



SJRA
SAN JACINTO RIVER AUTHORITY

GRP Review Committee

June 22, 2026

SJRA
SAN JACINTO RIVER AUTHORITY

1. Call to Order

2.

Public Comments

3. Work Session

3.1

Items by GRP Administrator

3.1.1

History, Development and Regulatory Context of the GRP Program

Regulation to our South

- Harris-Galveston Subsidence District (HGSD) is a special-purpose district created by the Texas Legislature in 1975 to regulate groundwater withdrawal in Harris and Galveston counties to end subsidence.
- HGSD adopted regulatory framework that:
 - Required water demand to be met with supplies other than groundwater.
 - Established different geographic areas based on subsidence data.
 - Established timeframes for converting to alternative water supplies, and benchmarks for conversion, for the different areas.

Legend

Average Annual Subsidence Rate (cm/yr.) from 2021 to 2025

- Greater than 2.0
- < 2.0 - 1.5
- < 1.5 - 1.0
- < 1.0 - 0.5
- Less than 0.5 or POR less than 3 years

Groundwater Use by Regulatory Area in Million Gallons Per Day (MGD) in 2025

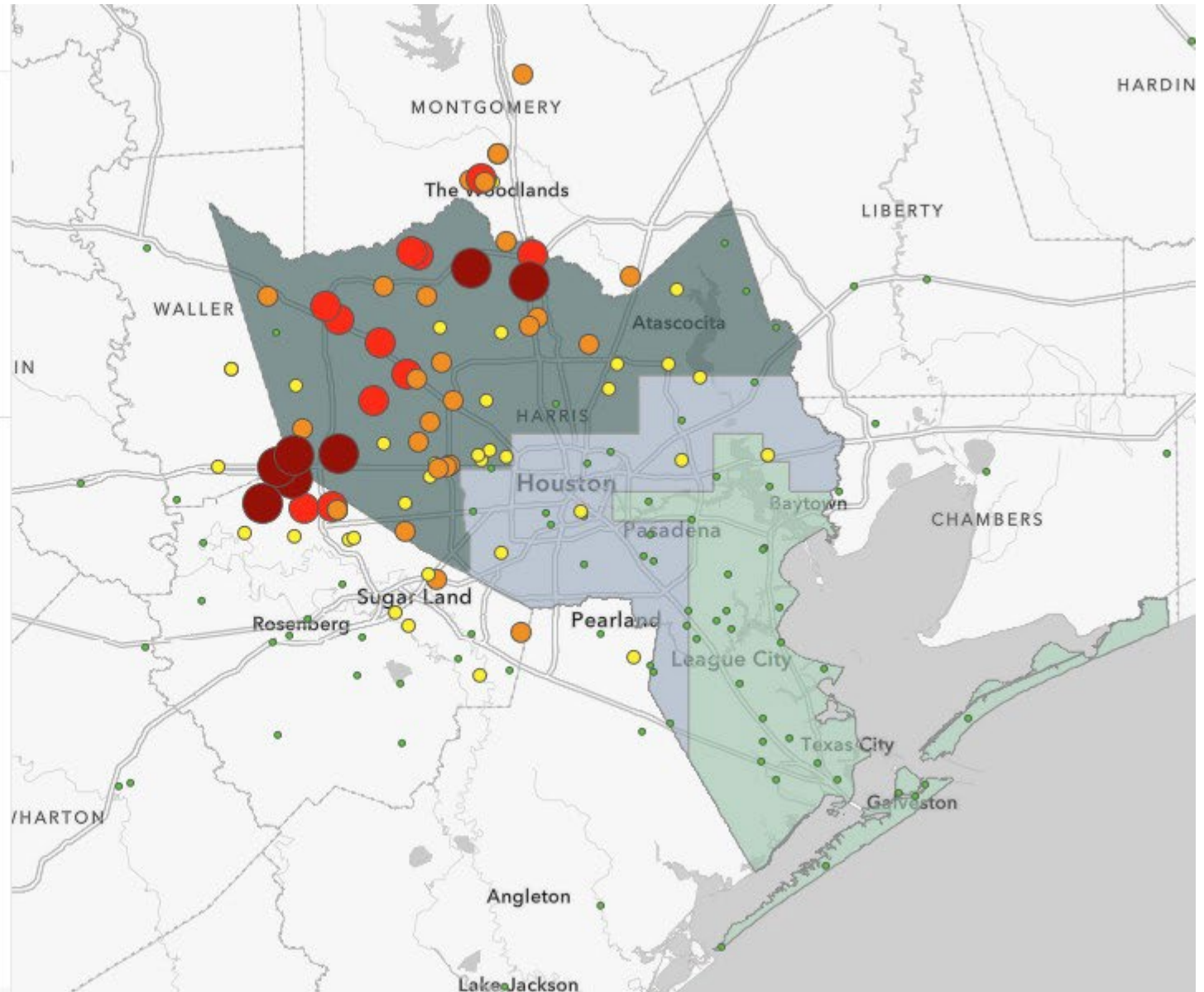
Area 3: 194 MGD



Area 2: 28 MGD

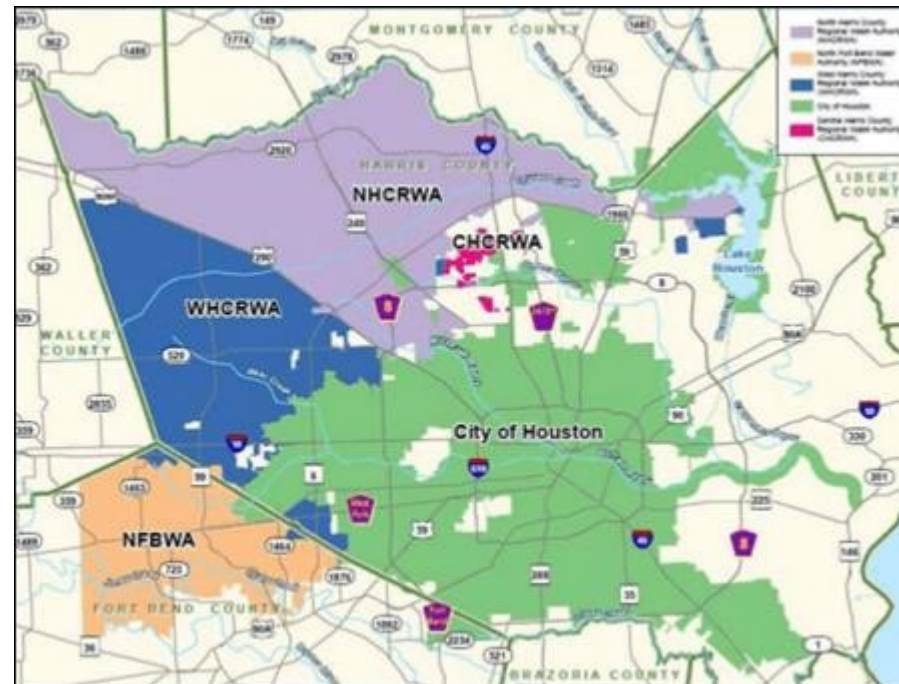


Area 1: 11 MGD



Response to HGSD Regulation in Area 3

- The Texas Legislature created the North Harris County Regional Water Authority (NHCRWA) in 1999, and the creation was subsequently confirmed by an election.
- NHCRWA was charged with the responsibility of developing and implementing a Groundwater Reduction Plan (GRP) for regulated groundwater users within its boundaries.
- Other regional water authorities created in the years following creation of NHCRWA.



