



# **GRP Review Committee Meeting**

**April 25, 2022**

# Item 1

## Call to Order

# Item 2

## Public Comments

# Item 3

## Approval of Minutes

# Item 4

## GRP Division Updates

# DEADLINE SCHEDULE FOR GRP APPOINTMENT PROCESS

**April, 2022**

Notices mailed to participants that are “conservation and reclamation districts, other than members of The Woodland Joint Powers Agency, or its successors, which are located primarily to the west of Interstate Highway 45”, “municipalities, exclusive of the City of Conroe”, and "members of The Woodland Joint Powers Agency, or its successors".

**July 1, 2022**

Nomination resolutions are due to the San Jacinto River Authority (SJRA).

**August 1, 2022**

Deadline for SJRA to send out ballots to Participants mentioned above for contested nominations.

**November 1, 2022**

Deadline to return ballots and appointment resolutions to SJRA.

**December 1, 2022**

Deadline for SJRA to declare results.

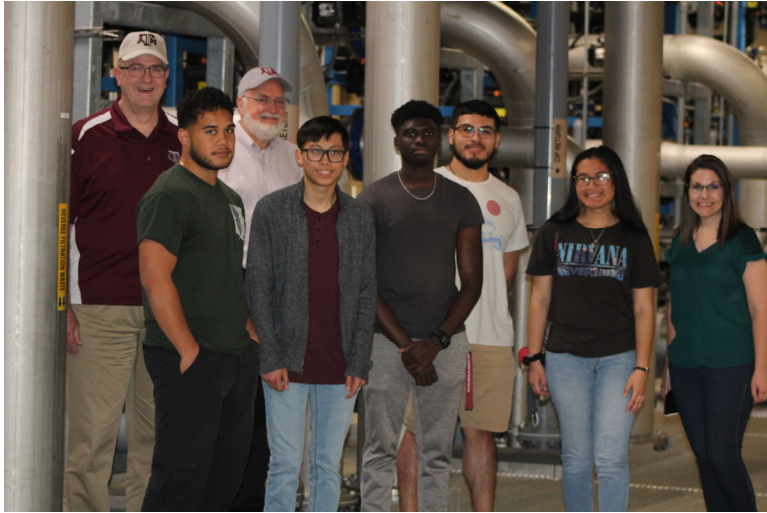
**January 23, 2023**

Seat new members



# Community Engagement





- April 1, 2022 ~ Blinn College tour of Lake Conroe Division and GRP Surface Water Plant

- April 6, 2022 ~ Presenter at East Montgomery County Chamber of Commerce



- Community Ribbon Cuttings



# Blinn College Tour – Lake Conroe & GRP

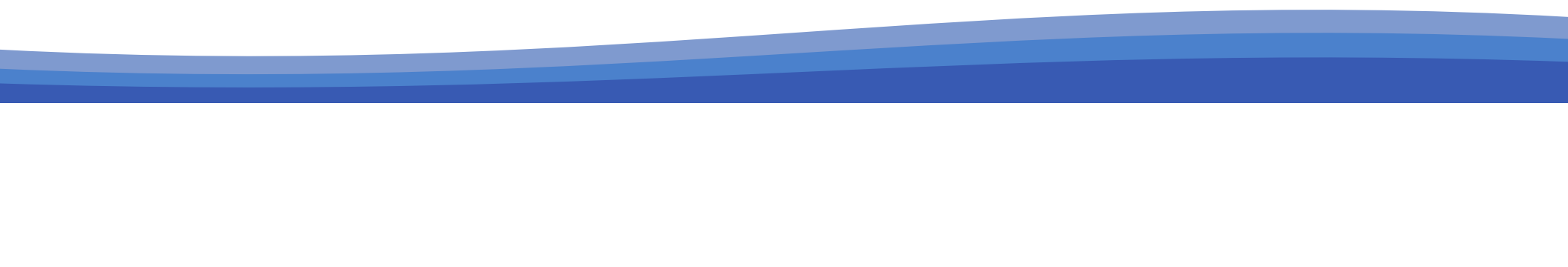


# East Montgomery County Chamber of Commerce

## *Luncheon & Community Ribbon Cuttings*



# Future Projects/Events

- Network in Action Presentations
    - ▶ Magnolia Group – May 10, 2022
    - ▶ Montgomery County Group – May 12, 2022
    - ▶ Conroe Group – May 18, 2022
  - Active collaboration with Lone Star College to develop programs for operators
  - Building communication with local schools to encourage outreach programs and opportunities for further engagement
- 

**Item 5**  
**Lone Star Groundwater Conservation**  
**District Update**

**Item 6**  
**Groundwater Management Area**  
**(GMA) 14 Update**

**Item 7**  
**Discuss and Act on Fiscal Year 2023 Budget  
and Rate Order**



# FY2023 GRP Budget

GRP Review Committee  
April 25, 2022



# FY2023 GRP Budget Schedule

Date	Audience	FY 2023 GRP Budget Activity
<del>January 24</del>	<del>Review Committee</del>	<del>Budget Process, Demands, and Guidelines</del>
<del>February 22</del>	<del>Review Committee</del>	<del>Receive Recommendations for FY23 Budget Considerations</del>
March 21	Review Committee	10-Year Project Plan Presentation
March 24	SJRA Board	10-Year Project Plan Presentation
<b>April 25</b>	<b>Review Committee</b>	<b>FY23 Draft Budget &amp; Rate Order Presentation</b>
April 28	SJRA Board	FY23 Draft Budget & Rate Order Presentation
May 16	Review Committee	Review Committee Vote on FY23 Budget and Rate Order
May 26	SJRA Board	Vote on FY23 GRP Rate Order
August 25	SJRA Board	Vote on Proposed FY23 GRP Operating Budget

*Dates are subject to change.*



# Reserve/Fund Structure & Criteria

Reserve/Fund	Basis of Target Reserve/Fund Level	Minimum Target Balance	Balance As of 3.31.22
<b>Operating &amp; Rate Stabilization</b>	90-days of annual O&M budget.	\$6,152,239	\$3,356,192
<b>Emergency</b>	Approximate cost of major water line break.	\$2,000,000	\$0
<b>Repair &amp; Replacement</b>	Based on a 10-Year R&R Plan.	\$3,400,000	\$0
<b>Total</b>		<b>\$11,552,239</b>	<b>\$3,356,192</b>

*Reserve/Fund structure and flow of funds as recommended by the GRP Review Committee February 25, 2019 and adopted by SJRA Board of Directors on February 28, 2019.*

