



San Jacinto
River Authority



FY2020 Budget

Approved by Board on August 22, 2019

San Jacinto River Authority
Approved Operating Budgets
For Fiscal Year September 1, 2019 to August 31, 2020

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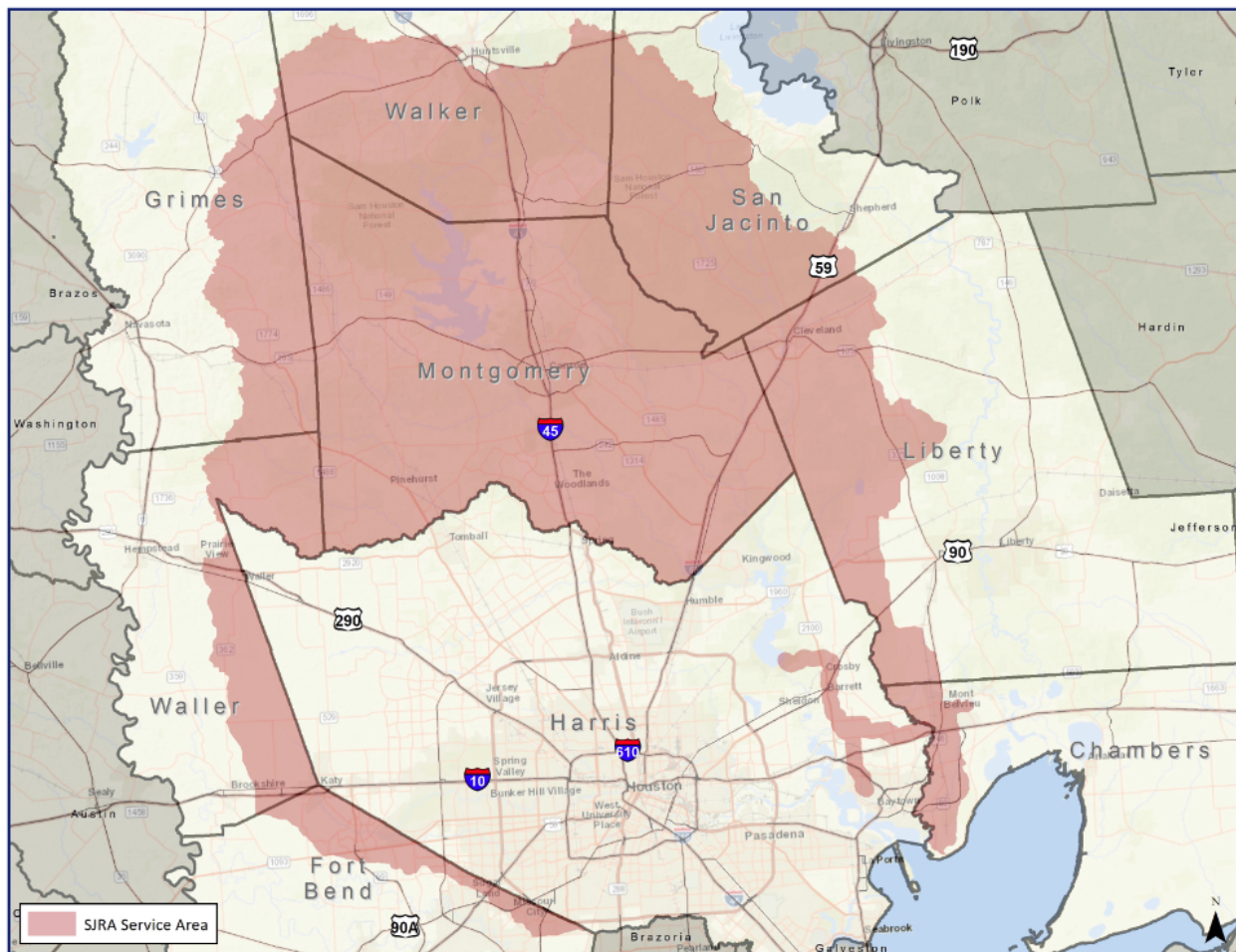
INTRODUCTION



INTRODUCTION TO SJRA

The 45th Texas Legislature created the San Jacinto Conservation and Reclamation District in 1937 (citation – May 12, 1937, 45th Leg., R.S., ch. 426). The 52nd Texas Legislature later changed its name to the San Jacinto River Authority (“Authority”) in 1951 (citation – May 14, 1951, 52nd Leg., R.S., Ch 366). The Authority was created to develop, conserve, and protect the waters of the river basin and its tributaries, including all of Montgomery County and parts of six other counties, excluding Harris County. The Authority is one of ten major river authorities in the State of Texas, and like the other river authorities, its primary purpose is to implement long-term, regional projects related to water supply and wastewater treatment. The Authority also operates in eastern Harris County by agreement with the City of Houston to supply raw water for municipal, industrial, and irrigation needs.

MAP OF SJRA SERVICE AREA



VISION, MISSION, AND PRINCIPLES

VISION

SJRA's Vision is to be a trusted leader in the management of the water resources of the San Jacinto River Basin.

MISSION

SJRA's Mission is to:

- assure long-term water supplies
- provide safe drinking water, raw water, and wastewater treatment services
- protect source water quality
- coordinate regional flood planning
- inform and engage the public on a wide range of water resources management topics

PRINCIPLES

SJRA believes that the following principles are the fundamental values that guide how members of the organization conduct themselves in a pursuit of the mission and vision of the organization. The following guiding principles provide an ethical framework for decision-making and action:

- focus on our customers and stakeholders
- treat each customer, employee, and vendor with dignity and respect
- value each employee, their work, and their commitment
- be truthful, trustworthy, and transparent
- be knowledgeable and diligent in the performance of our duties
- use financial resources efficiently and responsibly
- be accountable for our performance
- continuously improve our performance
- ensure that our systems that provide our services remain viable for future generations
- be prepared for and respond effectively in emergencies
- support water conservation and environmental stewardship