Creation of Lone Star

- The Texas Legislature created the Lone Star Groundwater Conservation District (Lone Star) in 2001, which was then approved by Montgomery County voters on November 6, 2001.
- The Legislature designed the Conservation District to be governed by a nine-member board of directors, each appointed by a relevant stakeholder in Montgomery County.

Regulation by Lone Star

- Under its constitutional, statutory, and regulatory obligations to conserve, preserve, and protect groundwater and to prevent subsidence, the Conservation District published a Groundwater Management Plan on October 14, 2003.
- On December 12, 2006, the Conservation District adopted Phase I of its District Regulatory Plan (DRP or Regulations) to reduce groundwater pumping, explicitly stating that “All past, current, and future users of groundwater in Montgomery County are hereby put on notice that the District will curtail both new and historic use of groundwater as necessary by January 1, 2015, to reduce total production and use of groundwater . . . to an amount equal to or less than 64,000 acre-feet per year.”

Regulation by Lone Star

- On February 12, 2008, the Conservation District adopted Phase II(A) of its Regulations, which defined the class of “Large Volume Groundwater Users” (LVGUs) that were required to reduce their groundwater pumping by 30% by 2015 and submit a “Water Resources Assessment Plan” (WRAP) that included projected water demand through 2045 and descriptions of new water supply sources and strategies to meet projected water demands.