# Budget Assumptions



**FY2022  
(Current)**

**52.70 MGD**

**12 MGD**

**All 65% GW:35% SW**

**FY2023**

**54.54 MGD**

**13 MGD**

**Woodlands 50%:50%  
All other 65% GW:35% SW**

# Budget Comparison

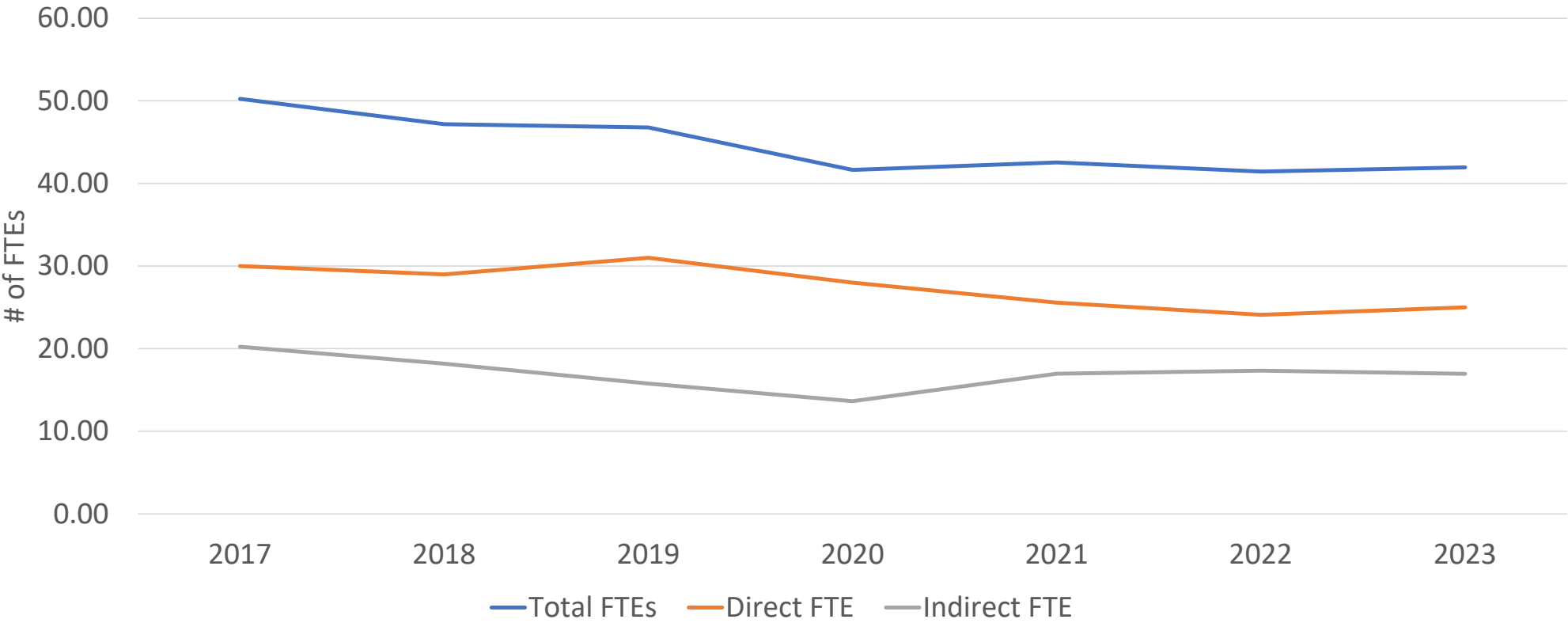
Category	FY21 Actual	FY22 Budget *	FY23 Proposed
Operating Revenues	\$ 56,809,491	\$ 57,968,611	\$ 72,680,922
Other Revenues	\$ 1,483,972	\$ 5,400	\$ 5,400
<b>Revenue Totals</b>	<b>\$ 58,293,463</b>	<b>\$ 57,974,011</b>	<b>\$ 72,686,322</b>
O&M Expenses	\$ (19,297,000)	\$ (21,349,633)	\$ (24,608,956)
Debt Service	\$ (34,591,547)	\$ (34,618,836)	\$ (34,638,668)
Capital Items	\$ (115,129)	\$ (1,136,969)	\$ (872,741)
Other Cash Sources/(Uses)	\$ (7,322,682)	\$ (160,000)	\$ (12,499,712)
<b>Expense Totals</b>	<b>\$ (61,326,359)</b>	<b>\$ (57,265,438)</b>	<b>\$ (72,620,077)</b>
<b>Change to Fund Balance</b>	<b>\$ (3,032,896)</b>	<b>\$ 708,573</b>	<b>\$ 66,245</b>

\* Change to Fund Balance does not include uncollected revenue in FY22 Budget.

# Expenses, Capital, & Debt Service

Category	FY21 Actual	FY22 Budget	FY23 Proposed
Staff Payroll & Benefits	\$ 4,526,705	\$ 4,821,392	\$ 5,123,011
Professional Fees (W/Legal)	\$ 1,841,404	\$ 2,251,000	\$ 2,365,450
Purchased and Contracted Services	\$ 206,732	\$ 256,100	\$ 298,015
Supplies, Materials and Utilities	\$ 10,179,807	\$ 11,824,721	\$ 14,235,158
Maintenance Repairs, Parts and Rentals	\$ 2,006,284	\$ 1,677,780	\$ 2,093,960
Bad Debt Expense	\$ 124,880	\$ -	\$ -
General and Administrative	\$ 411,188	\$ 518,640	\$ 493,362
<b>Totals of O&amp;M Expenses</b>	<b>\$ 19,297,000</b>	<b>\$ 21,349,633</b>	<b>\$ 24,608,956</b>
Other Expenses (Capital Improvements)	\$ 115,129	\$ 1,136,969	\$ 872,741
Debt Service	\$ 34,591,547	\$ 34,618,836	\$ 34,638,668
<b>Totals of Other Expenses and Debt Service</b>	<b>\$ 34,706,677</b>	<b>\$ 35,755,804</b>	<b>\$ 35,511,409</b>

# Salaries & Employee Count



# Professional Fees

Category	FY21 Actual	FY22 Budget	FY23 Proposed
Legal Fees	\$ 1,716,291	\$ 2,100,000	\$ 2,100,000
Disclosure Filing	\$ 500	\$ 500	\$ 500
Annual Financial Audit	\$ 21,554	\$ 30,000	\$ 22,000
Arbitrage Rebate Audit	\$ 6,500	\$ 6,500	\$ 3,250
Paying Agent Fees	\$ 5,000	\$ 6,000	\$ 4,500
Engineering	\$ 88,261	\$ 100,000	\$ 220,000
Safety Inspections & Testing	\$ 357	\$ 2,000	\$ 7,700
Graphic Design	\$ 2,941	\$ 6,000	\$ 7,500
<b>Total - Professional Fees</b>	<b>\$ 1,841,404</b>	<b>\$ 2,251,000</b>	<b>\$ 2,365,450</b>

# Professional Services *Engineering*

## Panther Branch Fault Study

- Approved for inclusion in FY2023 Budget by Review Committee in February 2022
- Budgeted at \$110,000; study only, no design effort
- A study of the Panther Branch Fault to determine if the fault crosses the GRP water line in the area and the potential impact to the water line.

# Purchased & Contracted Services

Category	FY21 Actual	FY22 Budget	FY23 Proposed
Waste Disposal Services	\$ 6,936	\$ 3,700	\$ 4,200
Sludge Disposal	\$ 157,911	\$ 135,000	\$ 175,000
Meter Calibration Services	\$ 3,702	\$ 3,800	\$ 3,000
Commercial Laboratory Fees	\$ 10,866	\$ 21,600	\$ 23,000
Other Services	\$ 4,360	\$ 5,500	\$ 5,500
Groundwater District & Permit Fees	\$ (44,834)	\$ 500	\$ 500
Employee Testing	\$ 42	\$ 3,700	\$ 3,715
Janitorial Services	\$ 57,048	\$ 38,400	\$ 37,950
Water Quality Testing	\$ -	\$ -	\$ -
Public Relations Expense	\$ 384	\$ -	\$ -
Water Conservation & Public Education	\$ 2,415	\$ 31,500	\$ 36,250
Meeting Expenses	\$ 3,129	\$ 5,400	\$ 5,400
Public Official Liability	\$ 4,773	\$ 7,000	\$ 3,500
<b>Total - Purchased &amp; Contracted Services</b>	<b>\$ 206,732</b>	<b>\$ 256,100</b>	<b>\$ 298,015</b>