SJRA STRUCTURE



SJRA Board of Directors



Lloyd B. Tisdale
President



Ronnie Anderson
Vice-President



Kaaren Cambio
Secretary



Mark Micheletti
Treasurer



Ed Boulware
Asst. Secretary



Jim Alexander
Board Member

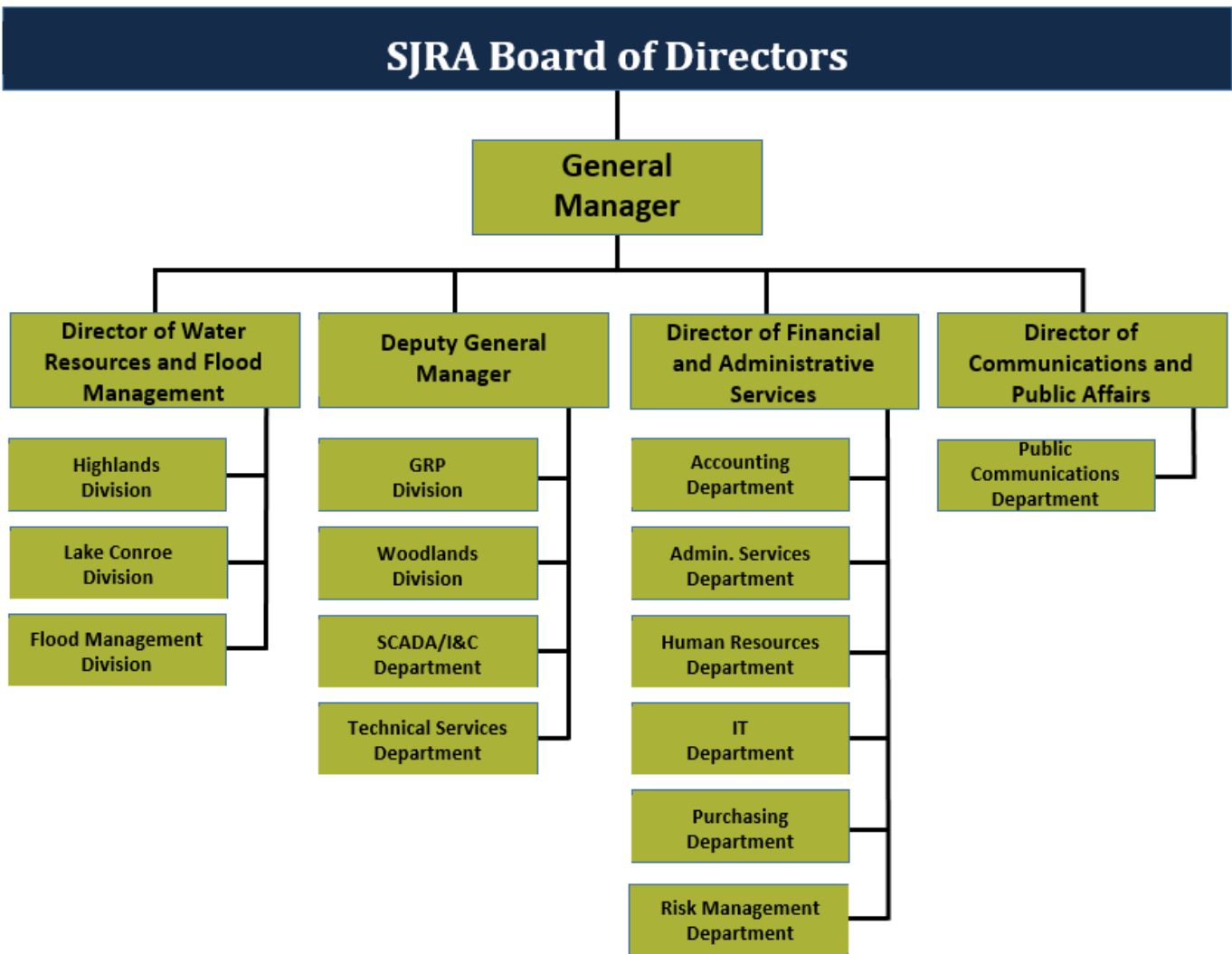


Brenda Cooper
Board Member

The Authority is governed by a seven member Board of Directors, appointed by the Governor of Texas to six-year staggered terms. Section 49.057 (b), of the Texas Water Code requires the Board of Directors of the Authority to adopt an annual operating budget.

The Authority operates on a fiscal year that begins September 1st of each calendar year and ends August 31st of the next year. The Authority utilizes nine distinct enterprises to report on and budget for the same functions as business type activities. The Authority’s major enterprise funds are as follows:

- Raw Water Supply (part of overall Raw Water Enterprise)
- Highlands Division (part of overall Raw Water Enterprise)
- Lake Conroe Division (part of overall Raw Water Enterprise)
- Woodlands Division
- Groundwater Reduction Plan (GRP) Division
- Flood Management Division
- General and Administration Division
- Bear Branch
- Region H



Revenues and expenses for the separate operating divisions are for the sole use within their specific division. The Raw Water Enterprise, Woodlands Division, and GRP Division revenues and expenses are not shared between one another. The Raw Water Enterprise encompasses the revenues and expenses from the Raw Water Supply with the cost centers of the distinct Highlands and Lake Conroe Divisions. Specific expenditures for the Highlands Division and Lake Conroe Division are utilized for their direct operations. Raw Water Supply revenues are utilized to cover the remaining expenses for Highlands, Lake Conroe, Flood Management and for the remaining unallocated expenses of the G&A Division.

Post Hurricane Harvey and during FY2018, Governor Greg Abbott directed the Authority to immediately identify what can be done to prevent flood events along the West Fork of the San Jacinto River, to implement immediate and long-term solutions to protect lives and property of Texans living in the watershed, and identify funding to implement a long-term plan that better protects areas downstream of Lake Conroe so the Authority formed the Flood Management Division. For FY20, the Flood Management Division will be funded by Raw Water Enterprise.

The Authority has two distinct wholesale utility divisions in the Woodlands and GRP Divisions. The Woodlands Division is further broken down into five separate budgets: Operations, Repair & Replacement Fund, Water System Bonds, Waste Disposal Bonds, and Future Facility Bonds, discussed in more detail within the Woodlands section of this budget.

In addition to the Authority's five operating divisions, SJRA also maintains the Bear Branch Reservoir (Bear Branch) under contract with five Woodlands area Municipal Utility Districts (MUDs) and serves as the designated administrative agent for the Region H Water Planning Group (Region H) under contract with the Texas Water Development Board. The Bear Branch and Region H budgets are developed separate from normal business operations. All revenues and expenses associated with Bear Branch and Region H are utilized for those specific purposes.

BUDGET PROCESS AND SCHEDULE

Each year in and around November, the Authority’s management team begins the budgeting process for the next fiscal year. The process begins with updates to divisional ten-year project plans, five-year business plans, and staffing plans, adding in-depth service demand forecasting, and line-item by line-item evaluation, forecasting, and justification of expenditures. The following is a general timeline of the Authority’s budget process.

FISCAL YEAR 2020 SCHEDULE	
<i>November/December</i>	<ul style="list-style-type: none"> • Updates to five-year business plans
<i>November/February</i>	<ul style="list-style-type: none"> • Updates to ten-year project plans
<i>January</i>	<ul style="list-style-type: none"> • Coordination with Board of Directors and customers regarding water and wastewater demand forecasting and general budgetary assumptions
<i>March</i>	<ul style="list-style-type: none"> • G&A Department budget development
<i>March – April</i>	<ul style="list-style-type: none"> • Operating Division budget development
<i>April – June</i>	<ul style="list-style-type: none"> • Ten-year project plans for each Division presented to customers and Board of Directors • Senior Management review and compilation of overall budgets • Draft Division budget presentations to customers, participants, and the City of Houston • Proposed Division rate presentations to customers • Draft GRP budget and proposed GRP rates presentation to Finance Committee and Board of Directors • GRP draft budget and proposed divisional rates presentation to Board of Directors for approval • Draft divisional/departmental budgets presentation to Finance Committee
<i>July</i>	<ul style="list-style-type: none"> • Presentation of proposed overall and division budgets, and the proposed Raw Water Rate Order to Board of Directors
<i>August</i>	<ul style="list-style-type: none"> • Board of Directors budget approval and Raw Water Rate Order Approval

CAPITAL IMPROVEMENTS AND OTHER PROJECT PLAN DEVELOPMENT

As part of the Authority's planning and budget process and schedule as mentioned, Capital Improvement and other Project Plans are developed for each Division for a ten-year period. The projects listed in these Plans may be funded from the annual O&M budgets, bonds, grants, and/or from appropriate contributions from customers. Projects anticipated to be funded from divisional O&M budgets are subject to available funds and may be delayed if adequate funds are not available. Projects anticipated to be funded by bonds are not a direct part of the O&M budgets, with the exception of any debt service requirements and are only included in project listings within this document to give a complete picture of planned project activity for FY2020-FY2029.



GENERAL BUDGETARY ASSUMPTIONS

Key assumptions affecting all SJRA divisions and departments for FY2020 are as follows:

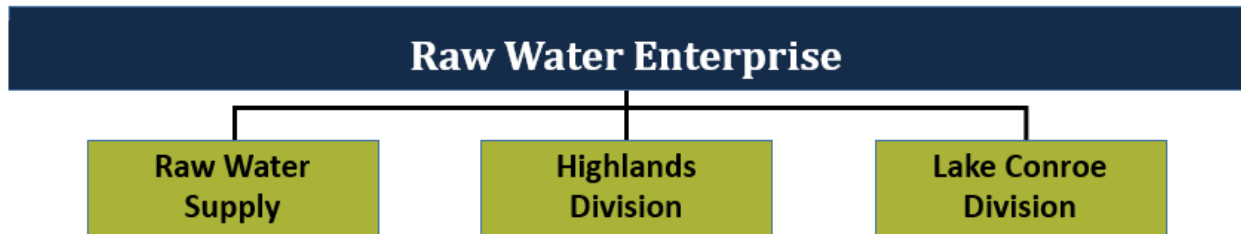
- Staffing of all 176.5 Full Time Equivalent (FTE) positions assumes full employment for the entire FY2020
- The FY2020 budget includes 0.5 FTE for an intern position, but no part-time or temporary positions are budgeted
- Salaries and wages increases are budgeted at a combined average of 4% for performance-based merit increases and for promotions, market adjustments, and equalizations
- Salaries and wages include an estimate of 10.5% of overtime for non-exempt (hourly) employees that have historically demonstrated a likelihood of overtime utilization
- Current types of benefits provided and offered to employees will continue
 - Healthcare benefit costs (medical only) are budgeted for a 0% increase for FY2020
 - Continue Authority health and wellness program, including participation incentives
- Retirement benefits for FY2020 are budgeted at 12.6% of salaries for employees hired prior to August 1, 2016 under the defined benefit plan and 9.5% of salaries for employees hired on or after August 1, 2016, based on the Authority's new defined contribution retirement plan
- Workers Compensation benefits are budgeted for a 3% increase for FY2020 based on a running three-year historical experience modifier
- Normal weather and operating conditions are forecast for FY2020, unless otherwise highlighted within division details
- Fuel prices per gallon for gasoline and diesel are forecasted to remain stable for FY2020 to \$2.75 and \$3.25, respectively
- Utility usage, electric, and natural gas prices are forecasted to remain stable for FY2020
- Specific division rates for FY2020
 - Raw Water = \$0.465 per 1,000 gallons through December 31, 2019, increasing to \$0.48 beginning January 1, 2020
 - Woodlands Wholesale Water = \$2.19 per 1,000 gallons
 - Woodlands Wholesale Wastewater = \$4.49 per 1,000 gallons
 - GRP Groundwater Pumpage = \$2.73 per 1,000 gallons
 - GRP Surface-water = \$3.15 per 1,000 gallons