SJRA Response

- SJRA was an LVGU by virtue of its ownership and operation of groundwater wells serving The Woodlands MUDs.
- SJRA could either implement a response to Lone Star's regulations for itself and itself alone, or it could implement a regional solution. SJRA's Board chose the latter approach.
- SJRA prepared a Joint WRAP for those that chose to join.
- The Joint WRAP previewed what would be the substance of SJRA's joint GRP – conversion of densely populated areas to treated surface water from Lake Conroe – to meet Lone Star's regulatory requirement:
 - reduce groundwater withdrawals to 70% of 2009 permitted volumes.
- Failure to comply with requirements could result in enforcement by Lone Star, including permit suspension or revocation and the assessment of penalties of up to \$10,000.00 per day per violation, for each day of a continuing violation.

GRP Contracts

- During the WRAP process, SJRA developed and offered a contract (GRP Contract) to provide LVGUs a means to comply with Lone Star's regulations.
- The SJRA and those LVGUs that chose to execute a GRP Contract (collectively, the Participants) would participate in a joint GRP administered by SJRA.
 - Compliance to be provided by the construction and operation of a surface water system, in phases to meet Lone Star benchmarks, that would treat water withdrawn from Lake Conroe and distribute it to densely populated areas.
 - "Over-conversion" of certain Participants to surface water was allowed by Lone Star regulations and reduced overall compliance costs.
- Joint GRP funded by pumpage fees and surface water fees.

Notable GRP Contract Provisions

- Not a water supply contract – Sec. 4.09(f).

“THIS CONTRACT IS INTENDED ONLY TO ENSURE PARTICIPANT'S COMPLIANCE WITH THE PLAN, AND UNLESS AND UNTIL PARTICIPANT CONNECTS TO THE PROJECT UNDER SECTION 4.04 OR 4.05 HEREOF, THIS CONTRACT SHALL NOT BE DEEMED OR CONSTRUED AS A GUARANTEE OR ASSURANCE TO PARTICIPANT OF A SPECIFIC QUANTITY OF WATER FROM THE AUTHORITY, THE PROJECT, OR ANY OTHER SOURCE, EXCEPT AND TO THE EXTENT EXPRESSLY PROVIDED HEREIN...

-**BUT**... SJRA will not reduce surface water delivery to a Participant without the Participant's consent – Sec. 4.09(b).
- Even if converted, a Participant must maintain other water supply sources to meet peak demands (not met with surface water) and to supply water in the event of disruptions in the delivery of surface water – Sec. 4.09(e).

GRP Contract Rate Order Language – Sec. 6.04

“The fees, rates, and charges adopted under the Rate Order shall be at all times the lowest which are:

(1) consistent with good management practices by the Authority;

(2) necessary and proper under *subsection (d)* and compliant with subsections (b), (c), and (e);

(3) consistent with the Authority's statutory and constitutional duties and responsibilities; and

(4) just, reasonable, and nondiscriminatory.”

“(d) In its Rate Order, or any separate written order, the Authority shall adopt such fees, rates, and charges, including those identified in Sections 6.02 and 6.03 hereof, that are sufficient to:

- (1) achieve and maintain compliance with the Plan, the Rules, and the GRP;
- (2) develop, implement, or enforce the GRP;
- (3) accomplish the purposes of this Contract and the GRP;
- (4) recoup any unrecovered losses, damages, costs, or expenses incurred by the Authority, together with interest thereon at a rate not to exceed the interest rate permitted by Section 2251.025, Texas Government Code, resulting, directly or indirectly, from Participant's breach or violation of this Contract or other Participants' breach of similar contracts, the GRP, the Rules, the rules of all regulatory and permitting authorities with jurisdiction, or any other applicable rules, laws or regulatory requirements, or any losses, damages, costs, interest, or expenses incurred by the Authority resulting, directly or indirectly, from its acts or omissions under this Contract, except as otherwise provided in Section 11.01 hereof;
- (5) recoup (i) the reasonable costs incurred by the Authority in connection with the discharge of its obligations under Section 9.03(a) hereof, and (ii) any actual costs incurred by the Authority that are associated with the development of the WRAP (except to the extent Authority has already received funds for the WRAP), the GRP, or the Project, or that otherwise specifically pertain to the subject matter of this Contract;
- (6) purchase, lease, reserve, option, or contract for alternative water supplies by, through, or with third parties or the Authority for the benefit of the Project and the GRP;
- (7) meet administrative, operation, maintenance, repair, and replacement expenses relating to the Project and the GRP;
- (8) pay the principal of, interest on, and redemption prices or costs of any Bonds or other obligations of the Authority issued or incurred, or to be issued or incurred, in connection with the Project or the GRP, pursuant to Article VIII;
- (9) satisfy all rate covenants relating to any such Bonds or other obligations of the Authority relating to the Project or the GRP;
- (10) establish, accumulate, maintain, or replenish one or more operating, debt service, contingency, or emergency reserve funds relating to the Project or the GRP, as deemed reasonably necessary by the Authority;
- (11) offset impacts to GRP and/or Project revenues or expenses related to or arising out of the effects of water conservation, drought contingency, or environmental quality measures or programs of the Authority or others; and
- (12) offset any other costs or expenses, of a like or different nature, resulting from changes in applicable laws, rules, or regulatory requirements or from altered or unforeseen events or circumstances.”

