	584	5,259		5,259	-		0%
<b>TOTAL NON-OPERATING (NOT BUDGETED)</b>	<b>\$ (1,230,699)</b>	<b>\$ (11,144,325)</b>	<b>\$ -</b>	<b>\$ (11,144,325)</b>	<b>(100%)</b>	<b>\$ -</b>	<b>0%</b>
<b>NET INCOME (LOSS) (BUDGETED AND NOT BUDGETED)</b>	<b>\$ 615,967</b>	<b>\$ (5,149,128)</b>	<b>\$ 7,319,776</b>	<b>\$ (12,468,905)</b>	<b>(170%)</b>	<b>\$ 13,523,731</b>	<b>(38%)</b>

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

### 3.2 CLARIFICATION OF ACTUAL AND BUDGETED VARIANCES

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

**For Nine Months Ending May 31, 2019 (Unaudited)**  
**(in thousands)**

Category	YTD Variance - Driver	May 2019	FYTD 2019
GRP Pumping Fees	Groundwater pumpage below forecasted due to lower demand.	(232)	(3,078)
GRP Surface Water Sales	Surface water delivery less than budgeted.	(371)	(1,267)
LSGCD Revenue	LSGCD allocation below expected	93	(116)
Compliance Fee & Repair Recovery Revenue	Compliance Fees & Repair Recovery not budgeted.	-	7
Payroll and related expenses	Salaries and benefits less than budgeted.	80	638
Professional Fees	Professional fees showing above budgeted primarily due to timing of Legal and Engineering/Consultants/Survey invoicing for services.	3	(4)
Purchased & Contracted Services	Purchased and contracted services below budgeted levels.	30	178
Supplies, Materials, Utilities, Maintenance, Repairs, Parts & Rentals	Fuel, office supplies, phones, recruiting and misc. expenses less than budgeted.	5	58
	Chemicals-Aggregate usage of Chemicals lower than expected.	(5)	187
	Utilities-Electricity & Sewer costs more than budgeted.	(2)	(129)
	City of Houston Reservation Fee-FY18 LC Actuals below budgeted	-	351
	SJRA Reservation Fee above budgeted due to lower Supply Use	(14)	(45)
	SJRA Supply Use Fee below expected	58	181
	Maintenance repairs, parts & rentals expense less than budgeted in aggregate.	37	328
General & Administration	Allocation portion of G&A expenses less than budgeted.	9	135
Non-Operating	Interest/Investment Income	162	1,262
	Other Revenues	(1)	(10)
	Depreciation expense	(1,232)	(11,150)
	Bond Issuance Cost Amort expense	-	5
		<b><u>(1,380)</u></b>	<b><u>(12,469)</u></b>





## 4.0 DIVISION UPDATES

### 4.1 DROUGHT CONTINGENCY PLAN TRIGGERS/STATUS

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

### 4.2 PUBLIC RELATIONS ACTIVITIES

Type	Location	Date	Participants
Tour	GRP Surface Water Treatment Plant	June 18, 2019	Conroe Fire Department

### 4.3 UPCOMING ACTIVITIES

- None at this time.

## ACRONYMS AND DEFINITIONS

### ACRONYMS

AWS	Alternative Water Source
AWWA	American Water Works Association
FY	Fiscal Year
FYTD	Fiscal Year To Date
GRP	Groundwater Reduction Plan
GPY	Gallons Per Year
LSGCD	Lone Star Groundwater Conservation District
ORS	Online Reporting System
SJRA	San Jacinto River Authority
TCEQ	Texas Commission on Environmental Quality
TWDB	Texas Water Development Board

### DEFINITIONS

Groundwater Reduction Plan (GRP)	The document developed and filed with the LSGCD indicating SJRA's plan to reduce groundwater pumpage. The GRP is administered by the SJRA, including any supplements, revisions, or amendments.
Groundwater User	An entity that produces groundwater.
GRP Administrator	The SJRA General Manager's designee who administers the SJRA Groundwater Reduction Plan and GRP Contract with GRP Participants.
GRP Contract	Contract between the SJRA and a Participant to be included in the SJRA's efforts to conserve groundwater.
Joint GRP	GRP which is prepared to include (takes into account) groundwater users who have executed a GRP Contract with the SJRA to join the SJRA's GRP.
Participant(s)	Regulated User(s) that enters into and remains subject to a written agreement with the SJRA to be included in the SJRA's GRP and includes the legal successors or assigns of Participant(s).
Regulated User(s)	Any public or private entity or person that is or becomes subject to the District Regulatory Plan established by the LSGCD and includes any amendments, revisions or supplements thereto as may be adopted by the LSGCD.
SJRA GRP Division	Division of the SJRA responsible for GRP compliance, and the management, administration, operation and maintenance of the surface water facilities and surface water transmission system.