RAW WATER ENTERPRISE

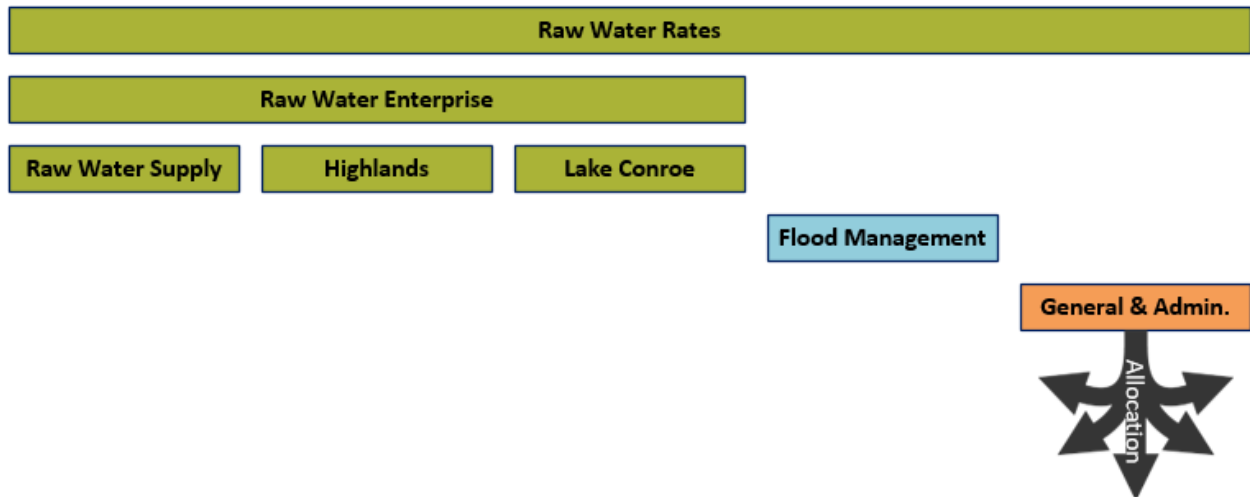


RAW WATER ENTERPRISE

The Raw Water Enterprise of the Authority consists of the Highlands and Lake Conroe Divisions including the revenues and expenses associated with the Authority's overall raw water supply system that are not otherwise divisible between the Highlands and Lake Conroe Divisions.



Additionally, expenses of the Flood Management Division and any remaining expenses from the General and Administration (G&A) Division that are not otherwise allocated to Woodlands, GRP, Flood Management, and Bear Branch are covered by Raw Water Supply revenues.



For FY2020, the net balance O&M revenues, expenditures, including annual debt service payments and scheduled contributions to either of the two reserves or R&R Funds for the Raw Water Enterprise, Flood Management, and any remaining expenses from the G&A Division after allocations, is \$3,879,074. The net balance is intended to cover future years where SJRA anticipates a shortfall in the pay-as-you-go R&R Funds. By building up the balance slowly over time to cover these deficits, SJRA can smooth rate increases in lieu of the need for any significant spikes in rates in future years.

RAW WATER SUPPLY



RAW WATER SUPPLY

Raw Water Supply Revenue: The sale of all non-treated raw water for municipal, industrial, commercial, and irrigation purposes is included within the Raw Water Supply budget. Long-term water sale contracts account for the vast majority of raw water revenues. Most of these sale contracts contain annual “take or pay” provisions for set quantities of raw water, regardless of whether the water is actually used. Some of these sale agreements contain “options” and/or “reservations” for additional purchase of near-term future water supplies. SJRA supplies raw water to long-term municipal, commercial, and industrial customers in Montgomery County and eastern Harris County from the San Jacinto River via SJRA’s water rights in Lake Conroe and the Trinity River. Additionally, annually renewed residential water sale agreements are available for landscape irrigation demands around Lake Conroe based on meter readings or an estimate of annual usage. In all such agreements, the Authority uses one raw water rate and reserves the right from time to time to adjust its rates for the sale, reservation, or optioning of raw water.

Major Initiatives: During FY2019 and planned for FY2020, the Raw Water Enterprise has either completed or started a number of planning activities as outlined below, to improve the Authority’s water rights portfolio:

- 1. Water Rights Protection:** The Authority maintains significant water rights granted by the State of Texas within the San Jacinto and Trinity River Basins and often seeks to increase these supplies as opportunities to acquire additional rights or contracts for these rights become available. These existing water rights can potentially be negatively impacted by new applications for water rights by third parties; therefore, the Authority must occasionally intervene with the TCEQ to object to the issuance of such permits. The Authority maintains agreements for representation by specialized legal counsel and consultants to assist with these matters on behalf of the Authority.
- 2. Water Supply Contract with Entergy:** Currently SJRA provides Entergy Texas, Inc. with raw water for the operation of their electric generation facility in Montgomery County. The Authority is in the process of negotiating another contract with Entergy Texas, Inc. for the sale of additional water to accommodate an expansion of their electric generation facility.
- 3. Water Rights Acquisition:** The Authority successfully acquired Water Use Permit 13183, which added 11,200 acre-feet per year of water to the SJRA’s water rights portfolio. The additional water is SJRA’s surface water-based return flows discharged from the City of Conroe’s wastewater treatment plant.

Capital Improvement and Other Project Plans: The Raw Water Supply does not maintain any physical infrastructure except for those facilities within the Highlands and Lake Conroe Divisions; therefore, no maintenance or construction projects exist for FY2019 or FY2020. However, the Raw Water Supply does have additional Feasibility Studies in the future scheduled to begin in FY2023-FY2024. These studies included within the Raw Water Supply Projects Plan are funded from the O&M budget and may extend over multiple fiscal years.

Total Indebtedness and Annual Debt Service: At August 31, 2018, the Raw Water Enterprise had \$10,060,000 of total indebtedness through the issuance of bonds related to actions not otherwise divisible to the Highlands and Lake Conroe Divisions, made up of the following bond issuances:

- Series 2010 Water Revenue Refunding Bonds (Outstanding: \$7,705,000; Matures 10/1/25)
- Series 2012 Water Revenue Refunding Bonds (Outstanding: \$2,355,000; Matures 10/1/36)

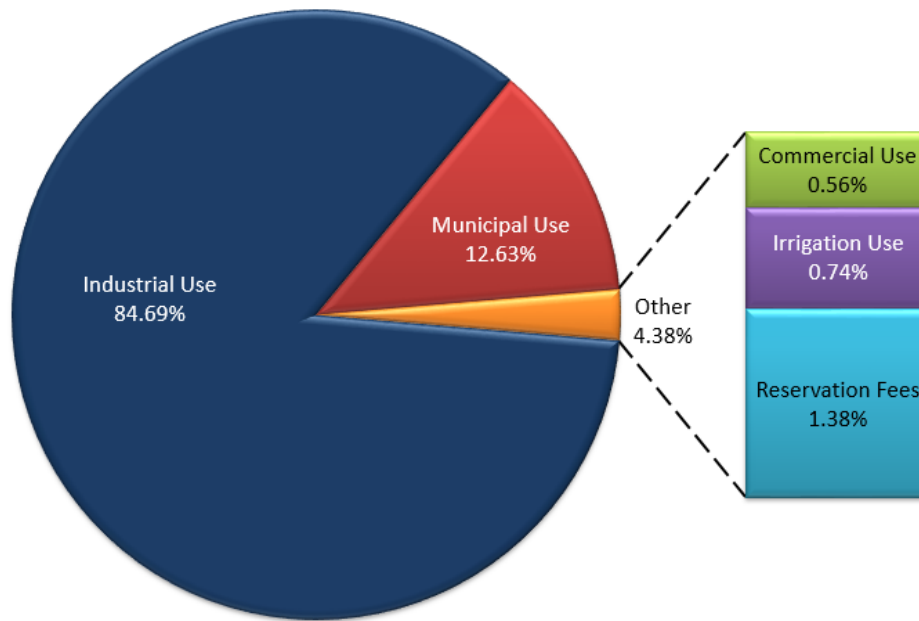
Annual debt service (principal and interest) for FY2020 for the above bond issuances is \$1,715,916. Bond payments each year are made in April (interest only) and October (principal and interest). Accruals of principal and interest are made monthly. Debt Service Reserves for the above bond issuances are fully funded.

