



GRP Review Committee Meeting

April 24, 2023

Item 1

Call to Order

Item 2

Public Comments

Item 3

Approval of Minutes

Item 4

GRP Division Updates

Item 5
Consider and Act on Recommendation
for Process Water Recovery Basins
Lining Improvements

Process Water Recovery Basin Lining Improvements



Project Scope

- Replacement of existing failing cement sand lining with concrete lining.
- Inspection of existing piping and either application of corrosion protection system or replacement of piping.
- Improve maintenance and operations.

Procurement

- Issued Competitive Sealed Proposal on January 27, 2023
- Received 3 proposals on February 27, 2023.
- Interviewed 2 Contractors on March 22, 2023.

Recommendation

- Kean Construction, LLC. - \$2,348,897.50
- 210 Calendar Days

Item 6

**Discuss a Request for Surface Water from
Montgomery County MUD 88, Montgomery
County MUD 89, and Spring Creek Utility
District**

Item 7
Presentation of GRP Division's Fiscal
Year 2024 Budget



FY2024 GRP Budget

GRP Review Committee
April 24, 2023

FY2024 GRP Budget Schedule

Date	Audience	FY 2024 GRP Budget Activity
January 23	Review Committee	Budget Process, Demands, and Guidelines
February 21	Review Committee	Receive Recommendations for FY24 Budget Considerations
March 20	Review Committee	10-Year Project Plan Presentation
March 23	SJRA Board	10-Year Project Plan Presentation
April 24	Review Committee	FY24 Draft Budget & Rate Order Presentation
April 27	SJRA Board	FY24 Draft Budget & Rate Order Presentation
May 22	Review Committee	Review Committee Vote on FY24 Budget and Rate Order
May 25	SJRA Board	Vote on FY24 GRP Rate Order
August 24	SJRA Board	Vote on Proposed FY24 GRP Operating Budget

Dates are subject to change.

Budget Assumptions

FY2023 (Current)

- 54.54 MGD
- 13 MGD – SWTP Production
- 35% GW:65% SW

- \$2.99/1,000 gallons; GW Pumpage
- \$3.41/1,000 gallons; SW Delivery

FY2024 (Proposed)

- 54.54 MGD
- 13 MGD – SWTP Production
- Woodlands 50% GW:50% SW
- All others 65% GW:35% SW

- \$2.99/1,000 gallons; GW Pumpage
- \$3.41/1,000 gallons; SW Delivery

FY24 Budget Comments

- Assumes all Participants pay per contract terms.
- Groundwater Pumpage - Remains \$2.99/1,000 gals
- Surface Water Delivery – Remains \$3.41/1,000 gals
- Total Demand Remained Flat at 54.54MGD with SW production at 13MGD.
- Covers all O&M expenses
 - Increase in Professional Fees due to Rate Study in FY24.
 - Inflationary increases from Suppliers for Chemicals, GAC, and Electricity.
 - Savings on Pipeline Insurance Coverage due to full Emergency Reserve.
- FY24 Operating & Rate Stabilization Reserve increases by \$241,310 to \$6,393,549.

Budget Comparison

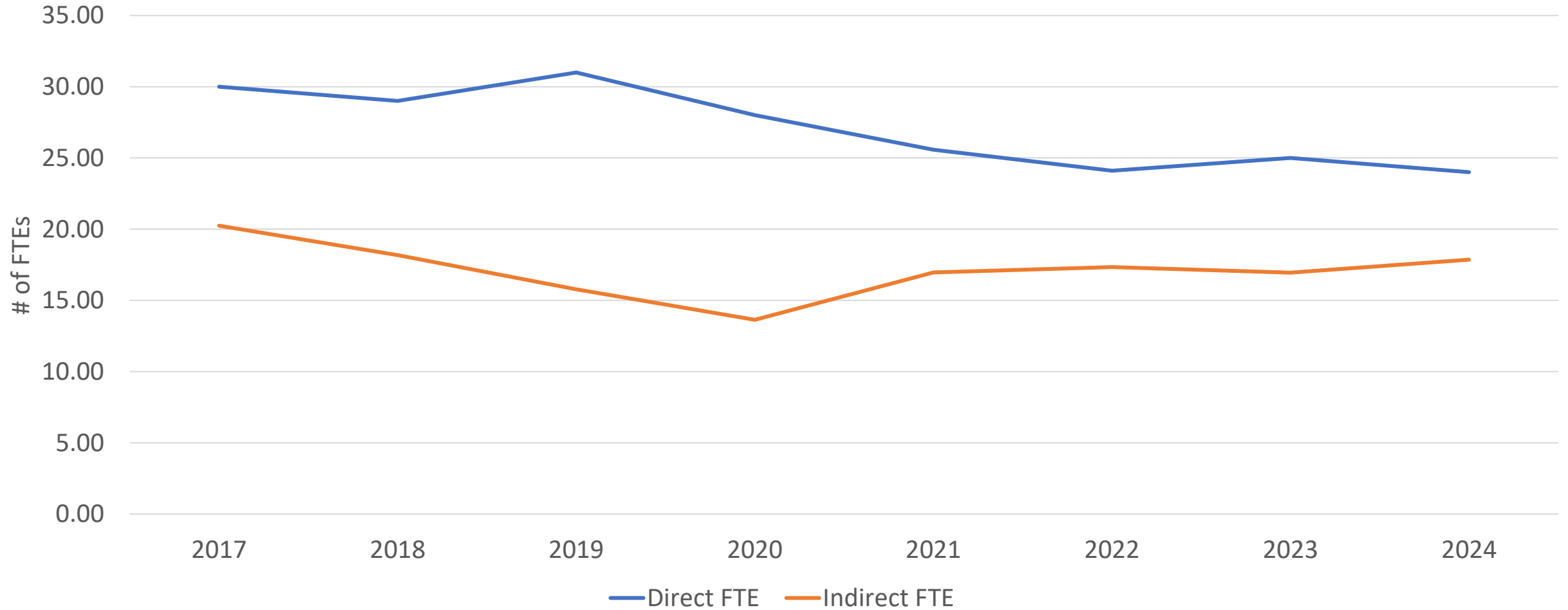
Category	FY22 Actual	FY23 Amended Budget *	FY24 Proposed
Operating Revenues	\$ 70,774,671	\$ 62,329,221	\$ 62,351,778
Other Revenues	\$ 2,539,845	\$ 5,400	\$ 125,208
Revenue Totals	<u>\$ 73,314,516</u>	<u>\$ 62,334,621</u>	<u>\$ 62,476,986</u>
O&M Expenses	\$ (18,238,294)	\$ (24,608,956)	\$ (25,574,196)
Debt Service	\$ (34,123,418)	\$ (34,638,668)	\$ (34,670,894)
Capital Items	\$ (115,130)	\$ (2,772,741)	\$ (2,164,781)
Other Cash Sources/(Uses)	\$ (8,565,439)	\$ (6,000,000)	\$ (67,115)
Expense Totals	<u>\$ (61,042,281)</u>	<u>\$ (68,020,365)</u>	<u>\$ (62,476,986)</u>
Change to Fund Balance	<u>\$ 12,272,235</u>	<u>\$ (5,685,744)</u>	<u>\$ -</u>