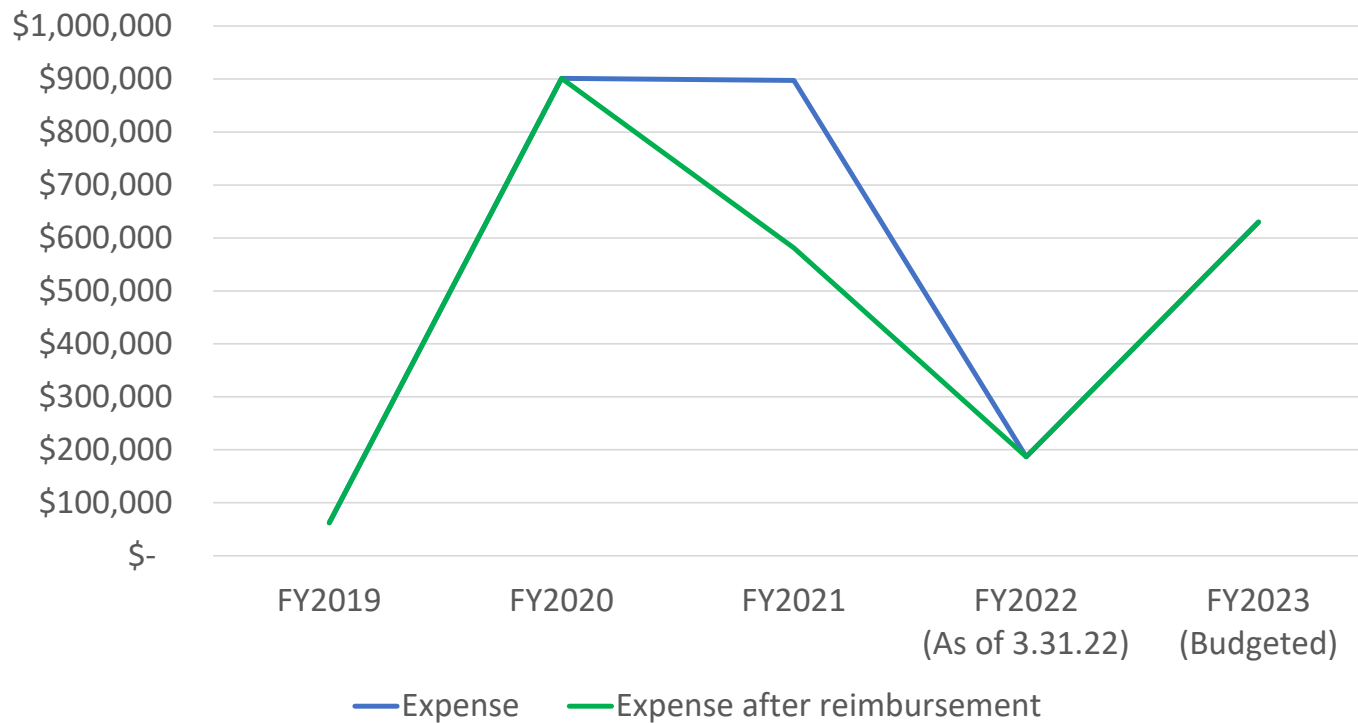


# Supplies, Materials, & Utilities

Category	FY21 Actual	FY22 Budget	FY23 Proposed
Office Supplies & Printing	\$ 3,709	\$ 13,000	\$ 13,000
Other Office Expense	\$ 6,399	\$ -	\$ -
Travel	\$ 3,871	\$ 3,500	\$ 5,900
Automobile & Truck Expense	\$ 11,050	\$ 22,500	\$ 26,500
Storm Preparedness & Response	\$ 3,791	\$ 1,000	\$ 2,500
Postage	\$ 5,647	\$ 3,800	\$ 3,000
Property Insurance	\$ 432,898	\$ 496,800	\$ 1,046,160
Auto Insurance	\$ 14,204	\$ 16,830	\$ 20,196
Liability Insurance	\$ 15,829	\$ 30,690	\$ 36,828
Small Tools Purchases	\$ 13,651	\$ 15,500	\$ 15,000
Training-External	\$ 10,703	\$ 9,800	\$ 23,500
Training-Internal	\$ 400	\$ 5,000	\$ 5,000
Training-Employee HR	\$ 1,038	\$ 2,400	\$ 17,800
Copper Sulfate	\$ 8,906	\$ 20,000	\$ 20,108
Citric Acid	\$ 40,280	\$ 70,000	\$ 173,169

# Property Insurance

## *Waterline Insurance*



### Water Line Insurance

Premium

Was \$190,000

Now \$450,000

Deductible

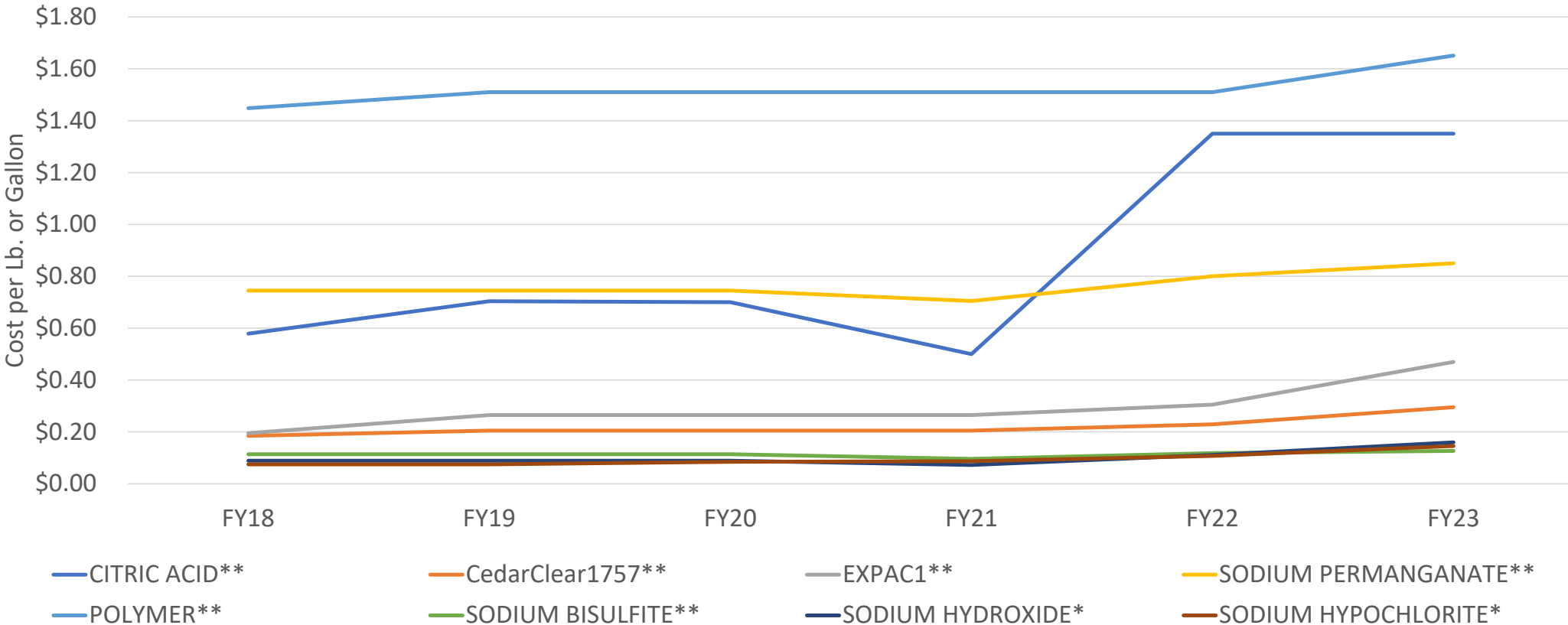
\$250,000

per occurrence

# Supplies, Materials, & Utilities (continued)

Category	FY21 Actual	FY22 Budget	FY23 Proposed
Granulated Activated Carbon	\$ 2,477,666	\$ 2,500,000	\$ 2,700,000
Aluminum Chlorohydrate	\$ 490,343	\$ 568,500	\$ 862,437
Sodium Permanganate	\$ 82,570	\$ 106,955	\$ 130,621
Sodium Bisulfate	\$ 17,191	\$ 15,000	\$ 18,559
Sodium Hydroxide	\$ 35,987	\$ 140,000	\$ 264,537
Sodium Hypochlorite	\$ 152,157	\$ 180,000	\$ 354,900
Polymer	\$ 13,892	\$ 38,500	\$ 39,378
Managers Expense	\$ -	\$ 2,000	\$ 2,000
Employee Relations	\$ 2,561	\$ 5,000	\$ 7,550
Fuel	\$ 68,612	\$ 76,000	\$ 115,600
Uniform Services	\$ 12,059	\$ 16,400	\$ 13,730
Maintenance Supplies	\$ 7,722	\$ 8,000	\$ 13,000
Supplies - Lab	\$ 19,373	\$ 13,200	\$ 14,500
Operations Supplies	\$ 18,500	\$ 24,500	\$ 27,000
Memberships & Professional Dues	\$ 832	\$ 1,000	\$ 1,000