Staffing Plans: The Raw Water Supply's staffing plan for FY2020 includes zero direct FTE positions, with no part-time, temporary, or intern positions but the Raw Water Supply is allocated 1.80 FTEs for FY2020 from the Lake Conroe Division and G&A Departments.

Revenues: The raw water rate contained within the FY2020 budget and the Raw Water Rate Order passed by the Board of Directors are within the range of rates presented in the existing 2018 Raw Water Rate Study at \$0.48 per 1,000 gallons for calendar year 2020. Beginning January 1, 2020, through December 31, 2020, the raw water rate is set at \$0.48 per 1,000 gallons (\$156.41 per acre-foot). Unless otherwise stipulated in a specific long-term contract, the corresponding reservation and option rates are set at 25% and 10%, respectively. For the months of September-December 2019 (the first four months of FY2020), the raw water rate will continue \$0.465 per 1,000 gallons (\$151.52 per acre-foot), with the corresponding reservation and option rates remaining in accordance with the approved Raw Water Rate Order.

Expected operating revenues for the Authority's Raw Water Supply for FY2020 total \$20,524,844.

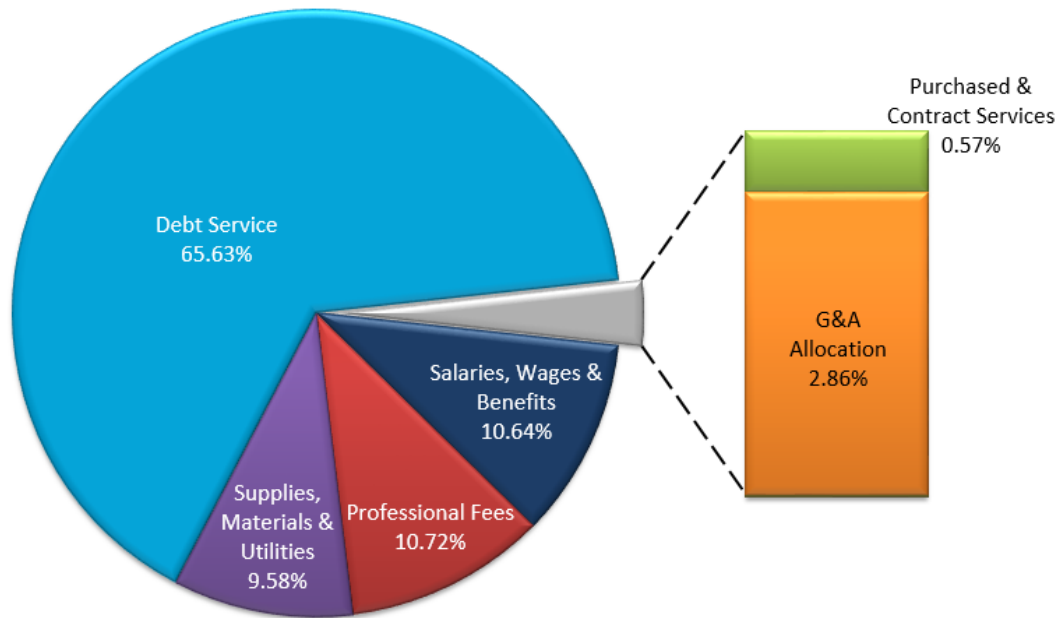
Raw Water Supply FY2020 Total Operating Revenues:



Expenditures: The Raw Water Supply for FY2020 contains expenses related to the development, maintenance, and permitting of water rights necessary for the current and future water supplies. Such expenditures include Authority salaries and benefits, legal and professional fees, and debt service of purchased water rights.

Expected total expenditures for the Authority's Raw Water Supply for FY2020, including operating, debt service, capital improvements, and any other cash uses, totals \$2,614,701.

Raw Water Supply FY2020 Total Operating Expenditures: Operating & Debt Service



Fund Balance and Reserves: The Authority’s General Fund Balance combines to cover the Raw Water Enterprise, which is made up of the Raw Water Supply, Highlands Division, and Lake Conroe Division, as well as the Flood Management and G&A Divisions. The Raw Water Supply budget does not maintain any reserves.

For FY2020, the net balance of the Raw Water Supply revenues, expenditures, and bond payments is \$17,910,142. This amount will cover the Highlands and Lake Conroe Divisions’ net expenses as part of the Raw Water Enterprise, the Flood Management Division, and any remaining non-allocated net expenses of the G&A Division.

San Jacinto River Authority - Raw Water Supply
Actual to Budget Comparison
FY2018 - FY2020

Description	Rolling 12				
	Actuals 8/31/2018	Actuals Sept-April FY2019	Mo. Actuals May 2018- April 2019	Budget FY2019	Budget FY2020
OPERATING REVENUES					
General Industrial Water Revenue	\$ 12,686,342	\$ 9,313,648	\$ 13,759,828	\$ 14,226,648	\$ 14,948,492
General Industrial Water Revenue-Lake Customers	1,081,493	762,242	1,220,012	1,158,185	2,433,900
Water Sales-Municipal	2,641,578	1,405,154	2,523,468	2,471,989	2,592,457
Water Sales-Commercial	122,637	99,218	54,599	108,714	113,918
Lawn Irrigation Fees	111,750	96,975	117,975	105,000	105,000
Water Sales-Reclaimed Groundwater	16,514	8,325	16,651	-	-
Water Sales-Irrigation	8,737	1,611	17,820	45,330	47,500
SJRA Reservation Fee	304,907	287,183	338,035	415,683	131,457
Industrial Reservation Fee	185,557	311,138	433,183	103,409	108,656
Municipal Reservation Fee	38,628	27,065	40,288	41,364	43,463
Fines	-	350	350	-	-
TOTAL OPERATING REVENUES	\$ 17,198,145	\$ 12,312,909	\$ 18,522,209	\$ 18,676,322	\$ 20,524,844
OTHER REVENUES					
Interest Income	\$ 3	\$ -	\$ 3	\$ -	\$ -
TOTAL OTHER REVENUES	\$ 3	\$ -	\$ 3	\$ -	\$ -
OPERATING EXPENSES					
SALARIES, WAGES, & EMPLOYEE BENEFITS					
Salary & Wage Allocation	\$ 158,688	\$ 94,878	\$ 145,589	\$ 345,857	\$ 201,714
Group Insurance	33,749	18,843	28,967	89,765	36,204
Group Retirement Expense	19,220	12,788	18,583	42,384	23,653
Workers Compensation Insurance	1,060	828	1,069	8,921	2,684
Social Security Taxes	10,818	5,782	9,462	24,616	13,955
TOTAL SALARIES, WAGES, & EMPLOYEE BENEFITS	\$ 223,535	\$ 133,119	\$ 203,669	\$ 511,542	\$ 278,210
PROFESSIONAL FEES					
Legal Fees	\$ 106,468	\$ 108,597	\$ 174,866	\$ 225,000	\$ 225,000
Disclosure Filing	-	-	-	500	500
Arbitrage Rebate Audit	-	-	-	-	3,500
Paying Agent Fees	1,250	500	1,250	1,250	1,250
Engineering	222,347	22,704	62,918	1,550,000	50,000
TOTAL PROFESSIONAL FEES	\$ 330,065	\$ 131,801	\$ 239,034	\$ 1,776,750	\$ 280,250
PURCHASED & CONTRACTED SERVICES					
State Fees	\$ 6,700	\$ 6,701	\$ 6,701	\$ 7,500	\$ 15,000
Employee Testing- New	-	-	-	100	15
TOTAL PURCHASED & CONTRACTED SERVICES	\$ 6,700	\$ 6,701	\$ 6,701	\$ 7,600	\$ 15,015
SUPPLIES, MATERIALS & UTILITIES					
Training-Employee HR	\$ 321	\$ 157	\$ 236	\$ 420	\$ 200
Additional Water Fees	-	237,500	237,500	250,000	250,000
Health & Wellness Program	-	-	-	90	45
Recruiting Expenses	-	65	65	350	175
TOTAL SUPPLIES, MATERIALS & UTILITIES	\$ 321	\$ 237,723	\$ 237,801	\$ 250,860	\$ 250,420
GENERAL & ADMINISTRATIVE EXPENSES					
General & Administrative Expense Allocated	\$ 40,715	\$ 27,179	\$ 39,768	\$ 91,942	\$ 74,890
TOTAL GENERAL & ADMINISTRATIVE EXPENSES	\$ 40,715	\$ 27,179	\$ 39,768	\$ 91,942	\$ 74,890
NON-OPERATING EXPENSES					
Interest Expense	\$ 384,008	\$ 225,950	\$ 352,692	\$ 336,958	\$ 285,083
TOTAL NON-OPERATING EXPENSES	\$ 384,008	\$ 225,950	\$ 352,692	\$ 336,958	\$ 285,083
TOTAL EXPENSES	\$ 985,345	\$ 762,473	\$ 1,079,665	\$ 2,975,653	\$ 1,183,868
NET REVENUES OVER EXPENSES	\$ 16,212,803	\$ 11,550,436	\$ 17,442,547	\$ 15,700,670	\$ 19,340,976

San Jacinto River Authority - Raw Water Supply
Actual to Budget Comparison
FY2018 - FY2020

Description	Actuals 8/31/2018	Actuals Sept-April FY2019	Rolling 12 Mo. Actuals	Budget FY2019	Budget FY2020
			May 2018- April 2019		
OTHER SOURCES (USES)*					
Bond Principal				\$ (1,375,833)	\$ (1,430,833)
TOTAL OTHER SOURCES (USES)				\$ (1,375,833)	\$ (1,430,833)
NET CASH BASIS SOURCES (USES)	\$ 16,212,803	\$ 11,550,436	\$ 17,442,547	\$ 14,324,836	\$ 17,910,142

*Actuals intentionally left blank.

