



GRP Division

Proposed Fiscal Year 2021 Operating Budget & Rates

GRP Review Committee
June 22, 2020

SJRA Board Meeting
June 25, 2020

Budgeting during Uncertainty...

The Sequel

Recent Events that Impact the Budget

GMA 14 Joint Planning Committee Meeting

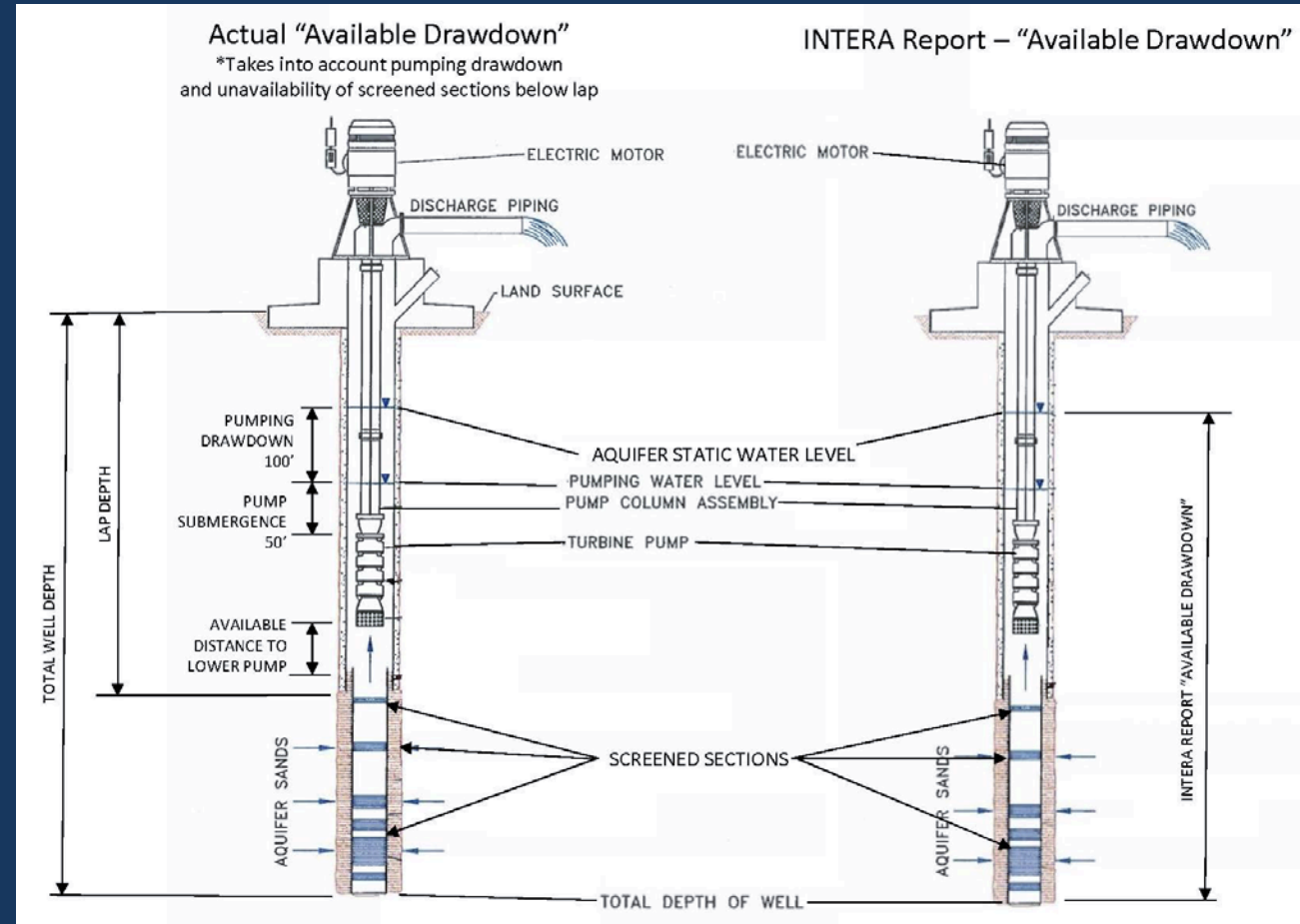
May 29, 2020

Please go to the following link to watch the entire meeting to gain the full context of the discussion and draw your own conclusions.

https://www.youtube.com/channel/UC4qnmHSI_Imaia8qTlG9QtA

Approved DFC Scenarios for Further Evaluation

- 70% remaining available drawdown + 1 foot additional subsidence using Run D pumpage
- 70% remaining available drawdown + 1 foot additional subsidence using 2016 pumpage
- 80% remaining available drawdown + 1 foot additional subsidence using 2016 pumpage



Next GMA 14 Joint Planning Committee Meeting

Wednesday, July 15, 2020, 9:00 am

HGSD Offices, Friendswood, Texas

Or

Video Conferencing

IF you have an interest in the future of groundwater supplies/use in Montgomery County, we urge you to participate in this meeting and contribute to the discussion.

Lone Star Groundwater Conservation District Board Meeting

June 9, 2020

Please go to the following link to watch the entire meeting to gain the full context of the discussion and draw your own conclusions.

<https://lonestargcd.new.swagit.com/videos/63099>

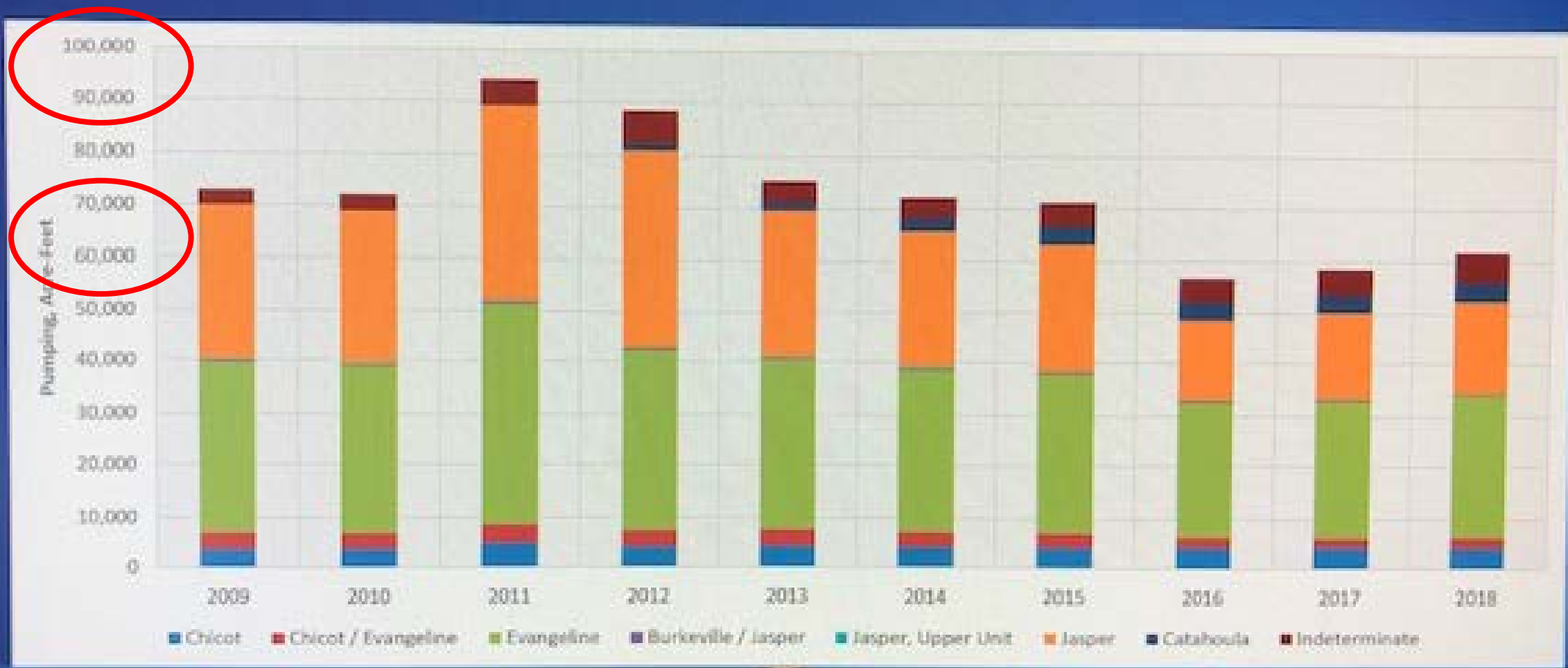
Lone Star Groundwater Conservation District Special Board Meeting

June 18, 2020

Please go to the following link to watch the entire meeting to gain the full context of the discussion and draw your own conclusions.

<https://lonestargcd.new.swagit.com/videos/70770>

PUMPING



2021 Regional Water Plan

Water Demand Projections by County for 2020-2070 in Acre-Feet

Total Water Demand for MONTGOMERY County							
County	Category	2020	2030	2040	2050	2060	2070
MONTGOMERY	IRRIGATION	5,642	5,642	5,642	5,642	5,642	5,642
MONTGOMERY	LIVESTOCK	537	537	537	537	537	537
MONTGOMERY	MANUFACTURING	2,135	2,413	2,413	2,413	2,413	2,413
MONTGOMERY	MINING	1,453	1,363	1,077	921	806	728
MONTGOMERY	MUNICIPAL	101,024	125,960	152,557	184,295	224,165	272,018
MONTGOMERY	STEAM ELECTRIC POWER	4,845	4,845	4,845	4,845	4,845	4,845
MONTGOMERY County Total		115,636	140,760	167,071	198,653	238,408	286,183

Source: Texas Water Development Board,
Region H Planning Group

Reference Only. Not part of LSGCD
Presentation

PHASE 1 CONCLUSIONS

- Subsidence has and will continue to occur in the Gulf Coast Area
 - Not known to occur over all of Montgomery County, only the southern portion
- Much of the subsidence in Montgomery County was prior to substantial pumping within the county
- Growth fault movement may be due to several factors
- Compaction susceptibility varies with age, depth, character, and thickness
 - Current modeling indicates the Chicot is nearly 1,000 times more susceptible to compaction than the Jasper
- Developed comprehensive background data and understanding for Phase 2 investigations

PHASE 2 SCOPE OF WORK

- Jointly developed by LSGCD Technical Consultants
- Task 1 - Technical Evaluations of Existing Data and Recent Studies
 - Detailed analyses of data and information compiled during phase 1 to address issue identified as they relate to Montgomery County
 - Topographic and Re-Leveling Efforts
 - Hydrogeology, Geology, and Geotechnical Studies
 - GPS Monitoring Data and Interpretations
 - Remote Sensing
- Task 1.5 - Drainage and Flooding
 - Not addressed during Phase 1 study
 - Evaluation of available data and models

PHASE 2 SCOPE OF WORK

- Task 2 – Subsidence Modeling
 - Designed to understand selected existing models with regard to how they will inform the GULF 2023 model
 - PRESS Model
 - GULF 2023
 - MODFLOW 6 Compaction Package
 - Jasper Model
- Task 3 – Potential Impacts to Drainage and Flooding (Optional)
 - Will depend upon the results of Task 1.5
- Task 4 – Reporting, Recommendations, and Presentations

Lone Star Groundwater Conservation District Public Meeting for Phase I Subsidence Study Week of July 6 (Date and Time TBD)

LSGCD Offices, Conroe, Texas

**IF you have an interest in the future of groundwater supplies/use in
Montgomery County, we urge you to:**

- 1. review the LSGCD presentation of Phase I Subsidence Study results,**
- 2. review the LSGCD Phase I Subsidence Study Report,**
- 3. formulate your own conclusions, and**
- 4. participate in the meeting and contribute to the discussion.**

Next Lone Star Groundwater Conservation District Board Meeting

Tuesday, July 14, 2020, 6:00 pm

LSGCD Offices, Conroe, Texas

**IF you have an interest in the future of groundwater supplies/use in
Montgomery County, we urge you to participate in this meeting and
contribute to the discussion.**