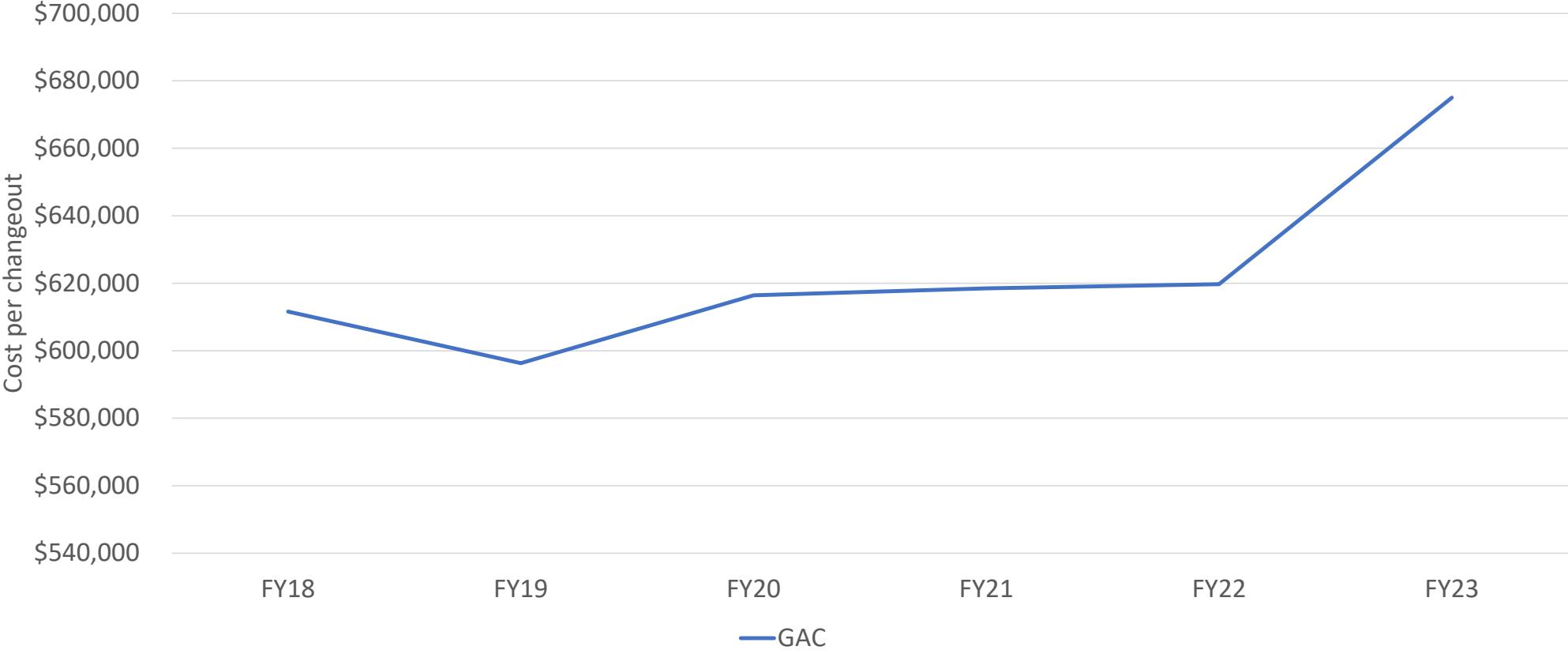
# Chemicals



\* Bid in 2022; \*\* Bid in 2020

# Granulated Activated Carbon (GAC)

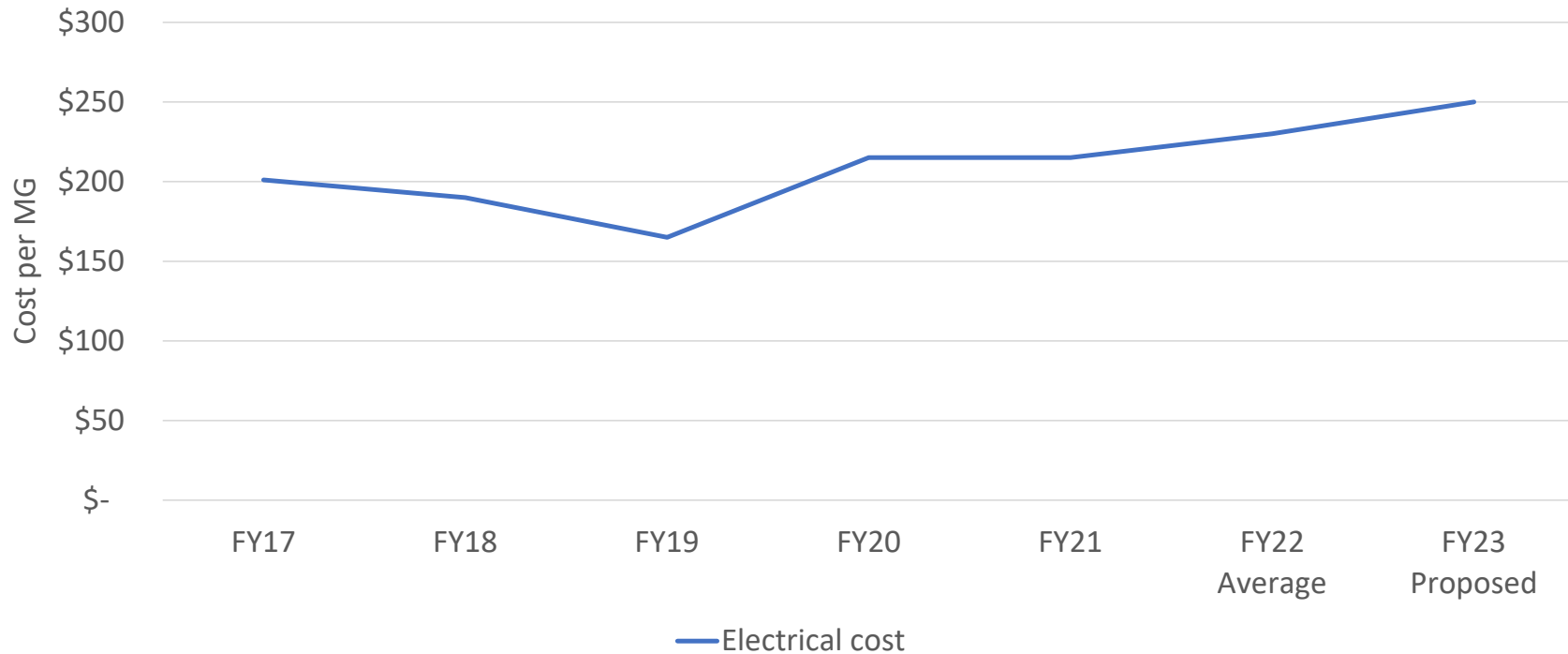
*Currently receiving bids*



# Supplies, Materials, & Utilities (continued)

Category	FY21 Actual	FY22 Budget	FY23 Proposed
Copier, Scanner & Fax	\$ 5,161	\$ 5,300	\$ 3,625
Utilities-Electric	\$ 1,077,618	\$ 942,000	\$ 1,216,250
Utilities-Sewer	\$ 305,081	\$ 219,000	\$ 237,300
Lab Contracts-Support/Maintenance	\$ 5,790	\$ 10,000	\$ 12,500
Reservation Fees-City of Houston	\$ 1,838,621	\$ 2,790,419	\$ 3,006,146
Reservation Fees-SJRA	\$ 438,195	\$ 328,217	\$ 299,054
Supply Use Fee-SJRA	\$ 2,206,848	\$ 2,767,980	\$ 3,113,448
Bank Service Charges	\$ (70)	\$ -	\$ -
Personal Protective Equipment	\$ 2,393	\$ 700	\$ 6,840
Safety Equipment & Meetings	\$ 5,411	\$ 2,000	\$ 2,000
Health & Wellness Program	\$ -	\$ 950	\$ 1,900
Recruiting Expenses	\$ 2,225	\$ 10,500	\$ 11,875
Computer Hardware	\$ 113,291	\$ 95,605	\$ 67,247
Software & Support	\$ 113,722	\$ 102,527	\$ 119,015
Software Maintenance	\$ 44,581	\$ 56,250	\$ 70,300

# Electric Utilities



*The GRP Surface Water Plant is in Entergy's service area and not eligible for non-regulated energy pricing.*

# Supplies, Materials, & Utilities (continued)

Category	FY21 Actual	FY22 Budget	FY23 Proposed
Physical Security	\$ -	\$ 45,750	\$ 48,038
Network Communications	\$ 11,504	\$ 5,122	\$ 7,258
Publications & Subscriptions	\$ 97	\$ 500	\$ 500
Newspaper Ads	\$ 528	\$ 1,000	\$ 1,000
Wireless Devices & Services	\$ 26,756	\$ 30,320	\$ 31,680
Landline Telephone Services	\$ 10,215	\$ 4,707	\$ 5,709
<b>Total - Supplies, Materials, &amp; Utilities</b>	<b>\$ 10,179,807</b>	<b>\$ 11,824,721</b>	<b>\$ 14,235,158</b>



# Maintenance, Repairs, Parts, & Rentals

Category	FY21 Actual	FY22 Budgeted	FY23 Proposed
Equipment Rentals	\$ -	\$ 1,500	\$ 1,000
Office, Furniture, & Fixtures	\$ 1,993	\$ 2,000	\$ 2,000
Air Conditioner	\$ 133,993	\$ 179,600	\$ 160,000
Mowing	\$ 61,268	\$ 75,000	\$ 132,000
Buildings & Grounds Maintenance	\$ 56,394	\$ 102,900	\$ 81,000
Building Repair & Modifications	\$ 6,892	\$ 10,000	\$ -
Plants & Facilities	\$ 13,721	\$ 60,400	\$ 146,500
Security System Monitoring	\$ 2,998	\$ 7,680	\$ 5,180
Electrical	\$ 201,034	\$ 100,500	\$ 226,200
Generators	\$ 24,463	\$ 38,000	\$ 43,700
Pumps & Motors	\$ 24,503	\$ 81,200	\$ 64,500
Compressor	\$ 1,409	\$ 6,500	\$ 10,000
Aerators	\$ 3,257	\$ 6,400	\$ 7,000