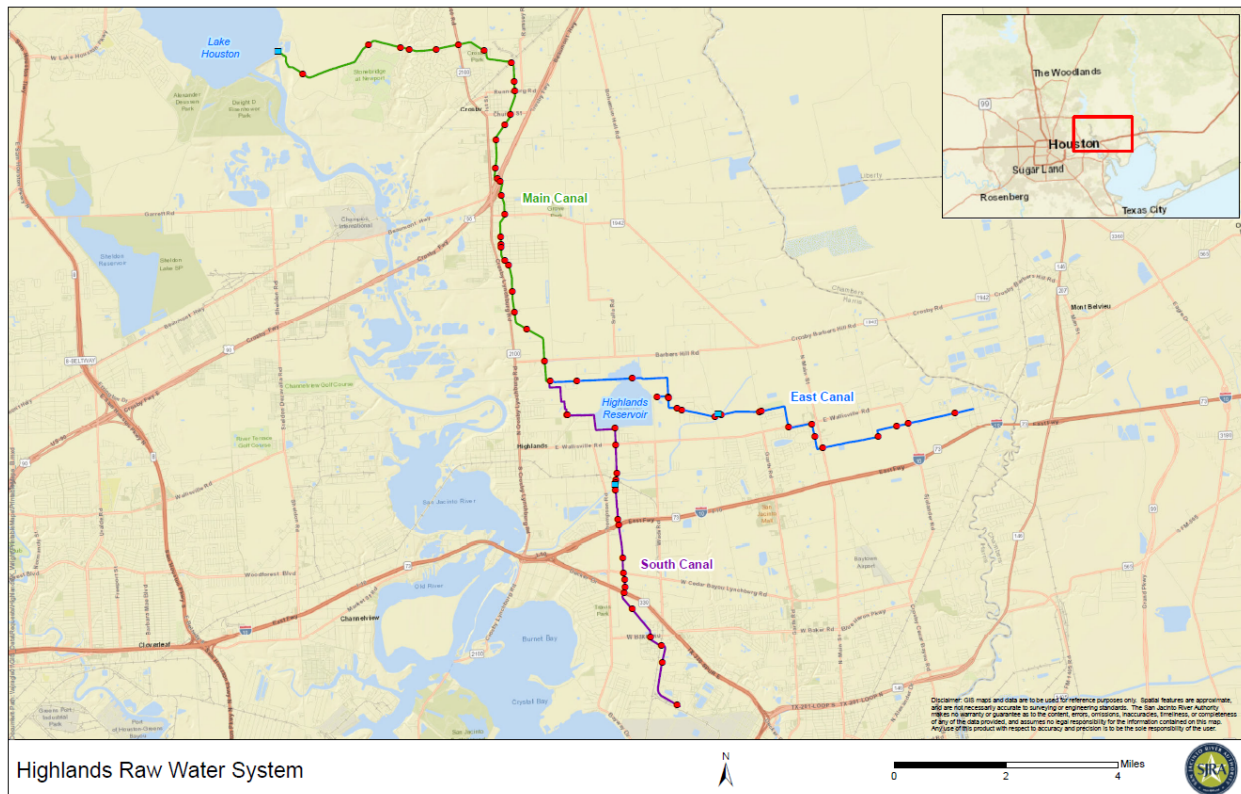
HIGHLANDS DIVISION



HIGHLANDS DIVISION

The Highlands Division operates and maintains the Raw Water System to supply raw water to municipal, industrial, and irrigation customers in eastern Harris County. The original canal system was developed by the Federal Works Agency as part of the industrial build-up during World War II. The Highlands Division was created in the early 1950's when the federal government sold part of the canal system, including only the East Canal to the Authority. Today the then East Canal is referred to as the SJRA's Main Canal and South Canal. The Highlands system has been the principal enterprise of the Authority for more than 75 years. The system now consists of the Lake Houston Pump Station (LHPS), an extensive 27 mile system of canals (Main, East, and South) that includes siphons crossing numerous roads, pipelines, canals, and drainage channels, the 1,400 acre Highlands Reservoir, and a transfer pump stations on the East and South Canals to divert Trinity River water from the Coastal Water Authority's Main Canal into the Highlands canals. The Highlands Division delivers more water each day than all of the other operating divisions combined.

MAP OF HIGHLANDS RAW WATER SYSTEM – SIPHONS/CROSSINGS AND PUMP STATIONS



Major Initiatives: Ongoing in FY2019 and planned for FY2020, the Highlands Division has either completed or started, or will complete or start a number of major initiatives to improve the operations of the Highlands system.

- 1. In-house Project Delivery:** In FY2019 the SJRA continued its in-house project delivery capabilities to include the design and construction of small projects within the Highlands system. In past years, the design and construction of all small projects were contracted to third-party engineering and construction firms. In-house improvement projects in FY2019 included the construction of SCADA sheds at various locations and clearing and fencing along easement lines. The Highlands Division will continue to evaluate small construction and rehabilitation projects for opportunities to utilize and expand their in-house construction capabilities with support from the Technical Services Department expertise in engineering, construction management, and inspection.
- 2. Security, Access, and Fencing Improvements:** The Highlands Division conducts annual field investigations to identify areas along the Highlands system that require additional security to address issues with trespassing, trash dumping, vandalism, and illegal behaviors. Upon completion of the field investigations, staff issues work orders to address the areas identified as a priority. These efforts include the construction and replacement of fencing and barrier gate structures, construction of maintenance roadways and drainage structures, and other similar facilities. In FY2019 staff worked with legal counsel to improve access easements to provide more suitable access to perform routine operations and maintenance along the 27-mile system. These efforts will continue in FY2020.
- 3. Coastal Water Authority's (CWA) South Canal Transfer Pump Station (SCTPS) O&M:** This pump station is located in Highlands, just north of Baytown. The SCTPS allows the SJRA to utilize its water rights in the Trinity River by transferring raw water from CWA's Main Canal to the SJRA's South Canal. Currently, the pump station is owned and operated by CWA on behalf of and at the expense of SJRA. After successful completion of land acquisition efforts in FY2019, SJRA staff and legal counsel will begin discussions and negotiations to transfer ownership and operational responsibility from CWA to SJRA. With this transition, SJRA O&M staff will begin to perform all maintenance and operational tasks associated with the SCTPS.
- 4. SCADA/I&C Improvements:** Historically, the Highlands system has been predominantly a manually operated system, with minimal remote monitoring and controls. In FY2019, with the coordination of the G&A SCADA/I&C Department, the Highlands will continue to assist with any construction activities to install various instrumentation and control technology, in order to significantly improve instrumentation and infrastructure to remotely monitor levels and control flows within the canal system. These improvements will increase the reliability and functionality of operations for the entire system and enhance the responsiveness of the staff to unexpected events. In FY2019 staff coordinated with industrial customers, IT, and SCADA staff to provide for data sharing with industrial customers. Placement of electronic actuators for water control gates at key locations along the system also occurred. Division staff worked with SCADA staff for the implementation and placement of instrumentation on the Highlands Reservoir and downstream of Siphon No. 24 and the Bypass at the Reservoir. To further expand on this effort, in FY2019-2020 staff will continue to plan for the placement of additional SCADA instrumentation in various

locations including Siphon No. 6, at the LHPS, and for the placement of rain gauges along the Raw Water System. This will include key locations, such as Harris County Flood Control District Ditch Siphon, Siphon No. 37, Highlands Reservoir (Siphon No. 24, and the LHPS.