Status of Legal Issues

FY 2021 Budget and Rates

**Summary from Meeting conducted
May 29, 2020**

<https://www.sjra.net/grp/participant/>

Direction Received From GRP Review Committee

- No rate increase
- Items not included in development of rates
 - Legal fees associated with Conroe, Magnolia and Quadvest
 - Uncollected Revenue (short-pays) by Conroe and Magnolia
- Shortfalls in revenue to be withdrawn from Debt Service Reserve Fund

Final Actual to FY 2021 Budget Comparison

San Jacinto River Authority - GRP Actual to Budget Comparison FY2019 - FY2021

Description	Actuals		Rolling 12 Mo. Actuals		Budget FY2020	PROPOSED Budget FY2021
	8/31/2019	Sept-March FY2020	April 2019- March 2020	March 2020		
OPERATING REVENUES						
Industrial Reservation Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 314,265
GRP Pumping Fees	28,777,116	17,890,731	33,139,889	28,294,198	28,890,076	
GRP Pumping Fees-Woodlands	8,654,179	4,692,706	9,763,169	10,469,550	10,469,550	
LSGCD Revenue	1,085,600	1,059,094	1,162,232	1,088,238	899,508	
LSGCD Revenue-Woodlands	452,297	128,080	346,828	402,675	325,975	
GRP Surface Water Sales	5,591,248	2,428,307	4,909,801	7,297,996	7,291,714	
GRP Surface Water Sales-Woodlands	5,067,378	3,422,831	5,762,103	6,504,750	6,504,750	
Compliance Fee Revenue	250	-	-	-	-	
Repair Recovery Revenue	19,176	-	12,234	-	-	
TOTAL OPERATING REVENUES	\$ 49,467,243	\$ 28,977,49	\$ 55,096,256	\$ 54,057,407	\$ 54,695,838	
OTHER REVENUES						
Interest Income	\$ 1,718,163	\$ 1,066,556	\$ 1,813,943	\$ 6,000	\$ 27,000	
Office Rental Revenue	17,688	10,318	28,006	17,688	5,400	
FEMA Grant Revenue	9,828	-	9,828	-	-	
Proceeds From Sale Of Assets	-	4,000	4,000	-	-	
Other Gains & Losses	2,908	1,657	4,565	-	-	
TOTAL OTHER REVENUES	\$ 1,748,587	\$ 1,082,531	\$ 1,860,341	\$ 23,688	\$ 32,400	
OPERATING EXPENSES						
SALARIES, WAGES, & EMPLOYEE BENEFITS						
Salaries & Wages	\$ 1,851,055	\$ 1,067,432	\$ 1,873,778	\$ 1,919,257	\$ 1,654,307	
Salary & Wage Allocation	1,212,418	727,277	1,268,583	1,248,449	1,595,788	
Staffing Services	18,663	2,536	9,324	-	-	
Compensated Absences	(6,286)	-	(6,286)	-	-	
Group Insurance	637,693	327,207	586,204	673,727	787,864	
Group Retirement Expense	375,320	230,467	394,122	377,664	346,043	
Workers Compensation Insurance	67,661	44,996	67,808	90,511	56,266	
Social Security Taxes	219,356	130,533	228,739	235,105	242,539	
TOTAL SALARIES, WAGES, & EMPLOYEE BENEFITS	\$ 4,375,879	\$ 2,530,448	\$ 4,422,272	\$ 4,544,712	\$ 4,682,508	
PROFESSIONAL FEES						
Legal Fees	\$ 934,015	\$ 694,952	\$ 1,245,385	\$ 750,000	\$ 2,090,000	
Disclosure Filing	-	-	-	500	500	
Annual Financial Audit	31,520	24,225	28,263	36,000	30,000	
Arbitrage Release Audit	3,250	3,250	3,250	5,000	6,500	
Paying Agent Fees	4,500	2,500	6,000	6,000	4,500	
Engineering	222,205	232,449	89,445	94,000	100,000	
Safety Inspections & Testing	477	1,054	1,054	5,000	5,000	
Graphic Design	348	330	330	5,000	6,000	
TOTAL PROFESSIONAL FEES	\$ 1,196,815	\$ 749,559	\$ 1,372,227	\$ 901,500	\$ 2,244,000	
PURCHASED & CONTRACTED SERVICES						
Waste Disposal Services	\$ 2,525	\$ 1,655	\$ 3,015	\$ 3,000	\$ 3,000	
Sludge Disposal	103,376	48,117	101,246	127,038	121,157	
Meter Calibration Services	4,565	3,278	3,278	6,700	6,500	
Commercial Laboratory Fees	6,465	5,340	7,980	4,000	27,100	
Other Services	3,670	3,160	4,875	79,400	5,100	
Crowdwater District Fees	1,490,083	543,330	1,280,079	1,491,413	1,225,983	
Employee Testing- New	1,256	382	732	4,265	4,800	
Janitorial Services	32,078	10,081	19,808	10,000	38,400	
Water Quality Testing	22,988	7,241	13,143	23,600	1,500	
Public Relations Expense	-	-	-	1,500	4,000	
Water Conservation & Public Education	-	-	-	4,000	4,000	
Meeting Expenses	4,198	1,712	3,837	6,000	6,000	
Public Official Liability	4,563	2,685	4,594	4,803	5,000	
TOTAL PURCHASED & CONTRACTED SERVICES	\$ 1,675,766	\$ 626,982	\$ 1,442,588	\$ 1,765,719	\$ 1,448,540	
SUPPLIES, MATERIALS & UTILITIES						
Office Supplies & Printing	\$ 2,259	\$ 760	\$ 1,932	\$ 6,000	\$ 5,000	
Other Office Expense	7,609	3,158	6,935	8,000	7,000	
Travel	833	807	1,388	3,000	3,000	
Automobile & Truck Expense	13,543	2,420	7,927	20,000	20,000	

San Jacinto River Authority - GRP Actual to Budget Comparison FY2019 - FY2021

Description	Actuals		Rolling 12 Mo. Actuals		Budget FY2020	PROPOSED Budget FY2021
	8/31/2019	Sept-March FY2020	April 2019- March 2020	March 2020		
Postage	2,608	1,094	2,531	3,000	2,500	
Property Insurance	175,896	114,160	189,760	180,632	414,000	
Auto Insurance	12,127	8,405	13,889	14,585	15,300	
Liability Insurance	18,348	11,406	19,102	26,846	27,900	
Small Tools Purchases	6,635	4,058	6,228	8,000	12,500	
Training-External	4,496	4,637	7,652	11,500	12,000	
Training-Internal	4,211	2,167	4,533	4,850	2,500	
Training-Employee HR	10,536	10,367	10,367	18,525	18,564	
Copper Sulfate	29,484	31,497	31,497	59,330	59,203	
Citric Acid	2,445,600	616,426	2,463,704	1,849,278	2,600,000	
Granulated Activated Carbon	338,345	162,985	360,992	509,910	509,724	
Aluminum Chlorohydrate	83,242	28,597	76,456	100,124	100,005	
Sodium Permanganate	14,904	4,989	15,037	9,771	9,840	
Sodium Bisulfate	135,564	69,701	131,207	158,665	158,407	
Sodium Hydroxide	135,776	69,539	132,585	169,488	168,808	
Sodium Hypochlorite	19,734	8,305	18,231	33,258	33,245	
Polymer	469	806	1,212	2,000	2,000	
Managers Expense	2,187	1,041	1,949	3,000	3,000	
Employee Relations	33,510	25,168	36,296	47,000	50,400	
Fuel	7,720	6,677	13,200	13,800	14,500	
Uniform Services	4,739	1,879	3,066	12,500	14,500	
Maintenance Supplies	25,120	13,931	24,583	25,500	25,500	
Supplies - Lab	20,513	10,628	21,789	24,000	24,500	
Operations Supplies	794	782	1,313	2,000	1,500	
Memberships & Professional Dues	1,008	357	1,000	-	-	
Signage	16,511	3,416	11,235	13,000	7,300	
Copier, Scanner & Fax	865,322	469,972	815,944	942,262	941,900	
Utilities-Electric	167,451	112,603	196,089	155,000	155,000	
Utilities-Sewer	1,684,183	2,634,906	2,634,906	2,178,760	2,499,886	
Reservation Fees-City of Houston	177,388	331,130	521,335	131,457	452,841	
Reservation Fees-SJRA	1,733,625	898,560	1,712,891	2,096,984	2,148,268	
Supply Use Fee-SJRA	-	(64)	(64)	-	-	
Bank Service Charges	2,407	585	2,397	5,000	4,000	
Personal Protective Equipment	313	-	-	16,400	10,000	
Safety Equipment & Meetings	39	-	20	980	980	
Health & Wellness Program	3,885	4,258	6,782	3,925	7,850	
Recruiting Expenses	97,415	43,930	104,452	56,701	48,273	
Computer Hardware	92,385	51,497	68,685	93,350	93,649	
Software & Support	33,966	19,967	32,670	40,000	80,800	
Software Maintenance	4,122	2,720	3,567	5,737	5,624	
Network Communications	240	-	25	500	500	
Publications & Subscriptions	-	-	-	1,000	1,000	
Newspaper Ads	21,218	15,236	26,391	35,010	31,540	
Wireless Devices & Services	5,150	3,872	5,889	5,272	5,168	
Phone System-Install, Maintenance, & Changes	-	-	-	-	-	
Land Line Telephone Services	-	-	-	-	-	
TOTAL SUPPLIES, MATERIALS & UTILITIES	\$ 8,787,122	\$ 5,862,655	\$ 9,741,274	\$ 9,109,820	\$ 10,814,271	
RENTALS						
Equipment Rentals	\$ 785	\$ 80	\$ 170	\$ 2,000	\$ 1,500	
TOTAL RENTALS	\$ 785	\$ 80	\$ 170	\$ 2,000	\$ 1,500	
MAINTENANCE, REPAIRS & PARTS						
Office, Furniture, & Fixtures	\$ 1,612	\$ 2,284	\$ 2,284	\$ 2,000	\$ 2,000	
Air Conditioner	42,347	42,517	71,297	67,000	82,800	
Mowing	31,733	19,977	33,519	30,000	30,000	
Buildings & Grounds Maintenance	38,138	12,409	38,365	43,300	50,000	
Building Repair & Modifications	89	394	483	5,000	5,000	
Plants & Facilities	5,472	3,002	5,382	30,600	18,600	
Security System Monitoring	2,259	1,278	2,487	2,400	2,400	
Electrical	110,734	62,096	114,711	193,500	297,100	
Generators	20,721	16,125	20,427	36,000	38,000	
Pumps & Motors	22,245	20,238	30,354	55,000	77,000	
Compressor	9,364	6,364	9,708	15,850	17,000	