GRP Implementation

- After execution of the GRP Contracts (2010), SJRA submitted its Joint GRP to Lone Star and Lone Star approved the GRP as complying with all applicable regulations.
- SJRA issued over \$530,000,000 in bonds secured by GRP Contract revenues to fund the design and construction of the surface water treatment and distribution system.
- The surface water system was completed on time and under budget. Surface water deliveries commenced in September of 2015 in an effort to earn “early conversion credits” from Lone Star.

Legal Disputes (see excerpts)

- On August 31, 2015, just before surface water began to flow, the City of Conroe, Quadvest, Woodland Oaks Utility, and other utilities sued Lone Star, challenging the legality of the regulations mandating the reduction in groundwater pumpage. Plaintiffs sought a declaration “that the per user production limits included within the Plan have been adopted without lawful authority, are *ultra vires* of [Lone Star’s] powers, and are without lawful effect.”
- Former City of Conroe Mayor Webb Melder appointed to Lone Star in 2017.
- In 2017, the Texas Legislature amends Lone Star’s enabling legislation to change the Board of Directors from a board appointed by permittees/stakeholders to an elected board.
- Political action committee funded the by the private utilities suing Lone Star endorse 7 candidates for the Lone Star board election. All 7 elected in 2018.

Legal Disputes (see excerpts)

- In September 2018, Montgomery County District Court issued a partial summary judgment, striking down Lone Star's regulations and concluding that the district lacked the legal authority to mandate specific groundwater reduction percentages. Lone Star appeals.
- After the newly elected Board members are seated, Lone Star terminates the attorney handling the appeal as well as its General Manager.
- On January 22, 2019, the new Lone Star Board approved a settlement agreement ending the pending litigation that challenged Lone Star's groundwater regulations.
- Rather than rescinding the challenged pumping limits, including the 30% reduction achieved 2016 – which would have mooted the litigation – the new Lone Star Board agreed to a May 17, 2019, final judgment that it was “without legal authority” to limit pumping, and that its pumping limits “consequently are, and have been, unlawful, void, and unenforceable.”

Impact to GRP and GRP Contracts

- SJRA continues to provide treated surface water to those that were previously converted in order to comply with Section 4.09(b).
- SJRA continues to collect pumpage fees and surface water fees under Section 6.04, primarily to pay for debt service on outstanding bonds and operations and maintenance expenses for surface water system.
- In light of the language in Section 6.04 regarding rates, and the rescission of Lone Star's regulatory requirements:
 - No plans for future phases of the surface water system.
 - Additional connections to the system, and additional water deliveries, are only considered for approval if rates will not increase as a result.

3.1.2

Status and Process for the Proposed Global Amendment to GRP Contracts

Context

- City of Conroe requested GRP Contract amendments in connection with the settlement of ongoing litigation with SJRA.
- Some of the requested amendments could be implemented by amending only the GRP Contract between the City of Conroe requested GRP Contract.
- Certain amendments affected other Participants and could only be implemented by a global amendment to all GRP Contracts.