# Maintenance, Repair, Parts, & Rentals (continued)

Category	FY21 Actual	FY22 Budget	FY23 Proposed
Machinery, Tools, & Implements	\$ 15,140	\$ 15,000	\$ 34,800
Belt Press	\$ 8,628	\$ 15,500	\$ 17,000
Clarifier	\$ 3,760	\$ 8,000	\$ -
Pipeline Transmission System	\$ 897,243	\$ 405,200	\$ 630,000
Lines, Valves, & Pipes	\$ 116,062	\$ 75,000	\$ 65,000
Laboratory Equipment	\$ 889	\$ 3,500	\$ 3,500
Instrumentation Equipment & Parts	\$ 104,846	\$ 168,500	\$ 164,280
Pretreatment	\$ 4,283	\$ 6,000	\$ 6,000
Membrane	\$ 26,824	\$ 20,000	\$ 40,000
Networking and Communications - SCADA	\$ 166	\$ 4,800	\$ 1,800
Chemical Handling	\$ 16,252	\$ 12,000	\$ 10,000
A/C Contracts-Support/Maintenance	\$ 3,581	\$ 9,500	\$ 10,600
Electrical Contracts-Support/Maintenance	\$ 101,067	\$ 104,100	\$ 67,000

# Maintenance, Repair, Parts, & Rentals (continued)

Category	FY21 Actual	FY22 Budget	FY23 Proposed
Compressor Contracts-Support/Maintenance	\$ 20,339	\$ 19,600	\$ 21,000
Aerator Contracts-Support/Maintenance	\$ 132,000	\$ 132,000	\$ 136,100
Membrane Contracts-Support/Maintenance	\$ 7,400	\$ 7,400	\$ 7,800
Inventory Gains and Losses	\$ 15,879	\$ -	\$ -
<b>Total - Maintenance, Repairs, Parts, &amp; Rentals</b>	<b>\$ 2,006,284</b>	<b>\$ 1,677,780</b>	<b>\$ 2,093,960</b>

# General & Administrative

Category	FY21 Actual	FY22 Budget	FY23 Proposed
General & Administrative Expense Allocated	\$ 411,188	\$ 518,640	\$ 493,362
Bad Debt Expense	\$ 124,880	\$ -	\$ -
<b>Total - General &amp; Administrative</b>	<b>\$ 536,068</b>	<b>\$ 518,640</b>	<b>\$ 493,362</b>

# Capital & Debt Service

Category	FY21 Actual	FY22 Budget	FY23 Proposed
Water Treatment Plant & Facilities	\$ -	\$ 869,000	\$ 15,000
Land	\$ -	\$ -	\$ -
Transmission Line & Facilities	\$ -	\$ 156,000	\$ -
Maintenance Equipment	\$ 42,497	\$ 8,000	\$ 18,500
Transportation Equipment	\$ (5,931)	\$ 53,500	\$ 120,000
Software	\$ 2,949	\$ 994	\$ 676,038
Computer Equipment	\$ 75,615	\$ 49,474	\$ 43,203
<b>Total - Capital</b>	<b>\$ 115,129</b>	<b>\$ 1,136,969</b>	<b>\$ 872,741</b>
Category	FY21 Actual	FY22 Budget	FY23 Proposed
Principal	\$ 14,837,916	\$ 15,333,333	\$ 15,874,583
Interest	\$ 19,753,631	\$ 19,285,502	\$ 18,764,085
<b>Total - Debt Service</b>	<b>\$ 34,591,547</b>	<b>\$ 34,618,836</b>	<b>\$ 34,638,668</b>

# Capital - Software

## ERP Replacement (GRP's Portion)

\$375,000

Replacement of enterprise resource planning (ERP) software. ERP is a software that manages accounting, procurement, insurance, human capital, etc.

## Digital Water System

\$300,000

A Digital Water System utilizes data from various software to form a comprehensive review of budget, asset performance, identify risk and operational efficiencies.

# Other Cash Sources & Uses

Category	FY21 Actual	FY22 Budget	FY23 Proposed
Emergency Reserve	\$ -	\$ (350,000)	\$ (700,000)
Repair & Replacement Fund (Membranes)		\$ (600,000)	\$ (1,400,000)
Bond Funding of Capital items	\$ 47,666	\$ 790,000	\$ -
Debt Service Reserve Funds	\$ -	\$ -	\$ -
Accounts Receivable-Uncollected	\$ (7,370,348)	\$ -	\$ (10,399,712)
<b>Total - Other Cash Sources &amp; Uses</b>	<b>\$ (7,322,682)</b>	<b>\$ (160,000)</b>	<b>\$ (12,499,712)</b>

## Emergency Reserve

FY22 budgeted at \$350,000; *Not* transferred due to low cash balance

FY23 budgeted at \$700,000; Includes FY22 and FY23 transfers

## R&R Fund

FY22 budgeted at \$600,000; *Not* transferred due to low cash balance

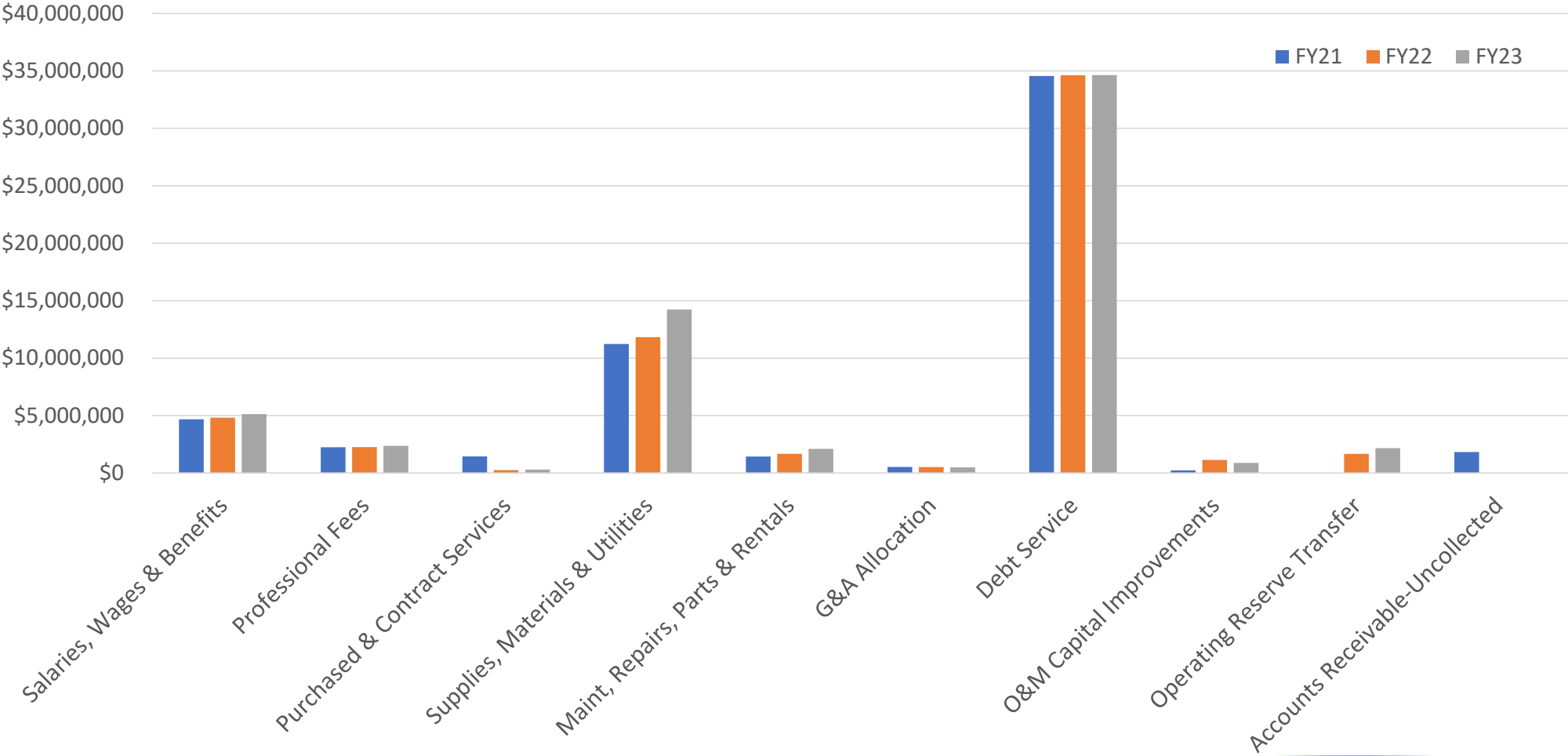
FY23 budgeted at \$1,400,000; Includes FY22 and FY23 transfers