San Jacinto River Authority - GRP Actual to Budget Comparison FY2019 - FY2021

Description	Actuals		Rolling 12 Mo. Actuals		Budget FY2020	PROPOSED Budget FY2021
	8/31/2019	Sept-March FY2020	April 2019- March 2020	March 2020		
Aerators	120,773	92,951	153,403	138,400	138,400	138,400
Machinery, Tools, & Implements	13,212	5,285	14,771	15,000	17,500	17,500
Belt Press	112	-	-	10,700	18,300	18,300
Clarifier	440	-	-	10,000	10,000	10,000
Pipeline Transmission System	61,977	902,000	907,682	193,500	305,500	305,500
Lines, Valves, & Pipes	5,427	4,843	7,892	65,000	155,000	155,000
Other Maintenance	228	-	228	-	-	-
Laboratory Equipment	3,821	598	4,150	3,500	3,500	3,500
Instrumentation Equipment & Parts	84,038	37,484	84,445	75,000	88,600	88,600
Pretreatment	-	1,907	1,907	12,000	18,000	18,000
Membrane	9,284	5,318	10,285	20,000	28,000	28,000
Networking and Communications - SCADA	-	-	-	4,000	5,600	5,600
Backwash Equalization	53	-	53	12,000	-	-
Chemical Handling	25,616	5,486	18,780	20,000	21,500	21,500
Inventory Gains and Losses	5,942	(1,823)	5,494	-	-	-
Bad Debt Expense	183,649	-	183,649	-	-	-
TOTAL MAINTENANCE, REPAIRS & PARTS	\$ 799,285	\$ 1,240,733	\$ 1,721,757	\$ 1,089,750	\$ 1,429,900	
GENERAL & ADMINISTRATIVE EXPENSES						
General & Administrative Expense Allocated	\$ 397,955	\$ 202,592	\$ 385,746	\$ 476,390	\$ 526,394	\$ 526,394
TOTAL GENERAL & ADMINISTRATIVE EXPENSES	\$ 397,955	\$ 202,592	\$ 385,746	\$ 476,390	\$ 526,394	\$ 526,394
NON-OPERATING EXPENSES						
Interest Expense	\$ 20,567,369	\$ 11,782,550	\$ 20,340,104	\$ 20,175,084	\$ 19,753,631	\$ 19,753,631
TOTAL NON-OPERATING EXPENSES	\$ 20,567,369	\$ 11,782,550	\$ 20,340,104	\$ 20,175,084	\$ 19,753,631	\$ 19,753,631
TOTAL EXPENSES	\$ 37,500,977	\$ 22,935,600	\$ 39,426,138	\$ 38,034,976	\$ 40,900,944	
NET REVENUES OVER EXPENSES	\$ 13,594,853	\$ 7,124,680	\$ 17,530,459	\$ 16,046,120	\$ 13,827,294	
CAPITAL IMPROVEMENTS*						
Maintenance Equipment	-	-	-	7,000	40,000	40,000
Transportation Equipment	-	-	-	-	65,000	65,000
Software	-	-	-	1,120	1,086	1,086
Computer Equipment	-	-	-	54,700	129,991	129,991
TOTAL CAPITAL IMPROVEMENTS	\$ -	\$ -	\$ -	\$ 62,820	\$ 236,077	\$ 236,077
OTHER SOURCES (USES)*						
Prepaid Reservation Fee	-	-	-	\$ 472,943	-	-
Bond Principal	-	-	-	(14,361,667)	(14,800,833)	(14,800,833)
Debt Service Reserve Funds	-	-	-	-	3,032,794	3,032,794
Accounts Receivable-Uncollected	-	-	-	-	(1,823,177)	(1,823,177)
Operating Reserve Fund	-	-	-	(2,094,576)	-	-
TOTAL OTHER SOURCES (USES)	\$ -	\$ -	\$ -	\$ (15,983,300)	\$ (13,591,217)	\$ (13,591,217)
NET CASH BASIS SOURCES(USES)	\$ 13,594,853	\$ 7,124,680	\$ 17,530,459	\$ -	\$ -	\$ -

The Basics – O&M Expenses, Capital Imp. and Debt Service (12 MGD SW, 51.5 MGD Total)

• O&M Expenses	
– Staff Payroll and Benefits	\$ 4,682,808
– Professional Fees (Excluding Legal Fees)	\$ 154,000
– Purchased and Contracted Services	\$ 1,448,540
– Supplies, Materials and Utilities	\$10,814,271
– Maintenance Repair, Parts and Rentals	\$ 1,431,300
– General and Administrative	<u>\$ 526,394</u>
Total	\$19,057,313
• Other Expenses (Capital Improvements)	\$ 236,077
• Debt Service	
– Principal	\$14,800,834
– Interest	<u>\$19,753,631</u>
Total	\$34,554,465

The Intangibles

- Short-pay by City of Conroe and City of Magnolia (Uncollected Revenue)
- Legal fees and judgments associated with
 - EDJA and Quadvest/Conroe/Magnolia, etc. Rate Case
 - Quadvest Federal Antitrust Case
 - LSGCD DFCs/GMP/Rules
 - W2A & W2B Water Line Leak Case

Key Budget Assumptions Based on Review

Committee Direction

- Rate to cover only operations and maintenance costs for the surface water plant and transmission system and GRP debt service. Rate is not based on paying legal costs associated with lawsuits with Quadvest, Conroe, Magnolia, etc. nor any uncollected revenue (shortfalls from Conroe and Magnolia)
- W2A/W2B Legal Costs = \$250,000
- Conroe/Magnolia current arrears (\$4.7MM thru August 2020)
- Legal Costs included in budget but not included in rate
 - Quadvest/Conroe/Magnolia rate case thru trial = \$800,000
 - Quadvest Anti-trust case thru discovery = \$700,000
 - LSGCD DFCs/GMA/Rules = \$260,000
- Surface Water Production = 12 MGD
- Total Water Demand = 51.5 MGD

Resulting Reserves

Operating & Rate Stabilization

Reserve Fund - \$0 Increase

Emergency Reserve - \$0 Contributions and \$0 Balance

Repair & Replacement Fund - \$0 Contributions and \$0 Balance

Debt Service Reserve Fund - \$3,032,794 Withdrawal

Total Revenue Requirements

O&M Expenses (Base)+ Other Expenses	\$19,293,390
Legal Fees	\$ 340,000*
Debt Service	\$34,554,465
Contributions to Reserves	\$ 0
Uncollected Revenue (Conroe and Magnolia)	<u>\$ 0**</u>
Total	\$54,187,855

* \$2,090,000 total legal fees included in budget BUT NOT in calculation of total revenue requirements and rates

** \$1,823,177 Uncollected Revenue (short-pay) included in budget, BUT NOT in calculation of total revenue requirement and rates

Resulting Rates (per 1000 gallons) & Cash

Groundwater Pumpage	\$2.73
Surface Water	\$3.15
Increase over FY 2020	0%
Budgeted Revenue	\$54,728,238
Withdrawal from Debt Service Reserve	\$3,032,794*

* Unscheduled draws trigger public disclosure under SEC rules

Withdrawals from Debt Service Reserve & Related Consequences

- Unscheduled draw triggers disclosure under SEC rules
- Coordinated with Texas Water Development Board
- Must be replenished in future years (60 Months)
 - Primarily from awards by Court required of Conroe and Magnolia
 - Any remaining from revenue generated from rates
- Other stipulations that may be required by TWDB and bond holders