Capital Improvement and Other Projects Plans: Each year the Highlands Division conducts risk and condition assessments of their infrastructure. The Highlands reviews the likelihood and consequences of failure of each asset and then prioritizes projects based on a variety of factors related to reliable, cost-effective service. Projects included within the Highlands Project Plan may be funded from the Operations and Maintenance Budget, from bonds, Interlocal Agreements, and/or in some limited instances from direct customer contributions. Funding for projects typically extends over multiple fiscal years. In FY2019, Harris County contributed funding for the required siphon improvements at Wallisville Road due to the County's road widening project. For FY2020, the following projects are slated for design and/or construction:

Highlands - Projects	Stage	Est. FY2020 Cost	Funding Source
Wallisville Road Siphon Improvements	Construction	\$ 140,046	Bonds
Access Road to HCFCD Ditch Siphon	Construction	\$ 45,000	Bonds
Levee Improvements From Siphon 21 to 2,500 Feet Downstream	Construction	\$ 502,000	R&R
LHPS Intake Screen Channel Rehabilitation	Design/Const.	\$ 263,000	R&R
Siphon 7 Improvements	Construction	\$ 599,616	Bonds
Siphon 29 Improvements	Design/Const.	\$ 1,538,500	Bonds/R&R
South Canal Levee Improvements between Siphons 24 and 27	Design	\$ 64,000	Bonds
Highlands Environmental Consulting Services	Design	\$ 53,000	R&R
Highlands SCADA Communication System Implementation	Design/Const.	\$ 134,000	Bonds
Bypass Canal Tree/Brush Clearing	Design/Const.	\$ 50,000	R&R
Highlands Reservoir Emergency Action Plan	Design	\$ 57,000	R&R
LHPS Access Gate and Security Improvements	Design	\$ 25,000	R&R
LHPS Campus Improvements	Design	\$ 116,000	R&R
Siphon 25 Improvements	Design	\$ 75,000	Bonds
Siphon 26 Improvements	Design	\$ 97,000	Bonds
Main Canal Levee Improvements – Siphon 6 to Highlands Res	Design	\$ 100,000	R&R
Total		\$ 3,859,162	

Total Indebtedness and Annual Debt Service: At August 31, 2018, the Highlands Division currently had \$58,805,000 of total indebtedness from bonds related to Highlands projects, made up of the following bond issuances:

- Series 2010 Water Revenue Bonds (Outstanding: \$20,430,000; Matures 10/1/35)
- Series 2013 Water Revenue Bonds (Outstanding: \$6,010,000; Matures 10/1/38)
- Series 2014 Water Revenue Bonds (Outstanding: \$5,045,000; Matures 10/1/39)
- Series 2015 Water Revenue Bonds (Outstanding: \$27,320,000; Matures 10/1/39)

Annual debt service (principal and interest) for FY2020 for the above bond issuances is \$4,267,525. Bond payments each year are made in April (interest only) and October (principal and interest). Accruals of

principal and interest are made monthly. Debt Service Reserves is fully funded for the above bond issuances.

Staffing Plans: The Highlands Division's staffing plan for FY2020 includes 12 direct FTE positions, with no part-time, temporary, or intern positions. In addition to the 12 direct Highlands FTEs, the Highlands is allocated 16.42 FTEs for FY2020 from G&A Departments and the Lake Conroe Division. Total staff in FY2020 associated with the Highlands Division, direct and allocated, is 28.42 FTEs.

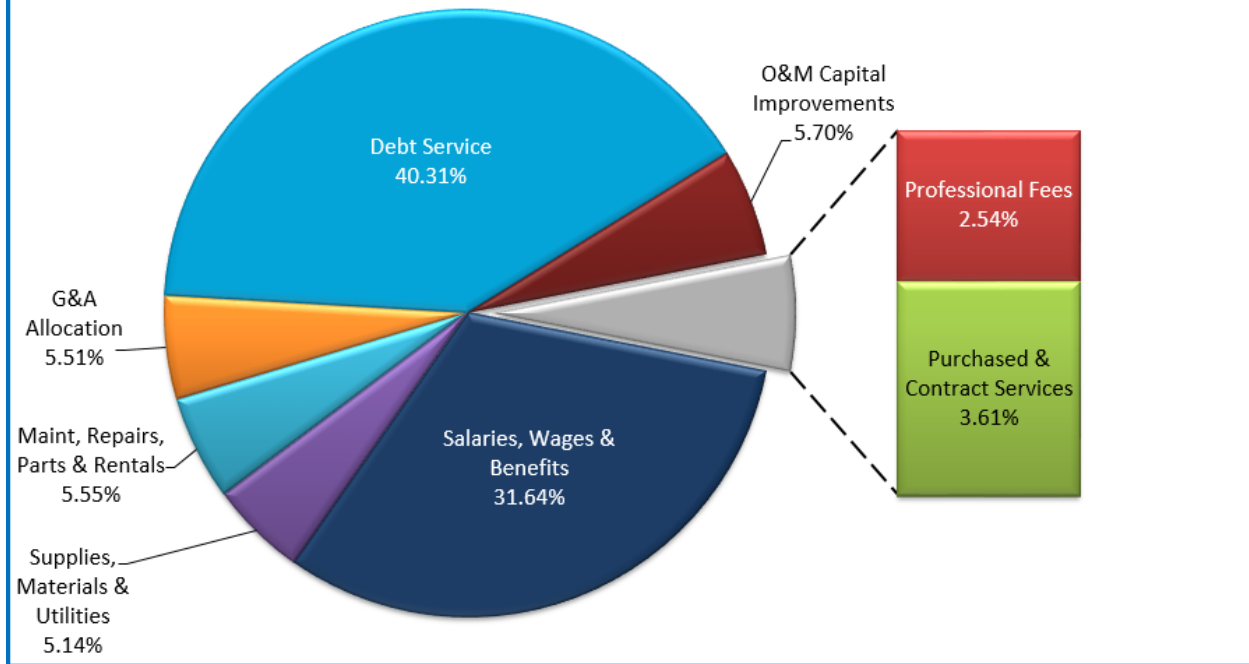
Revenues: The Highlands Division has no significant revenues forecast for FY2020 with \$5,675 in Operating Income for Land Use and only \$14,400 of Interest Income.

Expenditures: The Highlands Division for FY2020 contains regular and customary expenses related to the on-going operation and maintenance of the Highland's wholesale Raw Water System. Such expenditures include:

- Salaries, Wages, and Benefits
- Professional Fees
- Purchased and Contracted Services
- Supplies, Materials, and Utilities
- Maintenance, Repairs, Parts, and Rentals
- G&A Allocations
- Debt Service (principal and interest)
- O&M Capital Improvements (non-bond related)
- Reserve Contributions (if needed)
- R&R Fund Contributions

Expected total O&M expenditures for the Highlands Division for FY2020, including operating, non-operating, debt service, capital improvements, and any other cash uses, totals \$10,587,664. Highlands expected R&R Fund operating expenses and capital improvements, totals \$2,512,500.

Highlands FY2020 Total Operating Expenditures: Operating, Debt Service, Capital Improvements & Reserve Contributions



Fund Balance and Reserves: The Authority's General Fund Balance combines to cover the Raw Water Enterprise, which is made up of the Raw Water Supply, Highlands Division, and Lake Conroe Division, as well as the G&A Division and Flood Management Division.

As approved by the Board of Directors on July 25, 2019, the reserve policy for the Highlands Division utilizes two reserves and an R&R Fund:

1. **Operating & Rate Stabilization Reserve:** The Operating & Rate Stabilization Reserve was established to manage cash flow, and stabilize rates and revenues. The Operating & Rate Stabilization Reserve target beginning in FY2020 for the Highlands Division is set to be an amount equal to six months of operating expenditures. Currently Highlands has met the six-month operating reserve. For FY2019, the Highlands Operating Reserve is at \$2,567,211, equivalent to six months of operating expenses. For FY2020, the Operating & Rate Stabilization Reserve is projected to be fully funded and no funds are budgeted for FY2020.
2. **Emergency Reserve:** The Emergency Reserve was established to provide for a full or partial source of funds for unplanned or emergency repair or replacement of Authority capital assets, excluding the Woodlands and GRP Divisions. The Emergency Reserve target fund balance for the General Fund was established to be a total of \$5,500,000, which is based on estimate amounts of \$2,500,000 for Lake Conroe, \$2,500,000 for the Highlands, and \$500,000 for the G&A Division. The Emergency Reserve target is set to an amount equal to \$2,500,000. For FY2020, the Highlands

Emergency Reserve is projected to be fully funded and no funds were budgeted for the Emergency Reserve.

- 3. Repair & Replacement (R&R Fund):** The Repair & Replacement Fund was established to fund large ongoing and planned projects to prevent significant rate fluctuations, funded annually through pre-determined transfer of funds from the remaining funds available from the O&M budget after the Operating & Rate Stabilization Reserve and Emergency Reserve requirements are met. The R&R Fund for the Highlands Division was prefunded by the existing Capital R&R Reserve and Unrestricted Cash and no contributions to the R&R Fund were budgeted for FY2020.