# Past Due Accounts Receivable

<b>Category</b>	<b>Amounts</b>
Past Due Amounts	\$ 14,883,373
Penalties	\$ 734,266
Finance Fees	<u>\$ 2,821,777</u>
<b>Total as of March 23, 2022</b>	<b>\$ 18,439,416</b>

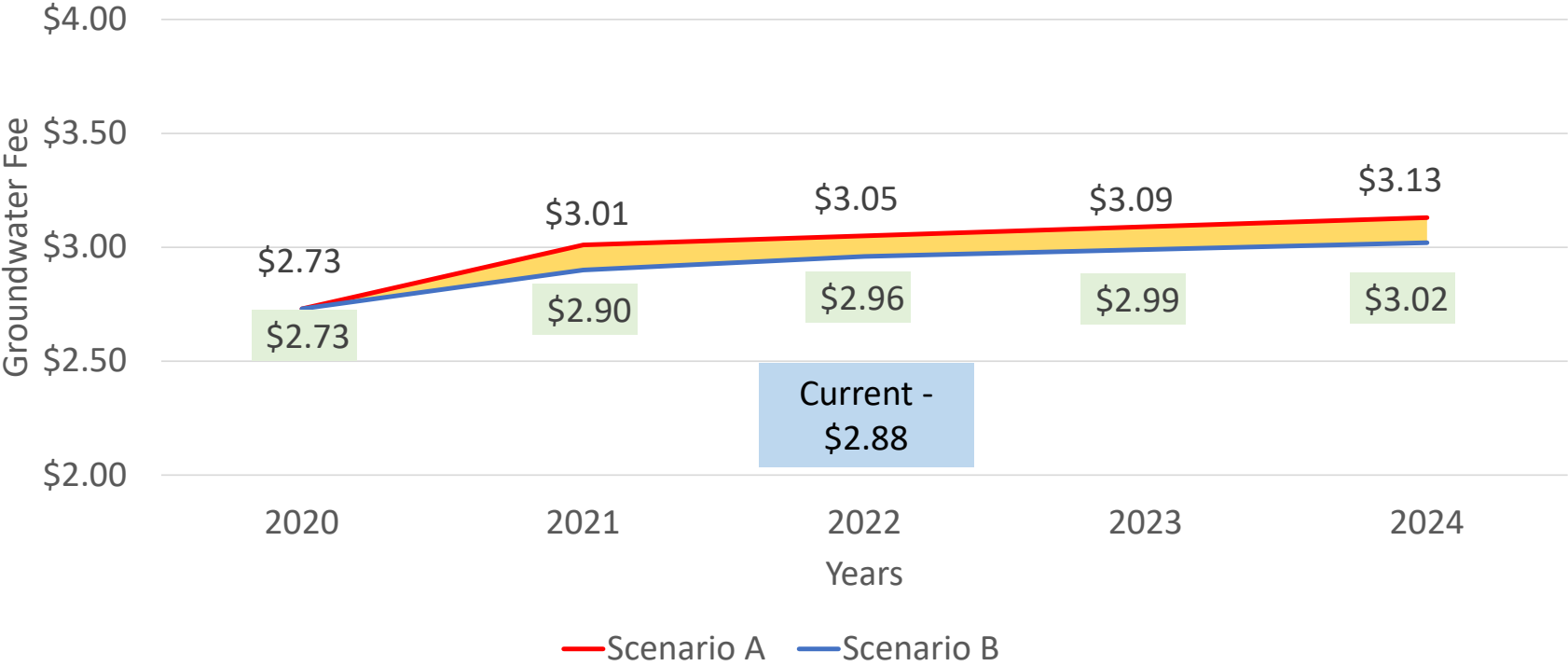


# Budgeted comparison



# Forecasted Groundwater Fee

## *Raftelis - 2019*

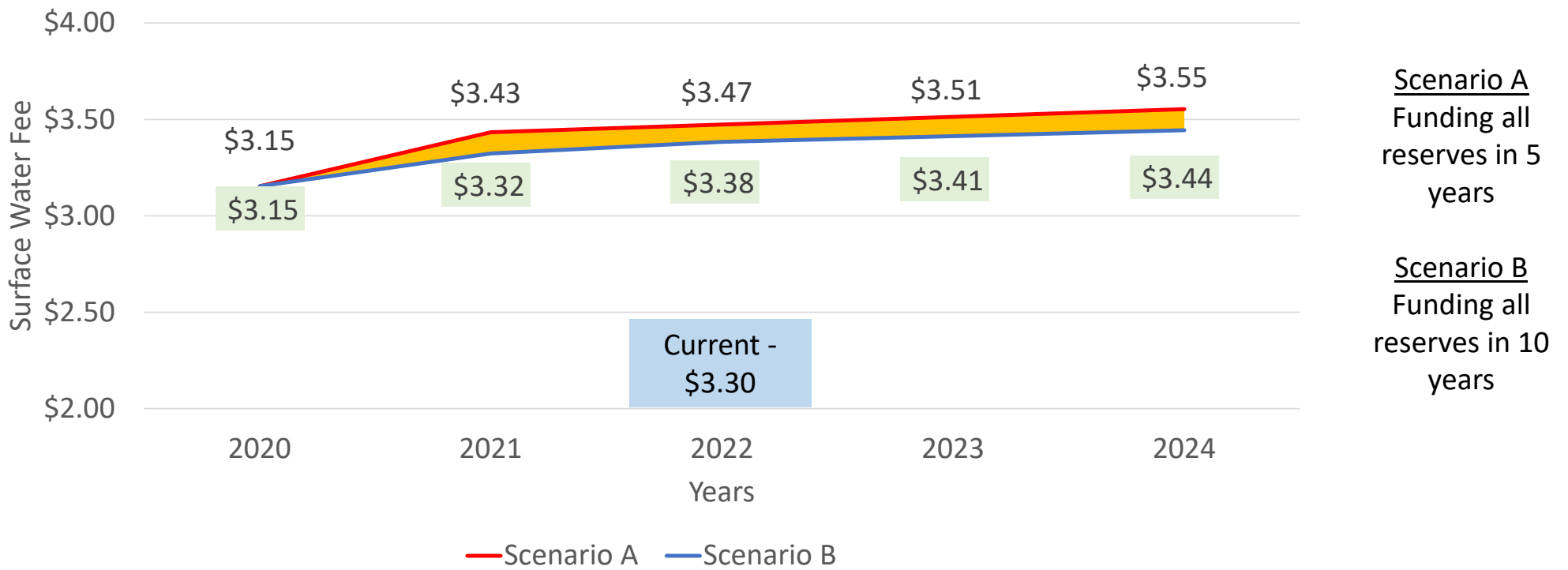


Scenario A  
Funding all  
reserves in 5  