Summary of Global Amendment

- **Termination of GRP Enforcement:** The Authority no longer has the right or obligation to implement or enforce a GRP or require mandatory connections to the surface water system. The Review Committee's related roles are also terminated. Charges related to these terminated tasks cannot be included in GRP rates.
- **End of Regulatory Compliance Role:** The Authority will no longer have the obligation to ensure Participant compliance with any future Conservation District regulations, including groundwater reduction or well permitting requirements, and cannot charge for these terminated responsibilities.
- **Future Groundwater Regulation Contracts:** Should new groundwater regulations arise, the Authority may choose whether to contract with regulated entities, determine participants, and set contract terms, but current contracts do not obligate current Participants to enter future agreements. These future contracts must not impair the Authority's surface water delivery obligations.
- **No Expansion as GRP Expense:** The Authority will not construct new facilities to expand the existing surface water system as a GRP expense. Normal maintenance and upgrades are allowed, and expansions funded outside the GRP contracts may proceed only with requesting Participant consent and without increasing costs to existing Participants.

Summary of Global Amendment

- **Continued Operation and Water Delivery:** The Authority will continue to own, operate, and maintain the existing surface water system infrastructure and maintain water delivery to current Participants, except as modified by specific provisions regarding increases or new connections.
- **Optional Increased Water Delivery:** Upon Participant request, the Authority may increase water production and delivery if it reduces or maintains GRP fees, with contracts securing assurances such as minimum fees or special rates for additional water.
- **New Connection Requests:** The Authority may approve new Participant connections to the project if such connections reduce or maintain fees for all Participants. Construction costs for connections are the requesting Participant's responsibility.
- **Waiver of Import Fees:** The GRP Administrator will develop and implement a process, in consultation with the GRP Review Committee, to waive import fees when a Participant imports water from a non-Participant to meet additional water demands, provided certain conditions are met.
- **Rate Review Procedures:** The amendment mandates independent rate reviews at least every three years to ensure consistency with contract provisions.
- **Mediation Procedures:** The amendment updates mediation procedures for disputes, specifically provides that disputes are subject to mediation. If a Participant fails to pay the contested rates during mediation, the Authority reserves the right to initiate litigation for the payment default. The amendment allows all Participants to join mediation and makes the results binding upon all Participants.

Process

- *To be effective, the Global Amendment must be approved by Participants representing at least 85% of annual water demand in the GRP by January 1, 2027 – Sec. 9.04(ii).*
 - SJRA has calculated and sent out letters to Participants identifying their voting percentage.
 - SJRA has called for a received comments on the Global Amendment.
 - Under the Settlement Agreement between the City of Conroe and SJRA, the City has the option to withdraw its approval of the Global Amendment if same is revised in response to Participant comments. Therefore, SJRA has forwarded all Participant comments to the City of Conroe for review.
 - SJRA awaits City of Conroe responses to Participant comments before submitting the Global Amendment for vote.

3.1.3 GRP Updates

Pretreatment Basin - Cover Replacement



New covers are made from high-grade chemical-resistant stainless steel, designed to float on the water surface within the basin. This innovative design prevents damage from wind and ensures that sun exposure does not lead to deterioration.



Surface Water Requests

Entity	Request Made	Approval Date	Notes
MUD 88, 89, and Spring Creek UD	03/22/24	02/24/25	In design
City of Conroe	08/15/25	08/15/25	Operational
City of Oak Ridge North	06/24/24	07/22/24	Operational
WC&ID No. 1	10/14/24		<i>Pending GRP Review Committee and SJRA Board approval</i>
MSEC	05/29/25	07/21/25	Operational
MUD 94	08/06/25		<i>Contract pending MUD 94, GRP Review Committee, and SJRA Board approval.</i>
MUD 99	12/09/25	<i>pending</i>	Approval contingent on FY27 Budget
Woodlands MUDs	03/11/26	<i>pending</i>	Approval contingent on FY27 Budget
Spring Creek UD	04/01/26		Contract in development

Surface Water Requests

FY27 Compared to FY29/FY30, if Approved

SWTF Production	FY2027			FY2029 / FY2030		
	Daily Minimum MGD	Daily Maximum MGD	Daily Average MGD	Daily Minimum MGD	Daily Maximum MGD	Daily Average MGD
MUD 99	1.02	1.02	1.02	1.02	1.02	1.02
Rayford Road MUD	0.50	1.10	0.56	0.50	1.10	0.56
SMC MUD	0.60	1.00	0.57	0.60	1.00	0.57
City of Oak Ridge North	0.15	0.30	0.19	0.15	0.30	0.19
City of Conroe	7.00	10.00	8.50	7.00	10.00	8.50
Woodlands MUDs	5.40	12.20	8.80	5.40	12.20	8.80
MSEC	1.00	2.00	1.50	1.00	2.00	1.50
MUD 94	-	-	-	0.20	0.50	0.35
WC&ID #1	-	-	-	0.16	0.16	0.16
MUD 88 & 89, SCUD	-	-	-	0.20	0.50	0.35
SCUD	-	-	-	0.20	0.50	0.35
Total	15.67	27.62	21.14	16.43	29.28	22.35

3.2

Lone Star Groundwater Conservation District

4. Action Items

4.1

Approval of Minutes

Recommendation

Approve the Minutes of the GRP Review Committee meeting of May 21, 2026.