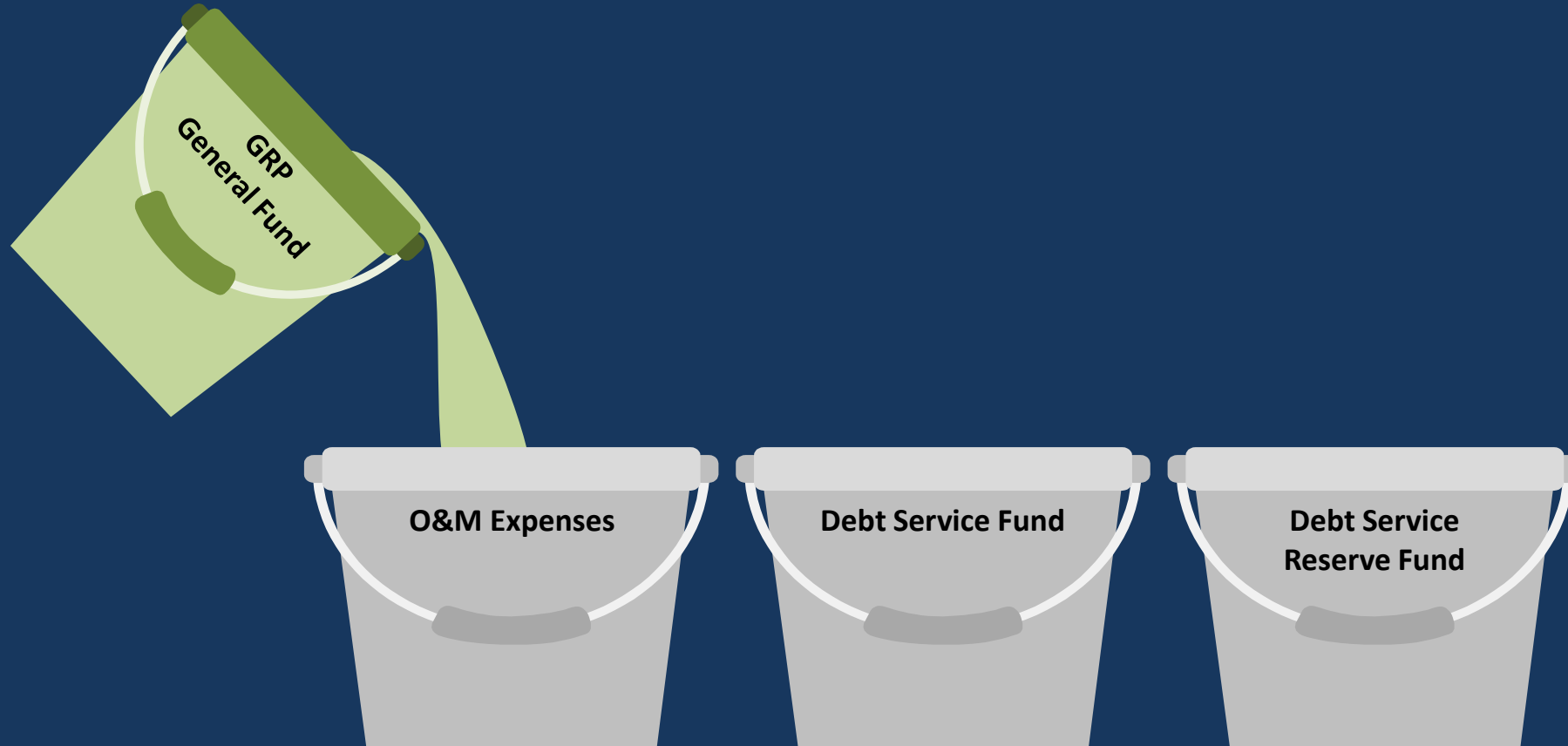
GRP Revenue



All revenue is deposited in the GRP General Fund

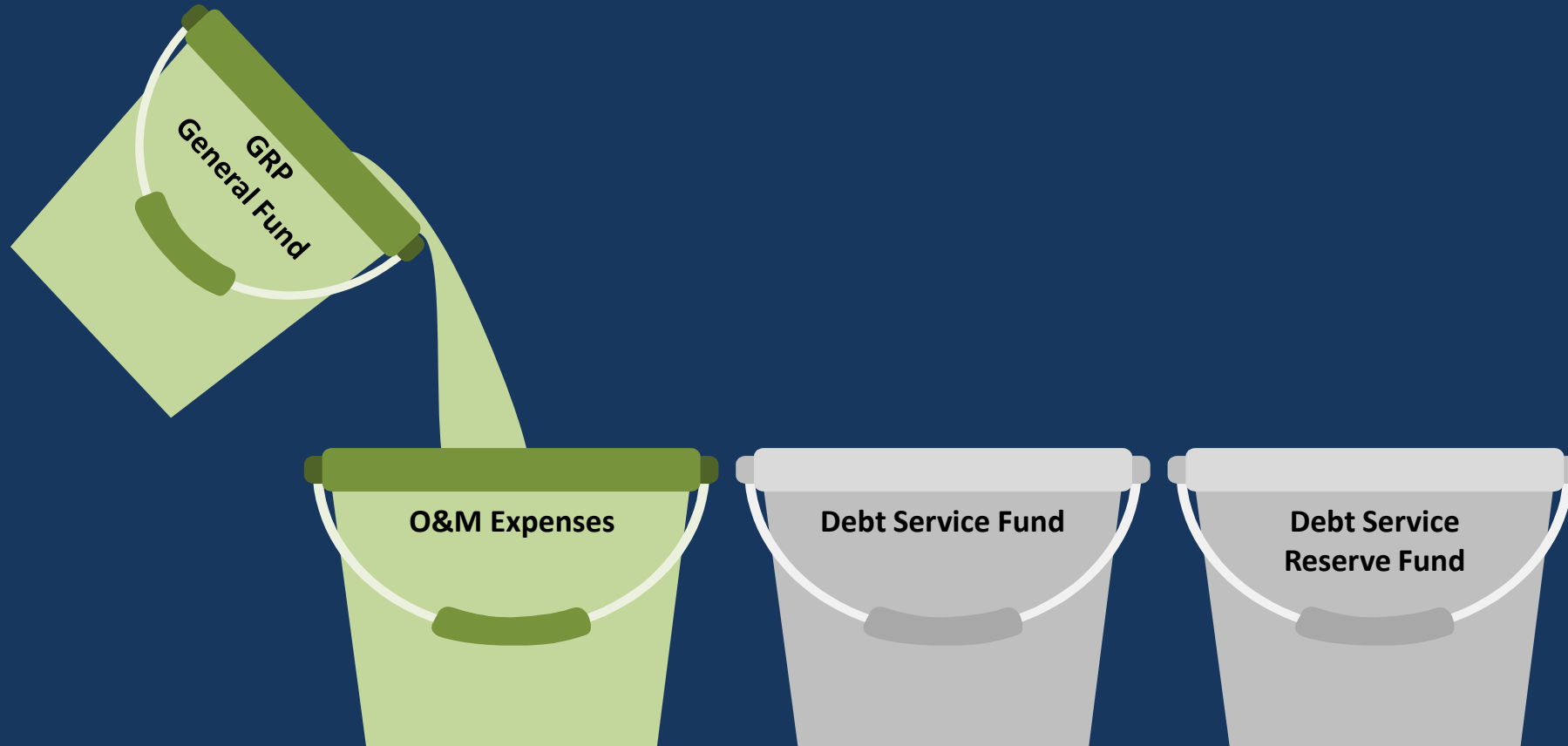
Flow of GRP Funds

Defined by Bond Covenants



Flow of GRP Funds

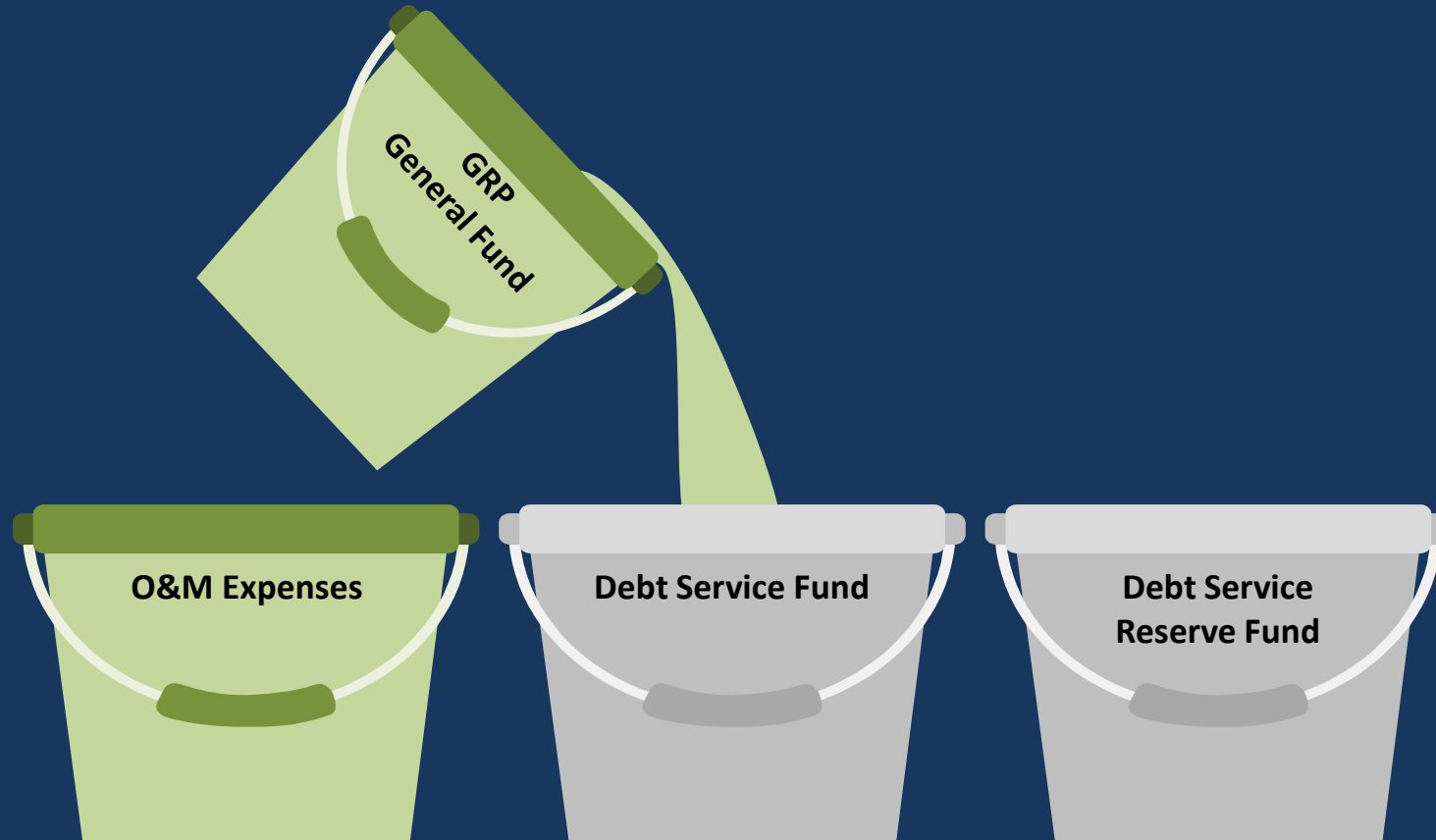
Defined by Bond Covenants



Note: Legal fees are
considered O&M
Expenses

Flow of GRP Funds

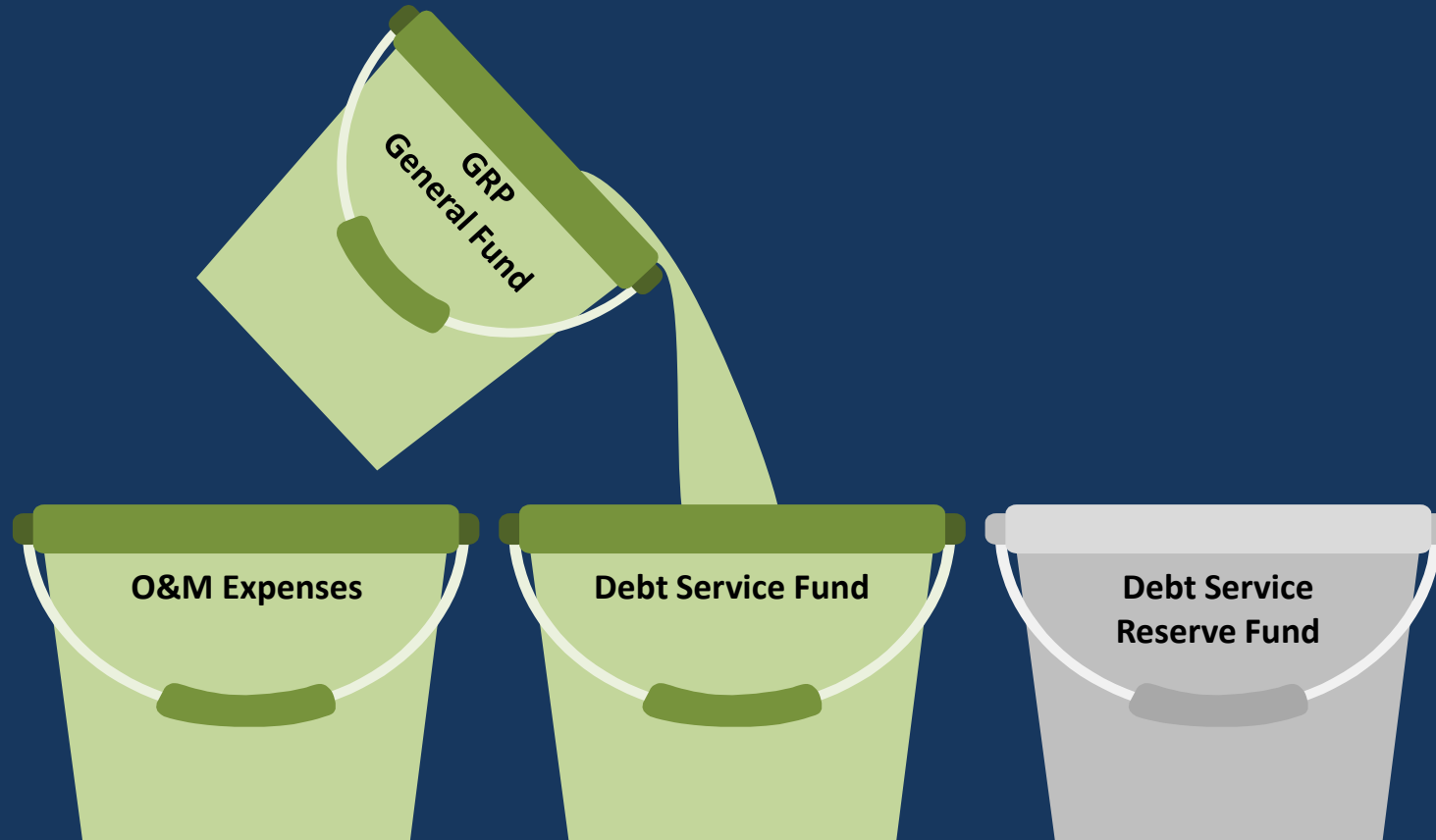
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Flow of GRP Funds

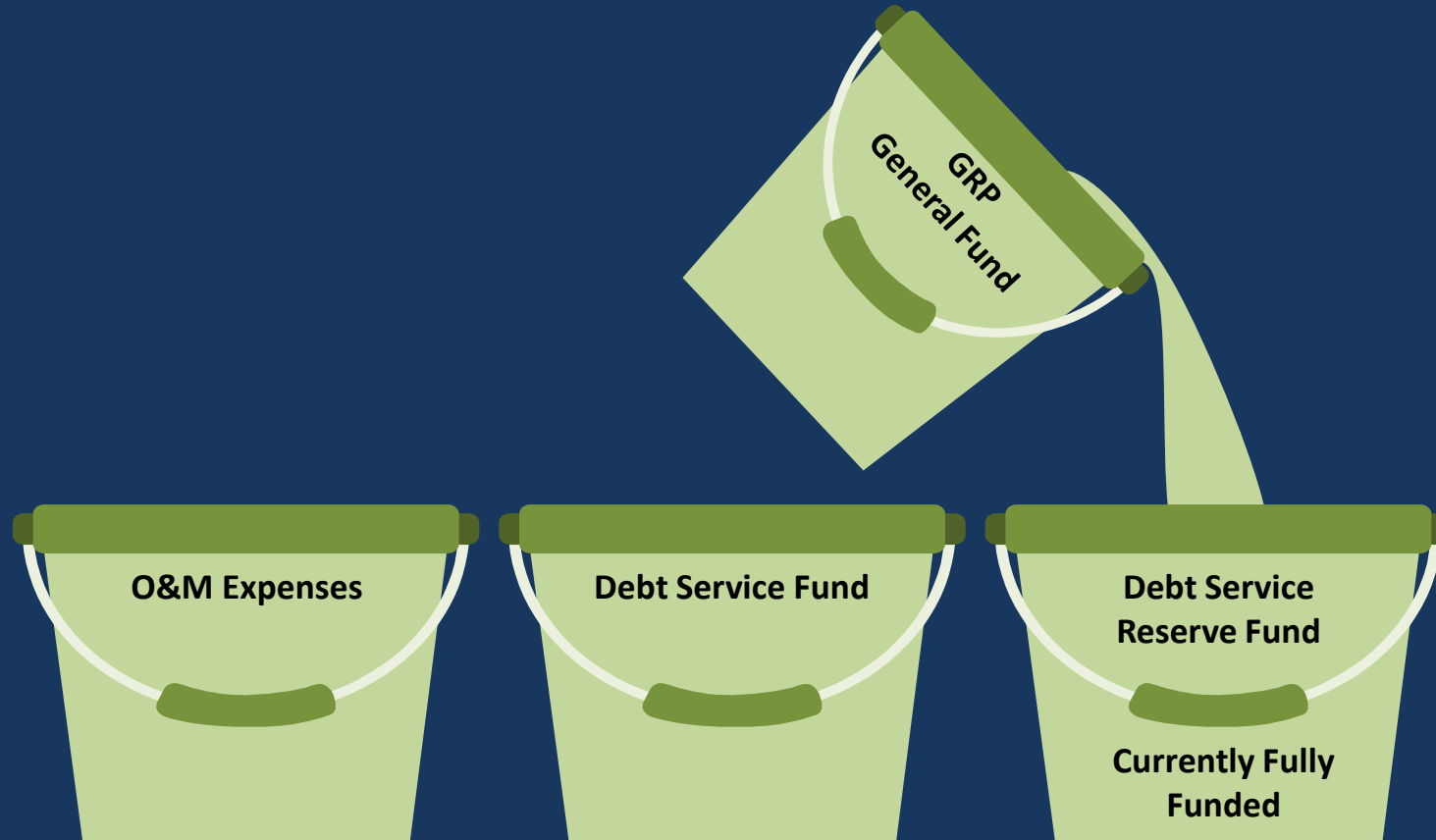
Defined by Covenants



Note: Legal fees are
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Expenses