years

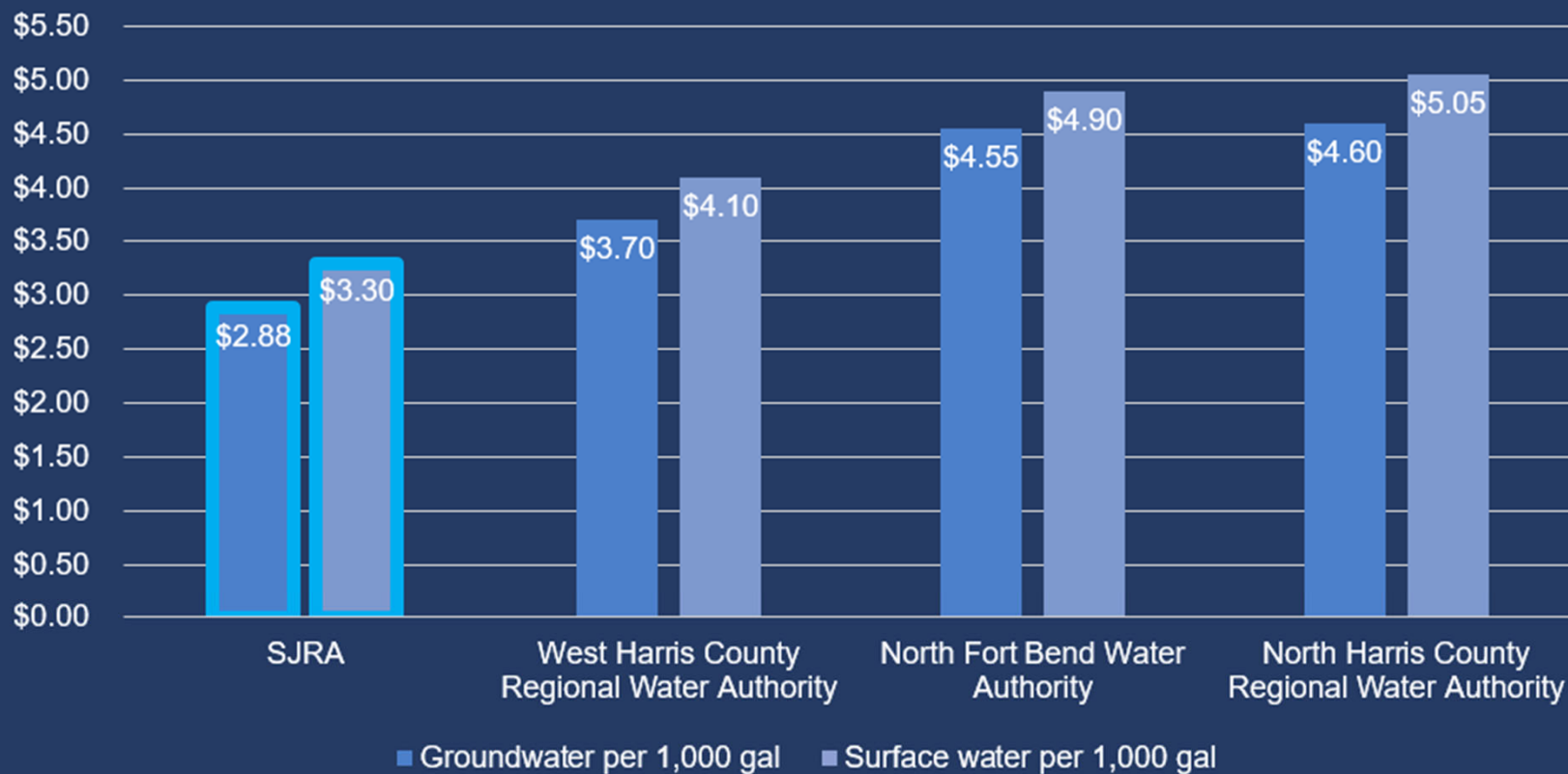
Scenario B  
Funding all  
reserves in 10  
years

# Forecasted Surface Water Fee

## *Raftelis - 2019*



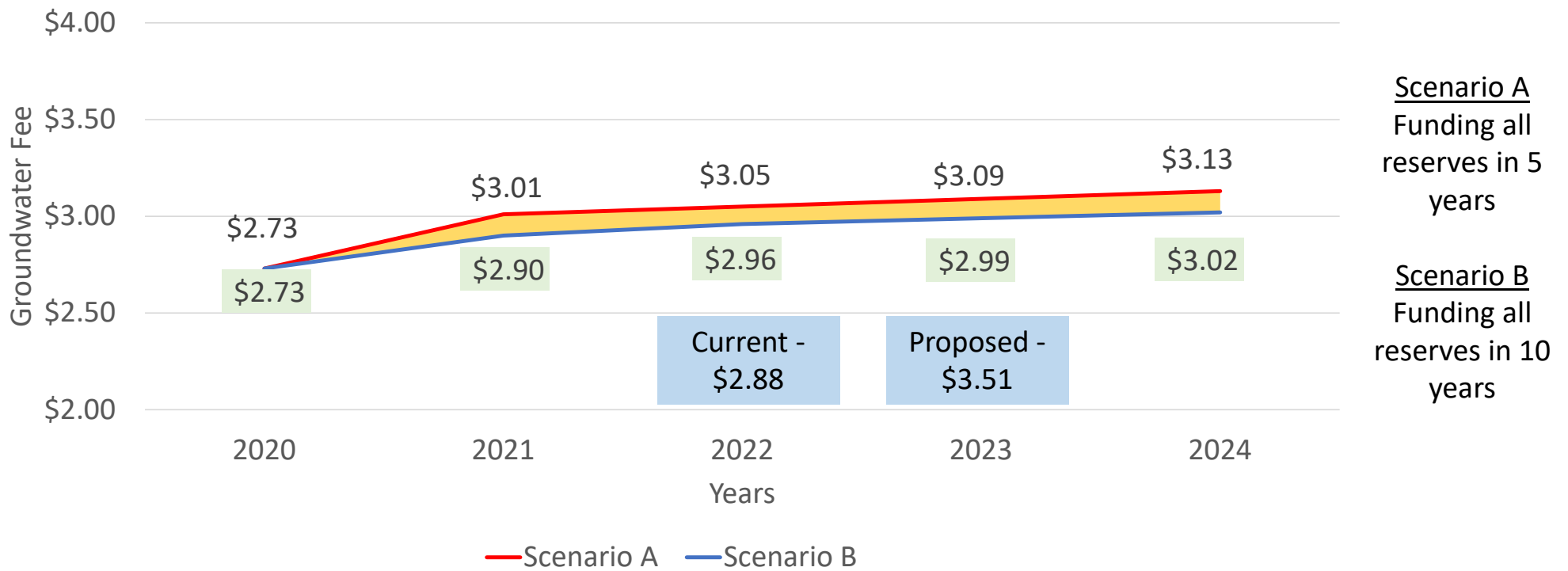
## SJRA Compared to Other Wholesale Providers



Sources: WHCRWA website (<https://www.whcrwa.com/>)  
 NFBWA website (<https://www.nfbwa.com/our-fees>)  
 NHCRA website (<https://www.nhcrwa.com/>)