4.2

Fiscal Year 2027 Operating Budget for the GRP Division

Surface Water Production & Pumpage

Budgeted Demand	FY26 (MGD)	FY27 (MGD)	Increase
Groundwater Pumpage	47.90	49.48	3.2%
Surface Water Production	20.06	21.14	5.1%
Total Water Demand	67.96	70.62	3.8%

MGD Allocations	FY26 Surface Water (Budgeted MGD)	FY27 Surface Water (Proposed MGD)
MC MUD 99	0.59	1.02
Rayford Road MUD	0.56	0.56
SMC MUD	0.57	0.57
City of Oak Ridge North	0.19	0.19
City of Conroe	8.50	8.50
SJRA - Woodlands	7.80	8.80
MSEC	1.50	1.50
MUD 89	0.35	0.00
Total Average Day (MGD)	20.06	21.14

Budget Assumptions

Rates: No increase

Surface Water Fee – \$3.10 per 1,000 gallons

Groundwater Fee – \$2.51 per 1,000 gallons

Salaries and Benefits:

Salaries – 4% increase on actual

Health Insurance – 10% increase on actual

Worker's Comp – 5% increase on actual

Electricity: 5% increase on actual

Raw Water Supply:

City of Houston – 2% rate increase yearly

SJRA – 9% rate increase

R&R Fund Contribution: Increased from \$4.26M to \$6.0M

SW Production: Change from 20.06 MGD to 21.14 MGD

Total Demand: Change from 67.96 MGD to 70.62 MGD

Recommendation

Recommendation to the SJRA Board of Directors
relating to the adoption of the
Fiscal Year 2027 Operating Budget
for the GRP Division.

4.3

Surface Water Request

**Montgomery County Water Improvement &
Control District No.1 (WCID#1)**

Montgomery County Water Improvement & Control District #1

Source Type	Requested Amount (Gallons per year)	Adjusted Amount (Gallons per year)
Surface water	146,000,000	60,000,000
Groundwater pumpage	10,000,000	92,000,000

Original request made on October 14, 2024.

Discussed with the GRP Review Committee in October 2024.

Approval of Supplemental Agreement contingent on the surface water supply having no rate increase to the GRP Rates and Fees.

Recommendation

Recommendation to the SJRA Board of Directors relating to the approval of a Supplemental Agreement with Montgomery County Water Control & Improvement District #1 and their request for surface water supply.

4.4
Surface Water Request
Montgomery County
Municipal Utility District 94 (MUD94)

Montgomery County MUD No. 94

Source Type	Requested Amount (Gallons per year)	Adjusted Amount (Gallons per year)
Surface water	127,000,000	135,000,000
Groundwater pumpage	127,750,000	127,750,000

Original request made on August 6, 2025.

Discussed with the GRP Review Committee in August 2025.

Approval of Supplemental Agreement contingent on the surface water supply having no rate increase to the GRP Rates and Fees.

Recommendation

Recommendation to the SJRA Board of Directors relating to the approval of a Supplemental Agreement with Montgomery County MUD 94 and their request for surface water supply.

5. Future GRP Review Committee Meeting Agenda Items

Jul-26							Aug-26							Sep-26						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
			1	2	3	4							1			1	2	3	4	5
5	6	7	8	9	10	11	2	3	4	5	6	7	8	6	7	8	9	10	11	12
12	13	14	15	16	17	18	9	10	11	12	13	14	15	13	14	15	16	17	18	19
19	20	21	22	23	24	25	16	17	18	19	20	21	22	20	21	22	23	24	25	26
26	27	28	29	30	31		23	24	25	26	27	28	29	27	28	29	30			
							30	31												
GRP Review Committee Meeting							SJRA Board Meeting							Holiday - SJRA Closed						

6.
Adjourn