Flow of GRP Funds

Defined by Covenants



Note: Legal fees are
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Flow of GRP Funds

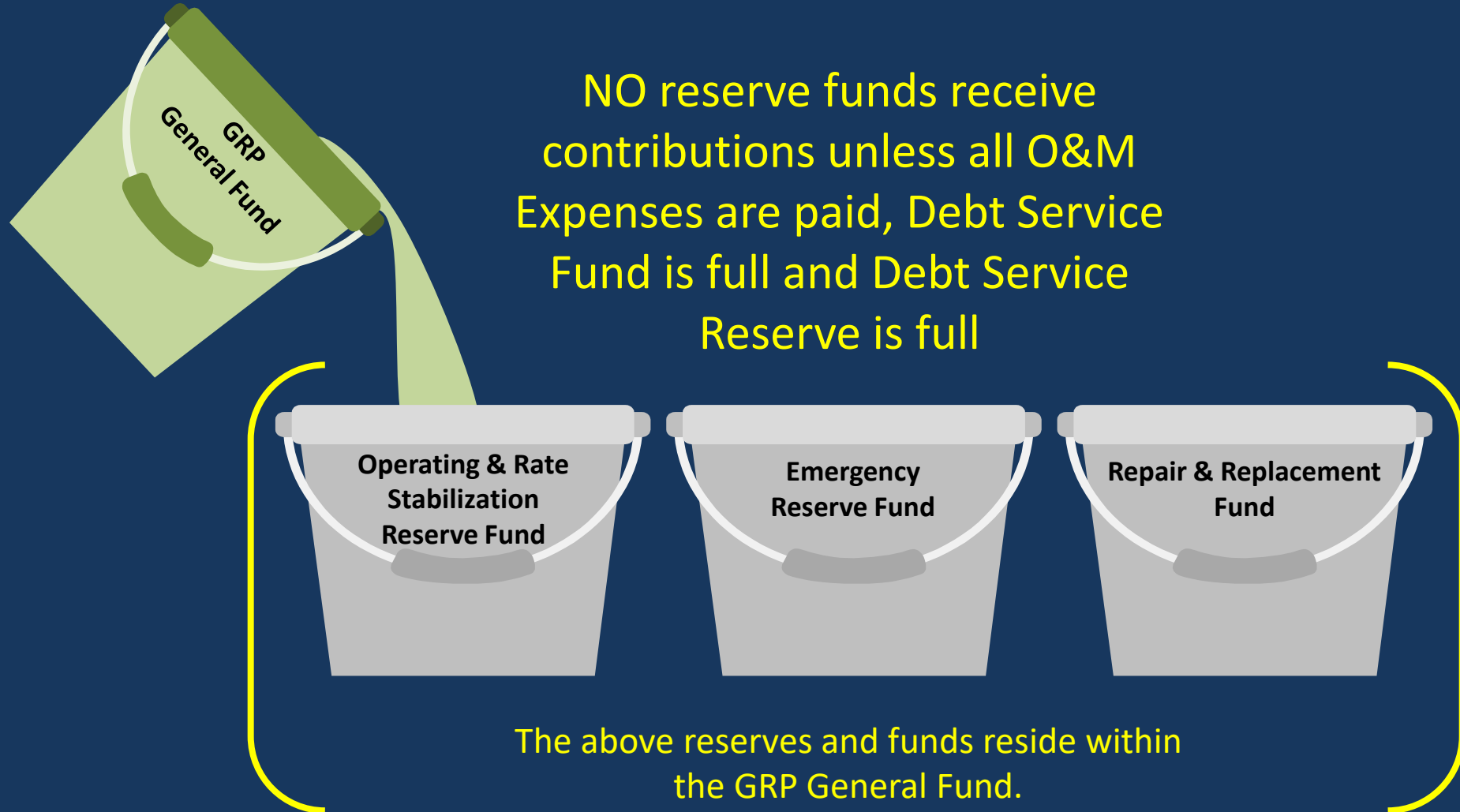
Defined by Covenants



Flow of GRP Funds

Defined by Policy

NO reserve funds receive contributions unless all O&M Expenses are paid, Debt Service Fund is full and Debt Service Reserve is full



The above reserves and funds reside within the GRP General Fund.

Flow of GRP Funds

Results of FY 2021 Budget – Shortage of Available Funds

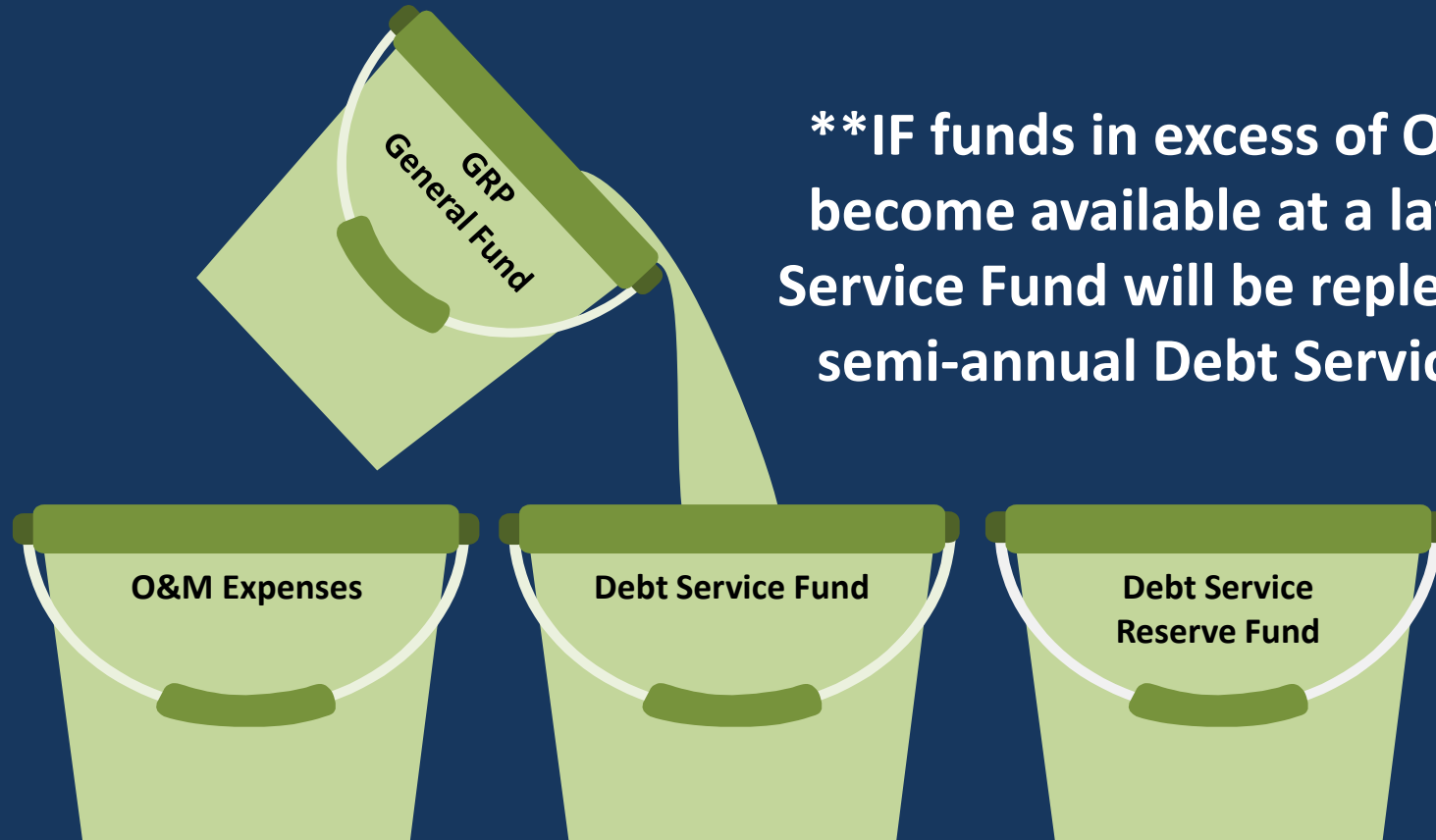
****Once adequate funds are not available to pay O&M Expenses, money will be moved out of Debt Service Fund****



Note: Legal fees are considered O&M Expenses

Flow of GRP Funds

Result of FY 2021 Budget



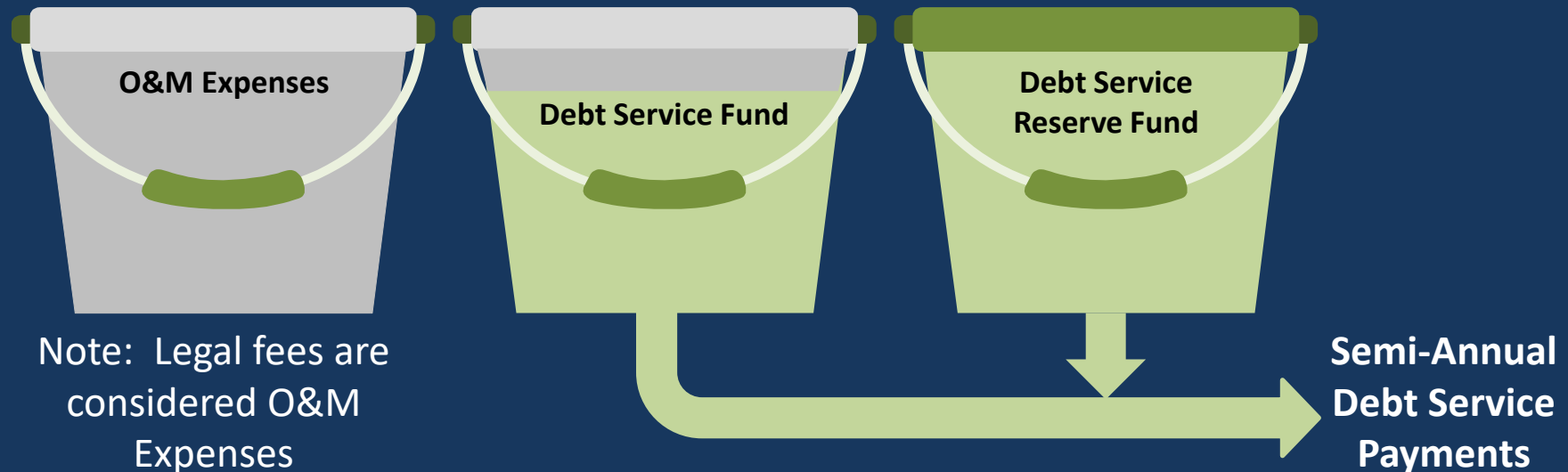
****IF funds in excess of O&M Expenses become available at a later date, Debt Service Fund will be replenished prior to semi-annual Debt Service payment****