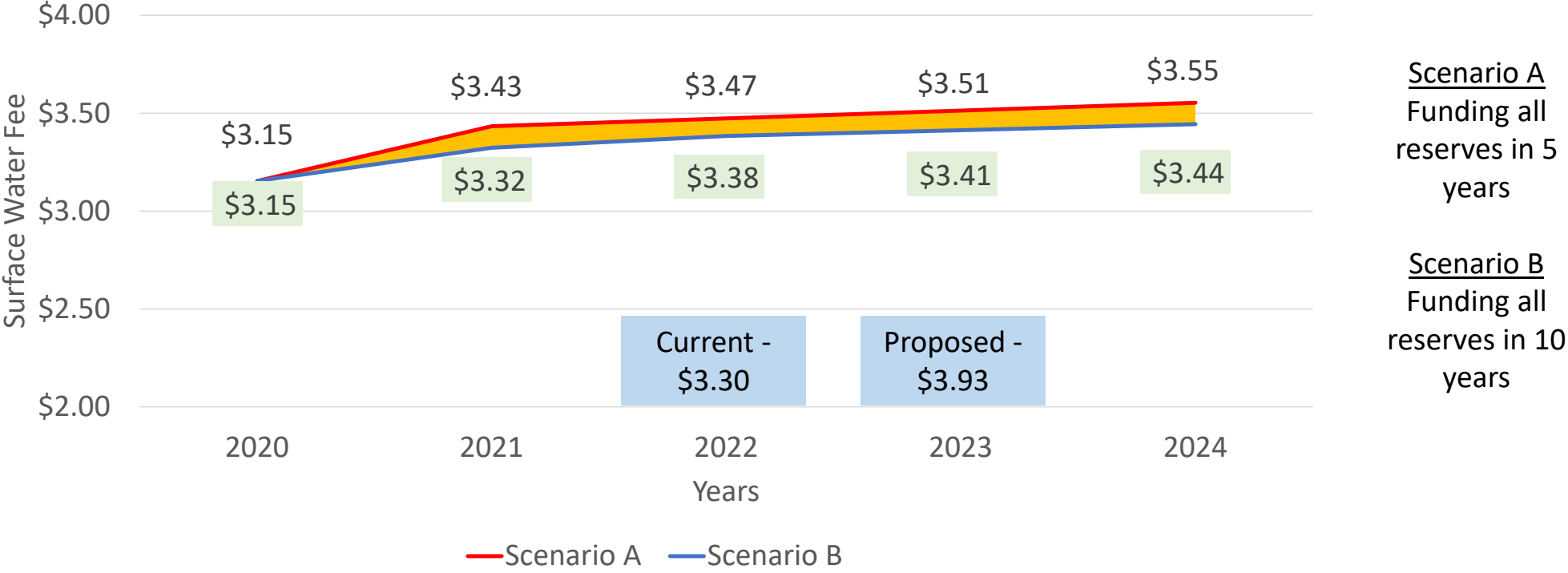
# Recommended Groundwater Fee

## *Covers all short-pays and non-pays*



# Recommended Surface Water Fee

## *Covers all short-pays and non-pays*



# FY2023 GRP Rates *Recommendation*

## Groundwater Pumpage Fee

FY2022

**\$2.88/1,000 gallons**



FY2023

**\$3.51/1,000 gallons**

## Surface Water Delivery Fee

FY2022

**\$3.30/1,000 gallons**

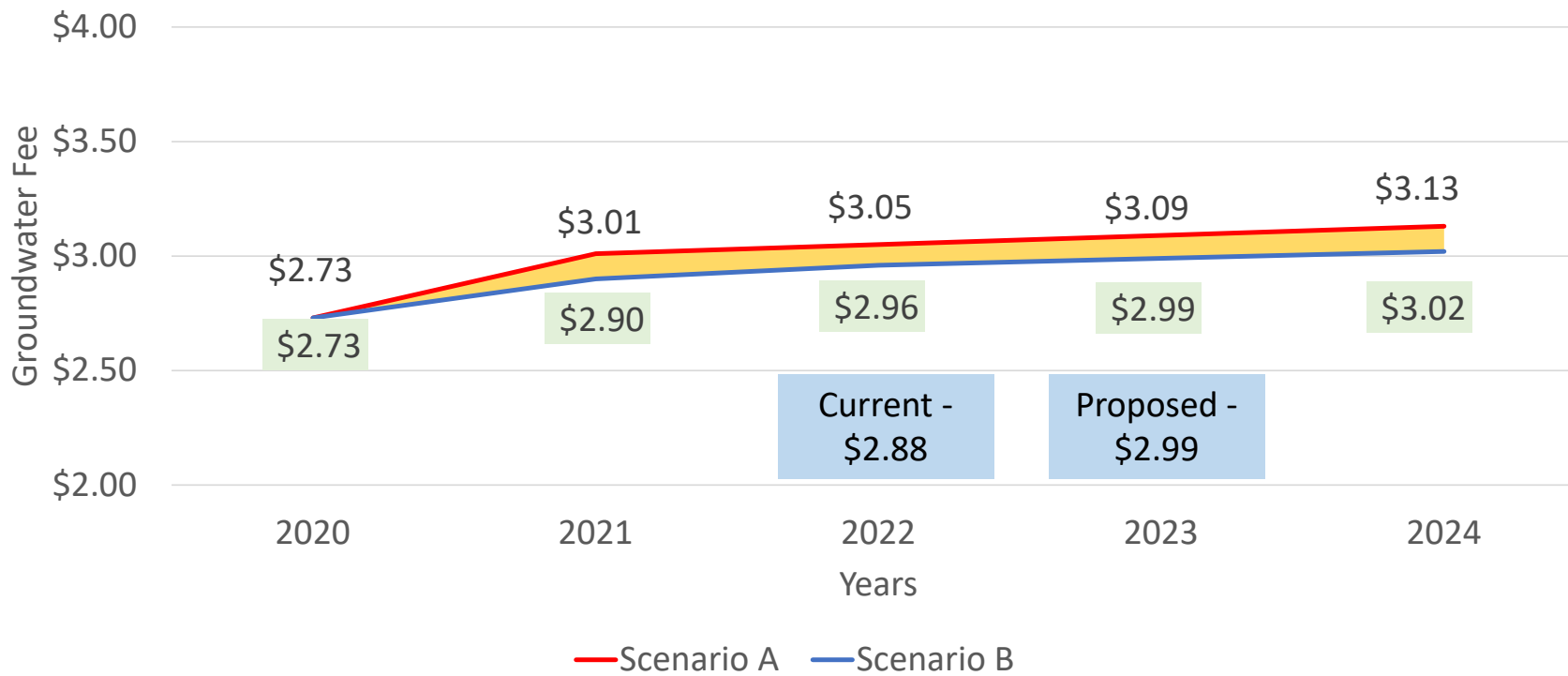


FY2023

**\$3.93/1,000 gallons**

# Alternate Groundwater Fee

*Assumes all Participants pay*



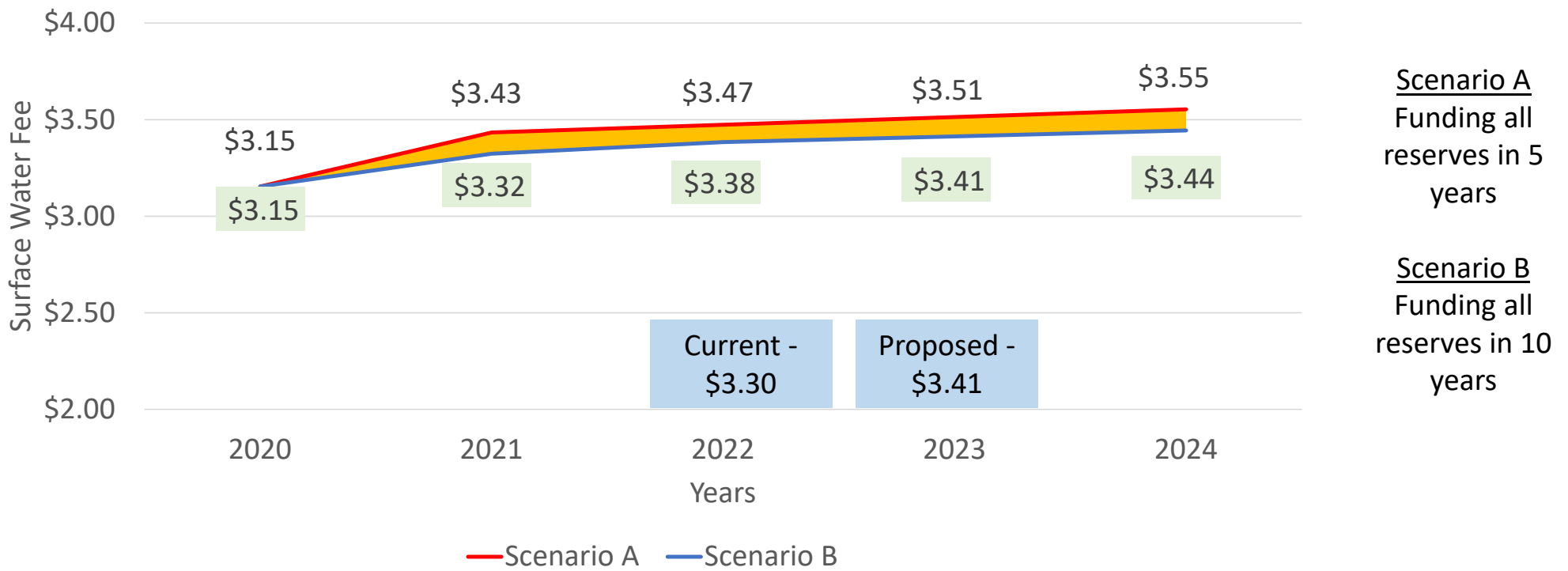
Scenario A  
Funding all reserves in 5 years

Scenario B  
Funding all reserves in 10 years



# Alternate Surface Water Fees

*Assumes all Participants pay*



# FY2023 GRP Rates

## *Alternate*

### Groundwater Pumpage Fee

FY2022

\$2.88/1,000 gallons



FY2023

\$2.99/1,000 gallons

### Surface Water Delivery Fee

FY2022

\$3.30/1,000 gallons



FY2023

\$3.41/1,000 gallons

# Review Committee Decision

## Recommended

- Covers short-pays & non-pays
- Covers O&M expenses
- Groundwater Pumpage
  - \$2.88 to \$3.51
- Surface Water Delivery
  - \$3.30 to \$3.93

## Alternate

- Assumes all Participants pay
- Covers O&M expenses
- Groundwater Pumpage
  - \$2.88 to \$2.99
- Surface Water Delivery
  - \$3.30 to \$3.41

## **Item 8**

**Discuss SJRA Position Relative to Future Phases of GRP Surface Water Treatment Plant and Transmission System**

**Item 9**  
**GRP items for consideration by the**  
**SJRA Board of Directors on April 28, 2022**

# Item 10

## Attorney's Update

**Item 11**  
**Future GRP Review Committee Meeting**  
**Agenda Items**

**Item 12**  
**Future Meeting Schedule and Agenda Items:**  
**Monday, May 16, 2022**



# Item 13 Adjourn