For FY2020, the net balance between O&M revenues and expenditures for the Highlands Division, including annual debt service and scheduled contributions to any of the two reserves or R&R Fund, is (\$10,567,589). This amount will be covered by the Raw Water Supply revenues, as provided by the Raw Water Enterprise.

San Jacinto River Authority - Highlands
Actual to Budget Comparison
FY2018 - FY2020

Description	Rolling 12				
	Actuals 8/31/2018	Actuals Sept-April FY2019	Mo. Actuals May 2018- April 2019	Budget FY2019	Budget FY2020
OTHER REVENUES					
Interest Income	\$ 213,790	\$ 305,170	\$ 419,364	\$ 14,000	\$ 14,400
Land Use Agreements	5,775	5,675	5,675	5,675	5,675
FEMA Grant Revenue	48,682	-	48,682	-	-
Proceeds From Sale Of Assets	6,263	-	6,263	-	-
Other Gains & Losses	-	3,352	3,352	-	-
Capacity Contributions	1,258,150	1,259,375	1,259,375	1,535,500	-
TOTAL OTHER REVENUES	\$ 1,532,660	\$ 1,573,572	\$ 1,742,711	\$ 1,555,175	\$ 20,075
OPERATING EXPENSES					
SALARIES, WAGES, & EMPLOYEE BENEFITS					
Salaries & Wages	\$ 629,641	\$ 438,527	\$ 672,562	\$ 688,121	\$ 754,253
Salary & Wage Allocation	1,140,238	751,444	1,136,314	1,363,891	1,531,988
Compensated Absences	638	-	638	-	-
Group Insurance	391,308	248,942	365,300	545,984	474,080
Group Insurance - Retirees	17,160	11,634	17,423	18,062	18,784
Group Insurance - Retiree OPEB	(12,088)	-	(12,088)	100,000	70,000
Group Retirement Expense	205,399	152,737	215,983	269,192	264,683
Workers Compensation Insurance	44,138	30,880	45,531	63,189	67,667
Social Security Taxes	124,191	83,076	127,705	150,511	168,527
TOTAL SALARIES, WAGES, & EMPLOYEE BENEFITS	\$ 2,540,625	\$ 1,717,240	\$ 2,569,368	\$ 3,198,950	\$ 3,349,982
PROFESSIONAL FEES					
Legal Fees	\$ 33,902	\$ 3,036	\$ (188)	\$ 45,000	\$ 25,000
Disclosure Filing	-	-	-	500	500
Legal Fees-Crossings	-	111	111	-	10,000
Annual Financial Audit	8,962	7,760	9,272	6,000	9,000
Arbitrage Rebate Audit	3,250	-	3,250	-	8,500
Paying Agent Fees	4,500	1,250	3,250	5,000	6,000
Engineering	184,990	82,828	264,273	198,000	190,000
Crane Inspections	870	460	460	2,340	2,400
Safety Inspections & Testing	1,004	1,940	1,940	1,500	2,700
Siphon & Pipe Inspections	-	-	-	-	10,000
Graphic Design	-	-	-	5,000	5,000
TOTAL PROFESSIONAL FEES	\$ 237,478	\$ 97,385	\$ 282,368	\$ 263,340	\$ 269,100
PURCHASED & CONTRACTED SERVICES					
Waste Disposal Services	\$ 7,476	\$ 3,959	\$ 8,579	\$ 8,000	\$ 6,500
State Fees	125	125	125	125	125
Patrolling & Security Services	73,754	46,225	69,281	70,896	70,908
Employee Testing- New	1,487	1,295	1,931	1,475	2,545
Janitorial Services	6,420	3,745	6,420	7,000	7,000
Stream Gauging & Water Quality-USGS	16,300	9,508	14,942	17,115	17,115
South Canal CWA Water Conveyance	96,327	70,379	119,033	145,000	145,000
East Canal CWA Water Conveyance	30,206	48,962	78,979	119,625	120,000
Trucking	2,250	500	2,250	3,000	3,000
Public Relations Expense	-	-	-	2,000	2,000
Water Conservation & Public Education	-	-	-	6,000	6,000
Meeting Expenses	2,115	1,060	2,318	1,600	1,900
TOTAL PURCHASED & CONTRACTED SERVICES	\$ 236,460	\$ 185,758	\$ 303,857	\$ 381,836	\$ 382,093
SUPPLIES, MATERIALS & UTILITIES					
Office Supplies & Printing	\$ 2,682	\$ 1,338	\$ 2,539	\$ 6,000	\$ 5,500
Other Office Expense	2,019	1,348	2,113	1,500	2,000
Travel	-	-	-	4,000	3,000
Automobile & Truck Expense	11,305	5,384	9,261	23,800	23,800
Postage	736	390	729	900	900
Property Insurance	13,360	9,953	14,621	13,730	15,677
Auto Insurance	14,461	9,221	13,781	17,018	18,336
Liability Insurance	3,340	8,845	9,192	20,001	19,476

San Jacinto River Authority - Highlands
Actual to Budget Comparison
FY2018 - FY2020

Description	Actuals			Rolling 12 Mo. Actuals	
	Actuals 8/31/2018	Sept-April FY2019	May 2018- April 2019	Budget FY2019	Budget FY2020
Small Tools Purchases	1,319	1,571	2,208	10,000	10,000
Training-External	50	1,903	1,953	4,000	4,000
Training-Internal	5,318	100	4,119	1,000	1,000
Training-Employee HR	2,409	1,179	1,769	2,700	3,250
Managers Expense	131	-	131	2,000	2,000
Employee Relations	832	900	1,177	2,100	2,100
Fuel	36,402	17,737	32,848	44,000	44,000
Uniform Services	3,496	3,773	5,908	6,000	5,000
Operations Supplies	5,605	7,645	10,711	14,000	15,500
Memberships & Professional Dues	402	-	402	325	450
Signage	952	88	88	3,000	3,000
Janitorial Supplies	1,263	437	1,273	800	1,500
Copier, Scanner & Fax	4,165	5,985	8,081	12,000	11,500
Utilities-Electric	10,073	6,594	11,030	14,400	15,500
Utilities-Natural Gas	3,601	1,943	3,250	6,000	5,500
Utilities-Water	911	486	772	900	1,000
Utilities-Electric-LHPS Pumping Costs-Direct	88,684	53,827	88,536	141,600	132,000
Utilities-Electric-ECTPS Pumping Costs-Direct	9,539	7,591	11,125	24,000	24,000
Utilities-Electric-SCTPS Pumping Costs-Direct	15,274	11,149	19,056	14,400	18,000
Pumping Costs-Indirect	16,672	8,957	16,533	18,504	19,000
Personal Protective Equipment	6,184	1,308	5,563	6,950	5,500
Safety Equipment & Meetings	928	313	424	3,850	3,900
Health & Wellness Program	-	12	12	600	660
Recruiting Expenses	322	505	797	2,400	2,625
Computer Hardware	10,681	5,604	15,425	21,807	19,529
Software & Support	18,699	14,512	20,629	22,027	41,896
Software Maintenance	333	14,891	15,224	16,000	20,500
Imagery & Data Sets	2,000	-	2,000	-	-
Network Communications	4,199	2,896	4,337	4,800	6,960
Publications & Subscriptions	-	-	-	600	500
Newspaper Ads	-	1,950	1,950	12,000	12,000
Wireless Devices & Services	13,695	9,756	16,388	18,000	20,160
Emergency Operations Communications	309	205	317	684	684
Landline Telephone Services	1,740	1,237	1,835	2,400	2,400
TOTAL SUPPLIES, MATERIALS & UTILITIES	\$ 314,093	\$ 221,532	\$ 358,106	\$ 520,797	\$ 544,302
RENTALS					
Equipment Rentals	\$ 3,828	\$ 2,215	\$ 3,808	\$ 55,000	\$ 30,000
TOTAL RENTALS	\$ 3,828	\$ 2,215	\$ 3,808	\$ 55,000	\$ 30,000
MAINTENANCE, REPAIRS & PARTS					
Office, Furniture, & Fixtures	\$ 3,729	\$ 313	\$ 1,115	\$ 2,000	\$ 6,100
Buildings & Grounds Maintenance	39,413	7,686	14,262	40,000	60,000
Security System Monitoring	359	360	360	700	500
Generators	1,695	223	223	4,000	4,000
Machinery, Tools, & Implements	44,837	45,832	71,897	45,000	65,000
Instrumentation Equipment & Parts	18,297	7,813	25,104	35,000	40,000
Bridges, Culverts, & Siphons	358,938	891	125,842	92,500	45,000
Networking and Communications - SCADA	-	1,014	1,014	5,300	7,100
Canals, Levees, & Dams-Maintenance & Repairs	68,078	172	49,381	255,000	110,000
Invasive Species Management	45,727	94	43,173	30,000	30,000
Streets & Roads	13,798	-	13,798	10,000	15,000
Lake Houston Pump Station Maintenance & Repairs	179,964	1,063,196	1,116,825	175,000	130,000
East Canal Pump Station Maintenance & Repairs	-	6,506	6,506	20,000	25,000
South Canal Pump Station Maintenance & Repairs	1,729	4,643	5,523	-	20,000
TOTAL MAINTENANCE, REPAIRS & PARTS	\$ 776,563	\$ 1,138,743	\$ 1,475,024	\$ 714,500	\$ 557,700
GENERAL & ADMINISTRATIVE EXPENSES					
General & Administrative Expense Allocated	\$ 315,143	\$ 240,543	\$ 340,583	\$ 522,756	\$ 583,510
TOTAL GENERAL & ADMINISTRATIVE EXPENSES	\$ 315,143	\$ 240,543	\$ 340,583	\$ 522,756	\$ 583,510