Note: Legal fees are considered O&M Expenses

Flow of GRP Funds

Results of FY 2021 Budget – Shortage of Funds

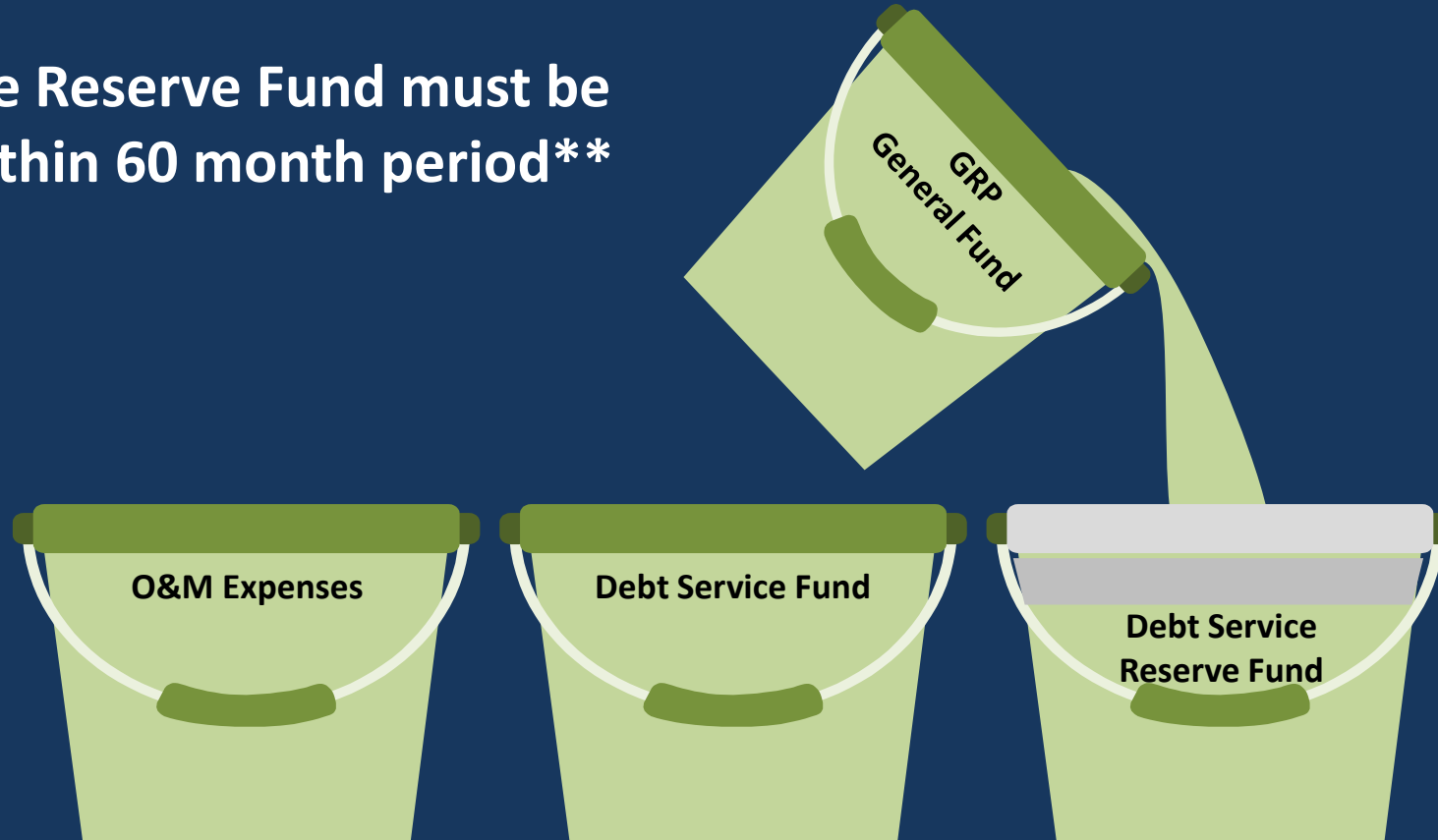
****IF adequate funds are not available in the Debt Service Fund, Debt Service Payment will be supplemented with withdrawal from Debt Service Reserve Fund****



Flow of GRP Funds

Defined by Bond Covenants

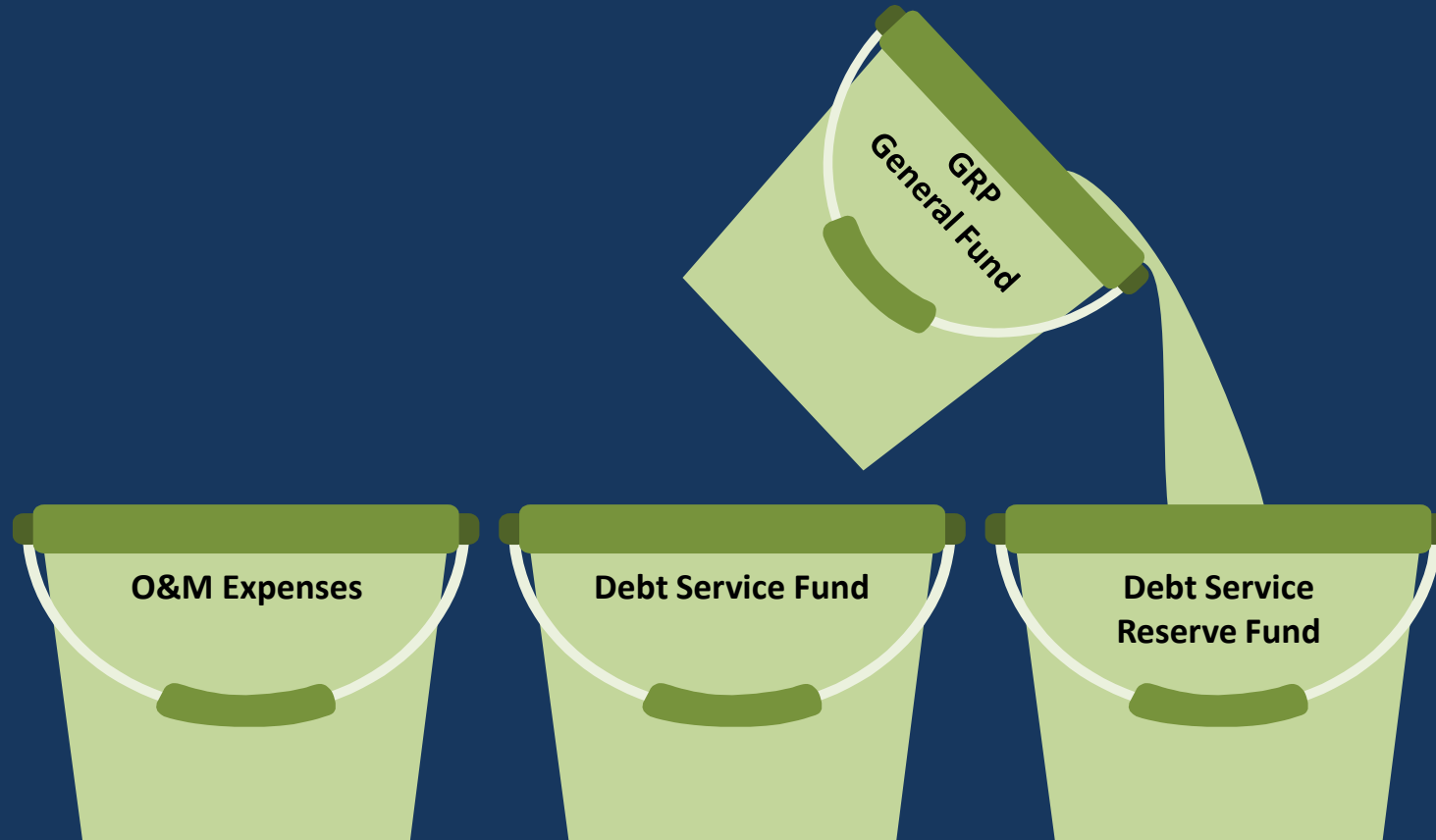
**** Debt Service Reserve Fund must be replenished within 60 month period****



Note: Legal fees are
considered O&M
Expenses

Flow of GRP Funds

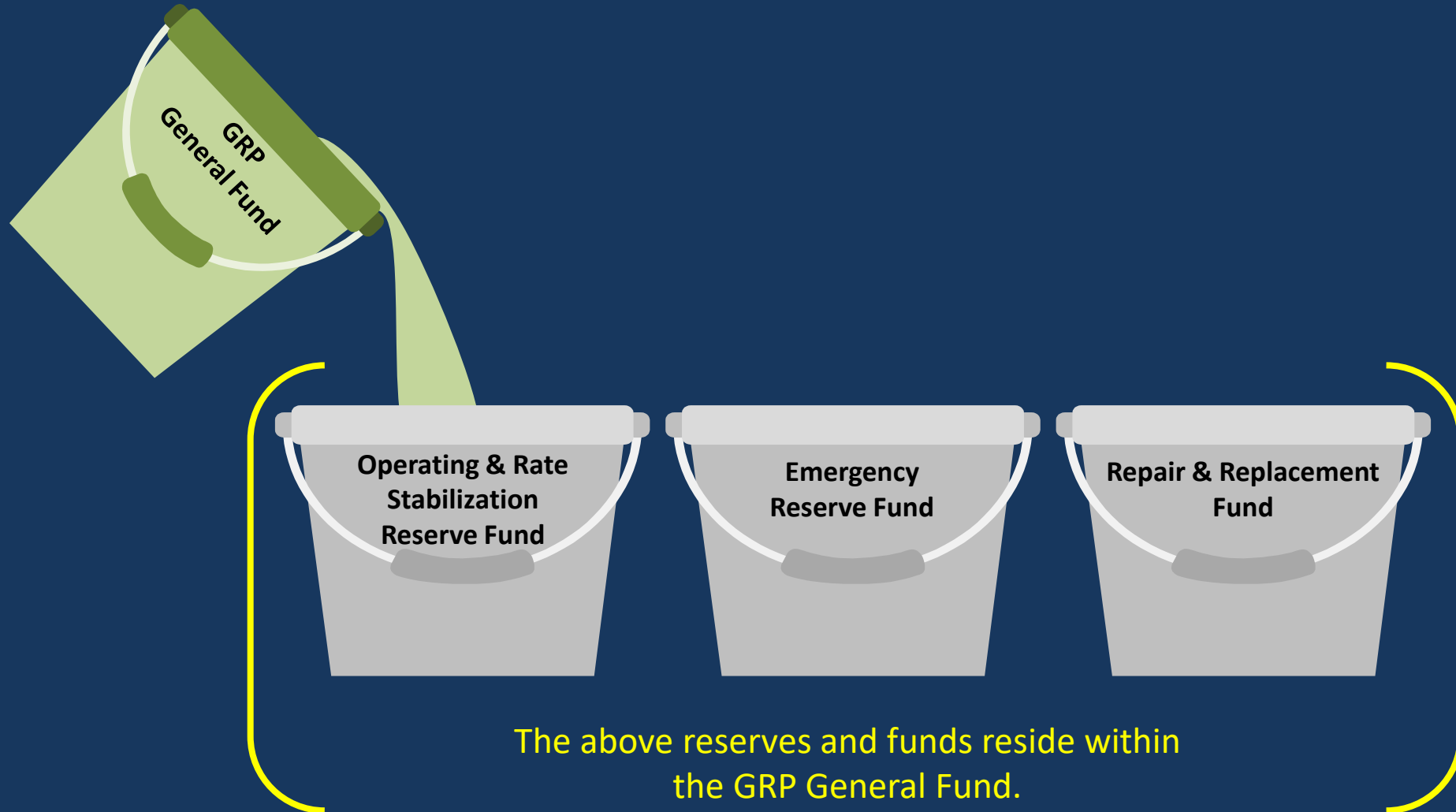
Defined by Bond Covenants – No Shortage of Funds