*Amended February 23, 2023

GRP O&M Expenses

Category	FY22 Actual	FY23 Amended Budget	FY24 Proposed
Salaries, Wages, & Employee Benefits	\$ 4,619,316	\$ 5,123,011	\$ 5,005,281
Professional Fees	\$ 1,553,725	\$ 2,365,450	\$ 2,583,700
Purchased & Contracted Services	\$ 232,275	\$ 298,015	\$ 356,369
Supplies, Materials, & Utilities	\$ 10,584,016	\$ 14,235,158	\$ 15,065,026
Maintenance, Repairs, Parts, & Rentals	\$ 1,310,172	\$ 2,093,960	\$ 2,024,020
Bad Debt Expense	\$ (205,486)	\$ -	\$ -
General & Administrative	\$ <u>144,276</u>	\$ <u>493,362</u>	\$ <u>539,801</u>
Total O&M Expenses	\$ 18,238,294	\$ 24,608,956	\$ 25,574,197

Spotlight: FTEs



Expenses, Capital, & Debt Service

Category	FY22 Actual	FY23 Amended Budget	FY24 Proposed
Salaries, Wages & Employee Benefits	\$ 4,619,316	\$ 5,123,011	\$ 5,005,281
Professional Fees	\$ 1,553,725	\$ 2,365,450	\$ 2,583,700
Purchased and Contracted Services	\$ 232,275	\$ 298,015	\$ 356,369
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General and Administrative	<u>\$ 144,276</u>	<u>\$ 493,362</u>	<u>\$ 539,801</u>
Total O&M Expenses	\$ 18,238,294	\$ 24,608,956	\$ 25,574,197
Capital Items	\$ 115,129	\$ 2,772,741	\$ 2,164,781
Debt Service	<u>\$ 34,123,418</u>	<u>\$ 34,638,668</u>	<u>\$ 34,670,894</u>
O&M Expenses, Capital Items and Debt Service	<u>\$ 52,476,841</u>	<u>\$ 62,020,365</u>	<u>\$ 62,409,872</u>

Reserve/Fund Structure & Criteria

Reserve/Fund	Basis of Target Reserve/Fund Level	Minimum Target Balance FY23	Current Balance (As of 3.31.23)	FY24 Proposed Balance
Operating & Rate Stabilization	3 Months of annual O&M budget.	\$6,152,239	\$6,152,239	\$6,393,549
Emergency	Approximate cost of major water line break.	\$2,000,000	\$2,019,510	\$2,020,000
Repair & Replacement	Based on a 10-Year R&R Plan.	\$4,600,000	\$4,641,518	\$4,650,000
Total		\$11,552,239	\$12,813,267	\$13,063,549

*FY24 Operating & Rate Stabilization Target will increase to \$6,393,549
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.*

Past Due Accounts Receivable

September 1, 2016 thru April 19, 2023

Category	Amounts
Past Due Amounts	\$ 23,918,817
Penalties	\$ 1,172,439
Finance Fees	<u>\$ 5,266,562</u>
Total as of April 19, 2023	\$ 30,357,818

Amended Rate Order – GRP Participants

Consider Adoption by the San Jacinto River Authority Board of Directors of an amended Rate Order for GRP Participants, effective September 1, 2023.

Budget Comparison

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Revenue Totals	<u>\$ 73,314,516</u>	<u>\$ 62,334,621</u>	<u>\$ 62,476,986</u>
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Expense Totals	<u>\$ (61,042,281)</u>	<u>\$ (68,020,365)</u>	<u>\$ (62,476,986)</u>
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*Amended February 23, 2023

Staff Recommendation for May meeting: Approve FY24 Budget for GRP



Item 8
Lone Star Groundwater Conservation
District Update

Item 9
GRP items for consideration by the
SJRA Board of Directors on April 27, 2023

Item 10

Attorney's Update

Item 11
Future GRP Review Committee Meeting
Agenda Items

Item 12
Future Meeting Schedule

May 22, 2023

Item 13 Adjourn