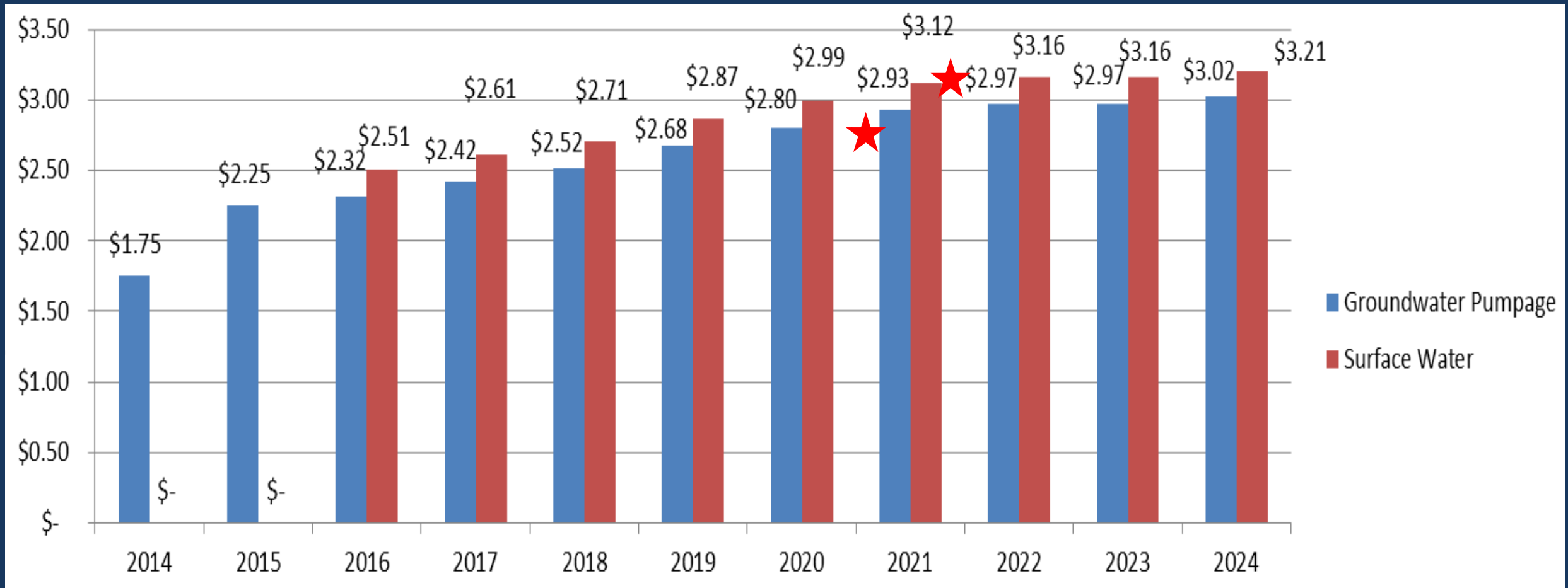
Note: Legal fees are
considered O&M
Expenses

Flow of GRP Funds

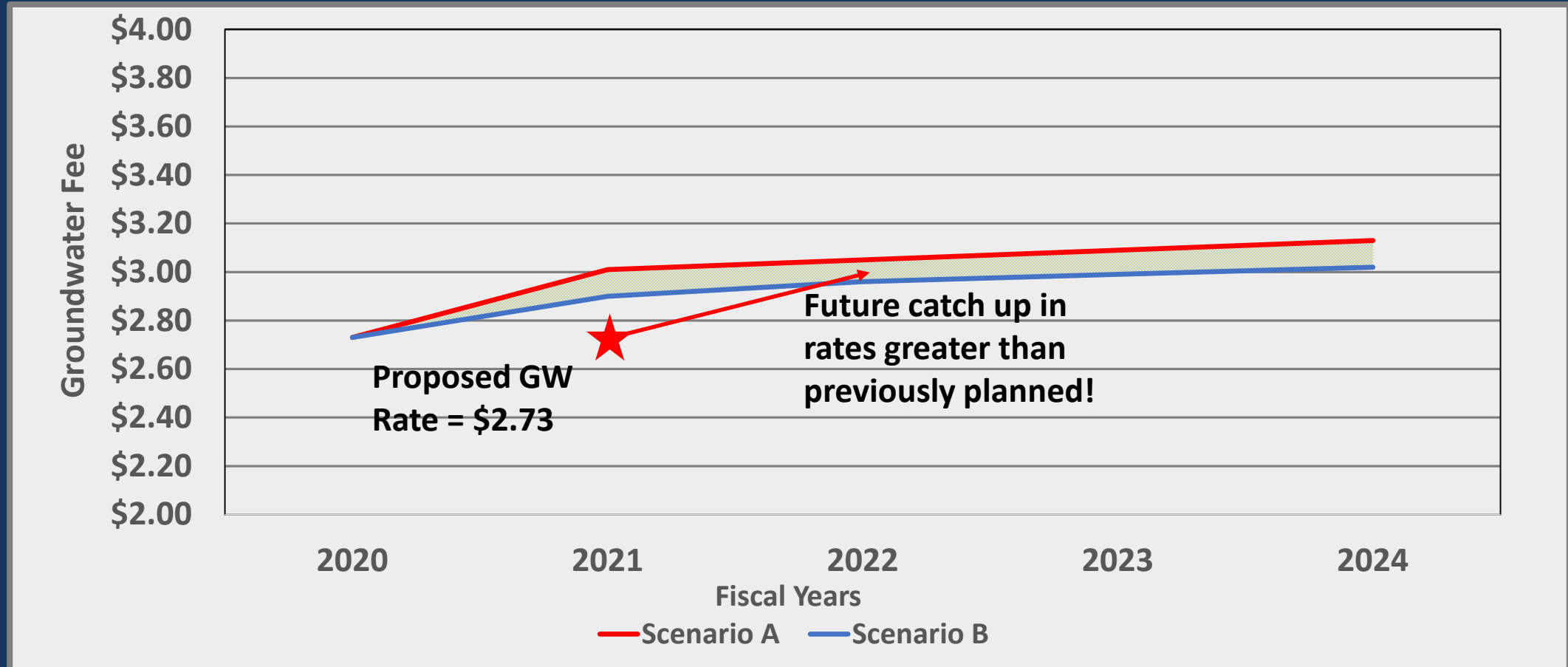
Defined by Policy – No Shortage of Funds



2014 GRP Rate Study Rate Forecasts

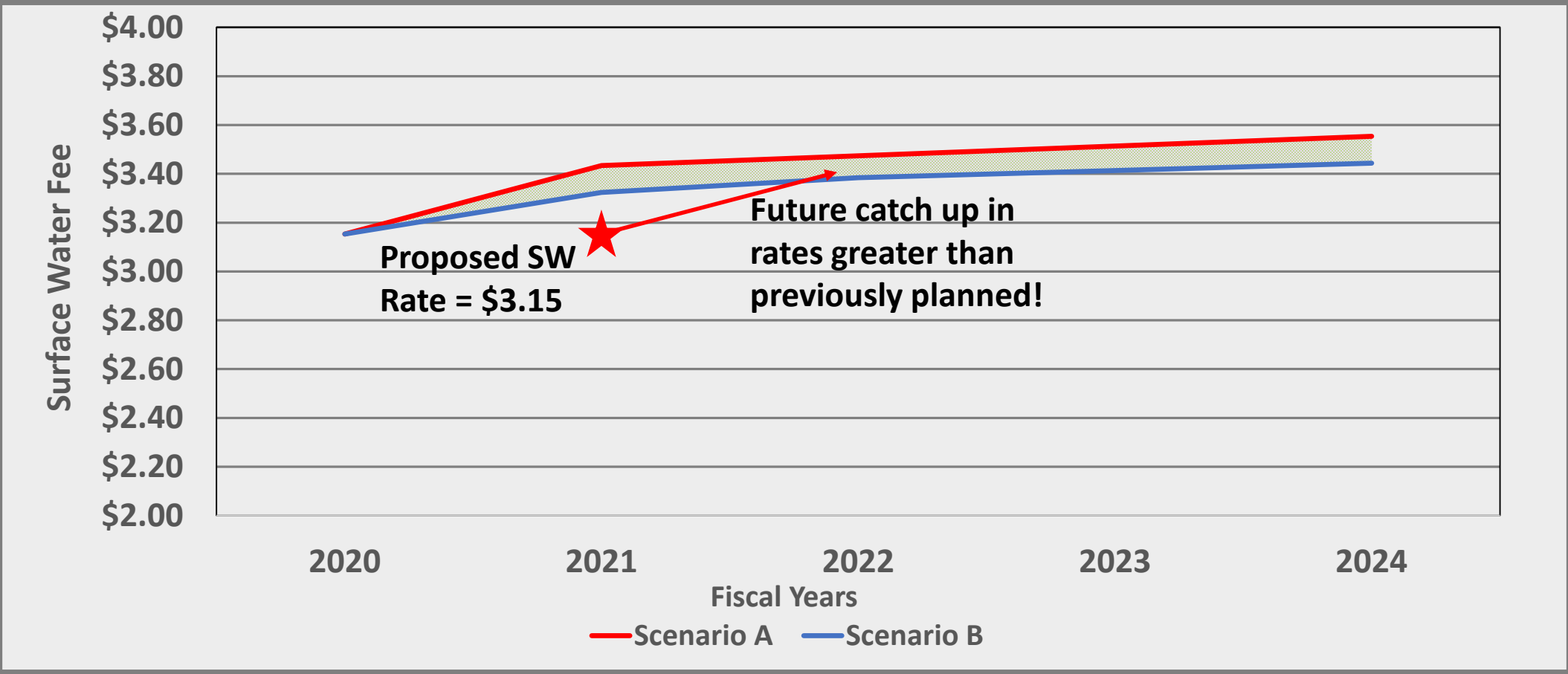


2019 GRP Rate Study Groundwater Fee Forecast



Scenario A – Reserves fully funded over 5 years
Scenario B – Reserves fully funded over 10 years
Includes a 3% Annual Inflation Rate

2019 GRP Rate Study Surface Water Fee Forecast



Scenario A – Reserves fully funded over 5 years
Scenario B – Reserves fully funded over 10 years
Includes a 3% Annual Inflation Rate

Comparison of Proposed FY 2021 Budget to 2019 Rate Study

San Jacinto River Authority -GRP Division
Proposed FY2021 Budget (Scenario K) vs. FY2021 Budget in 2019 Rate Study
Tuesday, June 16, 2020

	Proposed FY 2021 Budget (Scenario K) (\$)	FY2021 Budget Projected in 2019 Rate Study (\$)	
Annual Average Surface Water Production	12MGD	12MGD	
GRP Groundwater Pumpage Rate (\$/1000 gallons)	\$2.73	\$2.87	FY 2021 Budget projected in 2019 Rate Study included Scenario B - Meet Reserve Target within 10 years
GRP Surface Water Rate (\$/1000 gallons)	\$3.15	\$3.29	
Rate Stabilization, Emergency Fund and R & R Reserve Build Rate	None	10 Year Period	

Description		Comments
OPERATING REVENUES		
Industrial Reservation Fee	314,285	The Industrial Reservation Fee in the proposed FY 2021 budget is the revenue the GRP Division receives as a reimbursement of the portion of the City of Houston (COH) reservation fee for jaw surface water in Lake Conroe that Entergy has now contracted through 2020. The GRP Division has reserved the entire COH jaw-thick share of annual raw water rights in Lake Conroe. Entergy requested to divert additional raw water from Lake Conroe through 2020. Entergy will pay for the raw water either reserved or diverted for this additional use. The portion of the reservation fee associated with Entergy's additional water use will be reimbursed to the GRP Division. The 2019 rate study did not include this additional revenue.
GRP Pumping Fees	28,893,076	40,149,586 The basis used in the 2019 rate study was a total annual average demand of 50.6 mgd with an annual average surface water production of 12 mgd resulting in a total annual average groundwater demand of 38.9 mgd for all GRP Participants. The basis used in the proposed FY 2021 budget is a total annual average demand of 61.6 mgd with an annual average surface water production of 12 mgd resulting in a slightly higher total annual average groundwater demand of 50.3 mgd. Total Pumpage Fee in proposed FY 2021 budget = \$39,355,526. Therefore the \$1,350,069 reduction from 2019 rate study primarily due to the reduced rate in proposed FY2021 budget from that included in the 2019 rate study.
GRP Pumpage Fees-SURA Woodlands	10,469,250	
LSGCD Revenue	899,538	1,121,886 LSGCD rate in 2019 rate study was \$0.1057100 gallons. LSGCD rate in the proposed FY 2021 budget is \$0.09891000 gallons.
LSGCD Revenue-SURA Woodlands	325,975	414,755
GRP Surface Water Sales	7,291,714	14,429,478 Total GRP Water Sales in proposed FY 2021 budget = \$13,789,484. \$630,216 reduction from the 2019 rate study primarily due to reduced rate in proposed FY2021 budget. Some offset by minor offset in assumed total annual average groundwater pumpage as noted above.
GRP Surface Water Sales-SURA Woodlands	6,504,750	
TOTAL OPERATING REVENUES	54,695,638	66,711,815
OTHER REVENUES		
Interest Income	27,000	0.150 Interest earnings greater than anticipated.

y included Scenario B - Meet

included in the 2019 rate
for Technical Services
by but not in proposed FY
P Division by the start

y included Scenario B - Meet

start and increased allocated
activities in 2020 resulted in

cluded Scenario B - Meet

see related to Quasi-est
ation with City of Conroe and
is must be included in the
re-revised Migration
re Debt Service Reserve
ment). This amount includes
est. Conroe and Map-rolls in
in the development of the rate

See OTHER SOURCES (USES) for withdrawals from Debt Service Reserve Fund

Disclosure Filing	500	515
Annual Financial Audit	30,000	37,500
Advantage Retain Audit	6,000	6,150
Paying Agent Fees	6,000	6,150
Engineering/Consultants/Summary	100,000	96,820
Safety Inspections & Testing	5,000	5,150
Graphic Design	6,000	6,150
TOTAL PROFESSIONAL FEES	2,244,000	156,045
PURCHASED & CONTRACTED SERVICES		
Waste Disposal Service	3,000	3,000
Sludge Disposal	121,157	130,649

TOTAL PURCHASED & CONTRACTED SERVICES 1,449,099 1,819,119

SUPPLIES, MATERIALS & UTILITIES		
Office Supplies & Printing	6,000	6,180
Other Office Expense	3,000	3,240
Travel	3,000	3,240
Automobile & Truck Expense	20,000	20,900
Postage	2,500	2,580

Sodium Permanganate	14,000	14,140
Sodium Bisulfite	5,940	12,264
Sodium Hydroxide	168,407	163,425
Sodium Hypochlorite	163,800	174,573
Polymer	33,245	34,255
Managers Expense	2,000	2,060
Employee Relations	9,000	9,360
Fuel	50,400	48,410
Uniforms	13,600	13,590
Maintenance Supplies	14,500	12,815
Supplies Lab	25,500	26,265

San Jacinto River Authority -GRP Division
Proposed FY2021 Budget (Scenario K) vs. FY2021 Budget in 2019 Rate Study
Tuesday, June 16, 2020

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Rate Stabilization, Emergency Fund and R & R Reserve Build Rate	None	10 Year Period	

Description		Comments
Operation Supplies	24,500	6,240 The 2019 rate study included \$5,240 for Operation Supplies and \$16,480 for Shop Supplies for total of \$24,720. Combined both into Operation Supplies in proposed FY 2021 budget.
Memberships & Professional Dues	1,500	2,080
Signage	2	1,000
Copier, Scanner & Fax Expense	7,300	13,300
Utilities-Electrical	641,900	670,530
Utilities-Service	155,000	160,690
Reservation Fee-City of Houston	2,499,686	2,244,122 The GRP's Reservation Fee paid to the City of Houston is contractually based on 50 percent of the City of Houston's share of annual expenses associated with the operations, maintenance, and the repair and capital improvements to Lake Conroe. The City of Houston owns two-thirds of Lake Conroe and pays two-thirds of the Lake Conroe costs. Therefore GRP's reservation fees to the City of Houston is \$2,499,686 in the proposed FY 2021 Budget.
Reservation Fee-SURA	452,841	135,401 The 2019 rate study included the assumption that additional raw water requested by Entergy (see above) would be reserved from the SURA's portion of water rights in Lake Conroe and therefore the associated reservation fee would be reduced by approximately \$315,000; and that the contract with Entergy would be effective at the beginning of FY 2020. The contract did not become effective until June, 2020 and the additional raw water provided to Entergy will be diverted from the COH's share of Lake Conroe, not SURA's share. As noted above, this transaction still results in a savings of \$315,000 to the GRP Division due to reduced costs of reserving the water. The 2021 raw water is more expensive than the SURA raw water, therefore the SURA has committed to utilize the less expensive water for GRP.
Supply Use Fee-SURA	2,148,208	2,169,694
Bank Service Charges	-	-
Personal Protective Equipment	4,000	5,150
Safety Equipment & Meetings	10,000	16,660
Health & Wellness Program	660	1,009
Recruiting Expenses	7,850	4,043

included Scenario B - Meet

ation Supplies and \$16,480 for
Shop Supplies in both Operation Supplies in

se 2016 rate study to the
the cost for cyber security
ber-attacks on data and

cluded Scenario B - Meet

increase in costs for
tool assets including VFD
and UPS maintenance, repair
budget

posed FY 2021 Budget.

cluded Scenario B - Meet

MAINTENANCE, REPAIRS & PARTS

Office Furniture & Fixtures	2,000	2,080
Air Conditioner	92,000	69,210 Increase in cost of contract for maintenance, repair and parts for air conditioners on all buildings.
Moving	30,000	30,000
Buildings & Grounds Maintenance	50,000	44,599 Additional cost in proposed FY2021 Budget for floor of membrane building.
Building Repairs & Modification	5,000	3,150
Plant & Facilities	18,000	31,516 Proposed FY 2021 Budget includes less consumables and parts than anticipated in the 2016 rate study.
Security System Monitoring	2,400	2,472

nitration system valve
Budget includes contract for
d/c inspection contract to the
additional G&S FTE based on
2.

cluded Scenario B - Meet

ice life and is included in the

Pre-treatment	18,000	12,360
Membranes	28,000	20,000
Networking & Communication - SCADA	5,000	4,120
Backwash Equalization	-	12,360 Maintenance for Backwash Equalization included in current FY 2020 Budget and deleted from proposed FY 2020 Budget.
Chemical Handling (Inventory Losses) (Gams)	21,500	20,600
TOTAL MAINTENANCE, REPAIRS & PARTS	1,429,500	1,091,543

GENERAL & ADMINISTRATIVE EXPENSES

TOTAL CAPITAL IMPROVEMENTS 236,077 69,030

OTHER SOURCES (USES)
Bond Principal (14,800,833) (14,800,833)

Study

cluded Scenario B - Meet

\$3,032,794 to be
maintain the current rates
clude withdrawals from
Debt Service Reserve
3.

in amount of \$1,823,177
above, \$3,032,794 is
reserve Funds to maintain
fully projected short pay
3.

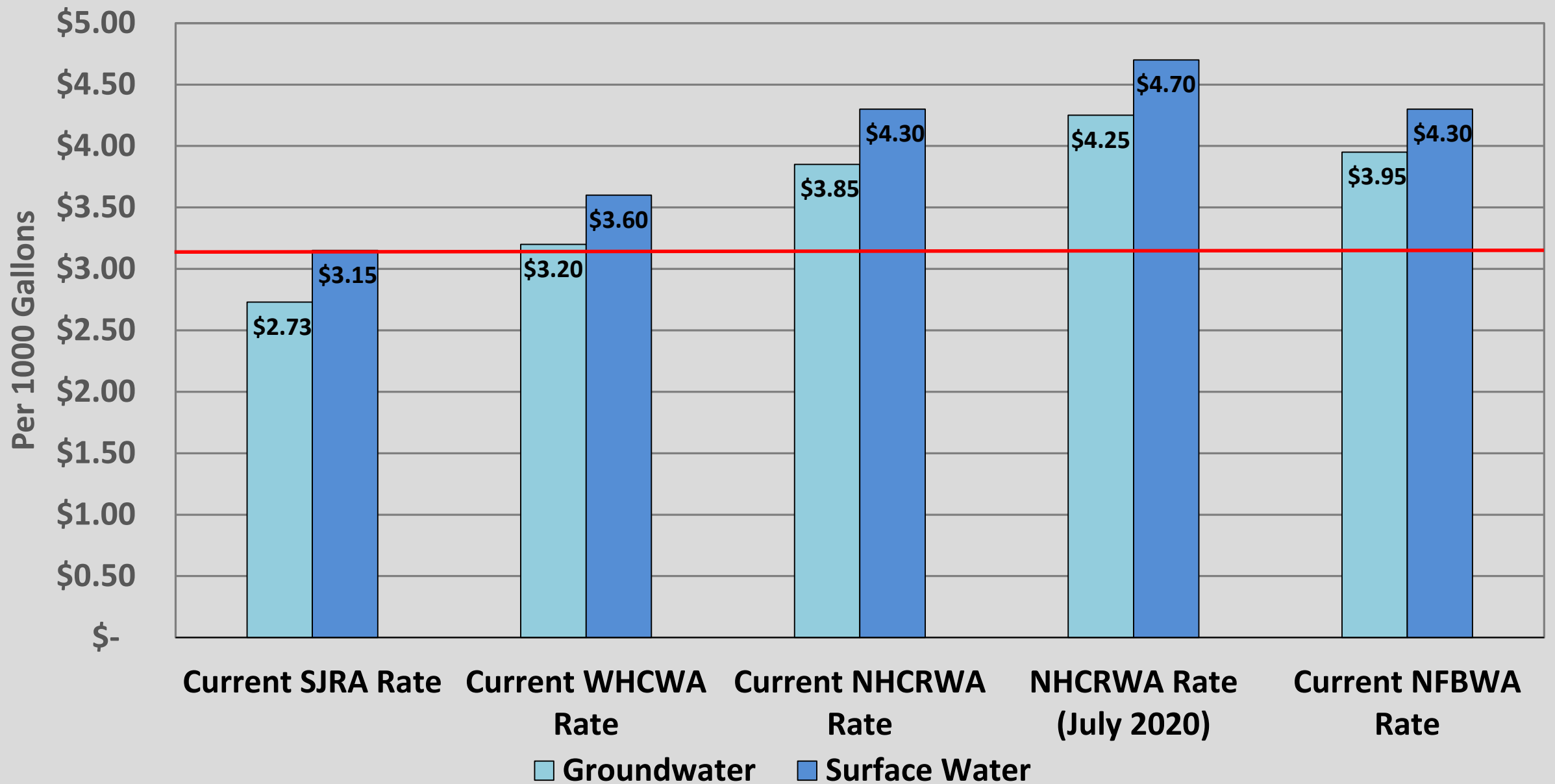
1 server, network backup
ludes in the 2019 Rate

total expenditures
additional capital

tion of \$1,174,076 to the
wing the GRP Review
posed FY 2021 Budget
rating and Rate
duction in the Debt Service

Keys to the FY 2021 Budget

- Rates remain constant – 0% increase
 - Pumpage = \$2.73/1000 gallons
 - Surface Water = \$3.15/1000 gallons
- 51.5 MGD Annual Average Total Water Demand
- 12 MGD Annual Average Surface Water Production
 - Limits surface water availability
- \$3,032,794 budgeted withdrawals from Debt Service Reserve
- No Contributions to Emergency Fund or Repair and Replacement Fund – Both have balance of \$0
- Flow of funds to meet Bond covenants



No Amendment to Rate Order Required

- Current GRP Rate Order Adopted June 27, 2019
- Section 3.01
 - Pumpage Fee = \$2.73/1000 gallons
- Section 3.02
 - Import Fee = \$2.73/1000 gallons
- Section 3.03
 - Surface Water Fee = \$3.15/1000 gallons

Questions & Discussion