San Jacinto River Authority - Highlands
Actual to Budget Comparison
FY2018 - FY2020

Description	Actuals 8/31/2018	Actuals Sept-April FY2019	Rolling 12		Budget FY2019	Budget FY2020
			Mo. Actuals May 2018- April 2019			
NON-OPERATING EXPENSES						
Interest Expense	\$ 2,241,684	\$ 1,461,184	\$ 2,207,016		\$ 2,189,383	\$ 2,136,692
TOTAL NON-OPERATING EXPENSES	\$ 2,241,684	\$ 1,461,184	\$ 2,207,016		\$ 2,189,383	\$ 2,136,692
TOTAL EXPENSES	\$ 6,665,874	\$ 5,064,600	\$ 7,540,132		\$ 7,846,561	\$ 7,853,380
NET REVENUES OVER EXPENSES	\$ (5,133,214)	\$ (3,491,028)	\$ (5,797,421)		\$ (6,291,386)	\$ (7,833,305)
CAPITAL IMPROVEMENTS*						
Highlands Improvements					\$ 3,287,000	\$ 60,000
Maintenance Equipment					47,000	311,000
Transportation Equipment					60,000	80,000
Software					433	480
Computer Equipment					49,756	151,971
TOTAL CAPITAL IMPROVEMENTS					\$ 3,444,188	\$ 603,451
OTHER SOURCES (USES)*						
Bond Proceeds					\$ 267,000	\$ -
Bond Principal					(2,076,667)	(2,130,833)
Operating Reserve Fund					185,975	-
Emergency Reserve Fund					185,975	-
TOTAL OTHER SOURCES (USES)					\$ (1,437,717)	\$ (2,130,833)
NET CASH BASIS SOURCES (USES)	\$ (5,133,214)	\$ (3,491,028)	\$ (5,797,421)		\$ (11,173,291)	\$ (10,567,589)

*Actuals intentionally left blank.

San Jacinto River Authority - Highlands Repair and Replacement
Actual to Budget Comparison
FY2018 - FY2020

Description	Actuals 8/31/2018	Actuals Sept-April FY2019	Rolling 12		Budget FY2019	Budget FY2020
			Mo. Actuals May 2018- April 2019			
OPERATING EXPENSES						
PROFESSIONAL FEES						
Engineering	\$ -	\$ -	\$ -		\$ -	\$ 110,000
TOTAL PROFESSIONAL FEES	\$ -	\$ -	\$ -		\$ -	\$ 110,000
MAINTENANCE, REPAIRS & PARTS						
Canals, Levees, & Dams-Maintenance & Repairs	\$ -	\$ -	\$ -		\$ -	\$ 552,000
Lake Houston Pump Station Maintenance & Repairs	-	-	-		-	263,000
TOTAL MAINTENANCE, REPAIRS & PARTS	\$ -	\$ -	\$ -		\$ -	\$ 815,000
TOTAL EXPENSES	\$ -	\$ -	\$ -		\$ -	\$ 925,000
NET REVENUES OVER EXPENSES	\$ -	\$ -	\$ -		\$ -	\$ (925,000)
CAPITAL IMPROVEMENTS*						
Highlands Improvements					\$ -	\$ 1,587,500
TOTAL CAPITAL IMPROVEMENTS					\$ -	\$ 1,587,500
OTHER SOURCES (USES)*						
Cash Sources (Uses)					\$ -	\$ 11,797,784
TOTAL OTHER SOURCES (USES)					\$ -	\$ 11,797,784
NET CASH BASIS SOURCES (USES)	\$ -	\$ -	\$ -		\$ -	\$ 9,285,284

*Actuals intentionally left blank.

LAKE CONROE DIVISION

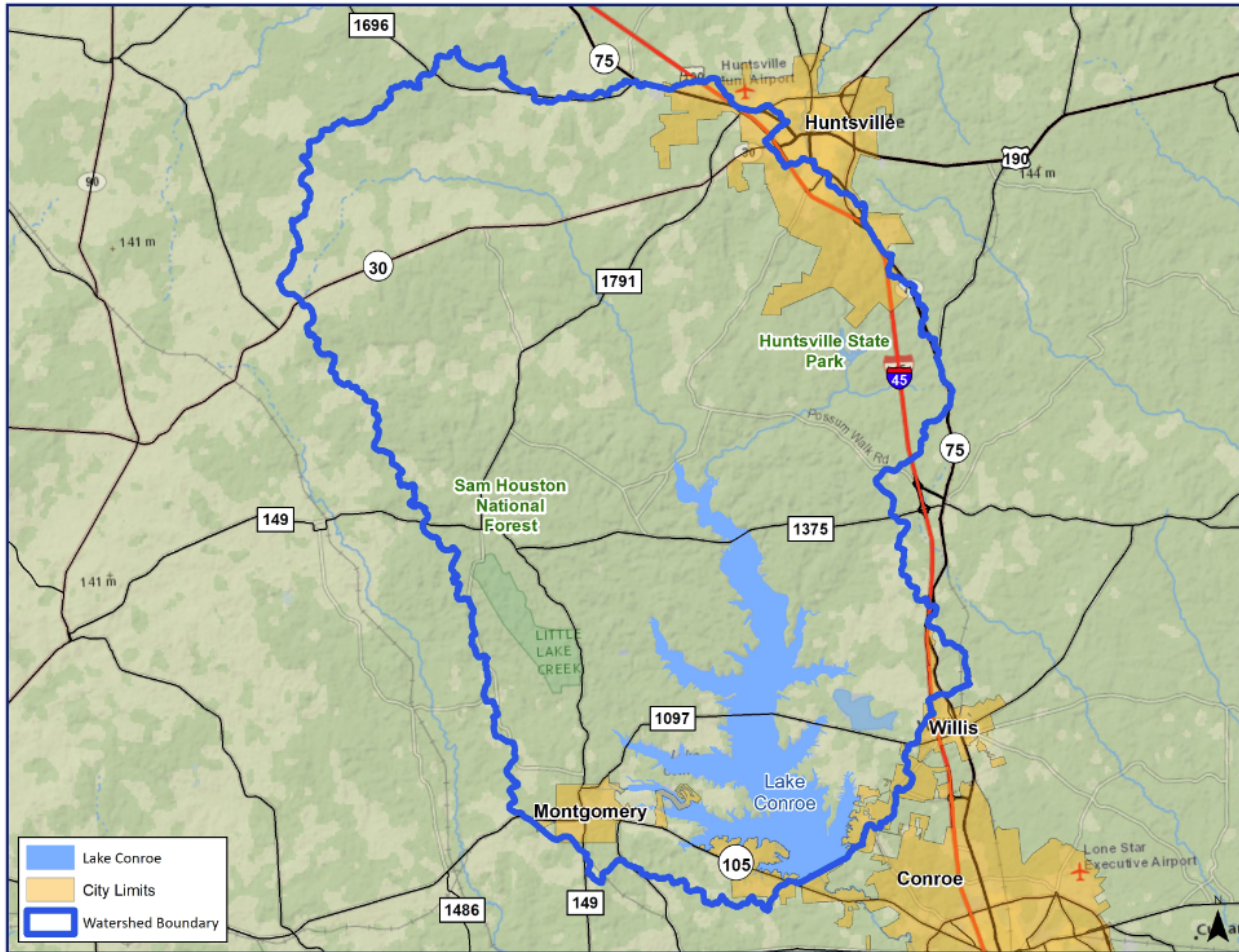


LAKE CONROE DIVISION

The Lake Conroe Division is responsible for managing the resources of the Lake Conroe dam and reservoir. Completed in 1973, Lake Conroe is funded through a joint venture partnership between the Authority and the City of Houston, and was constructed as a long-term water supply reservoir. The Authority holds water rights for 1/3 of the annual yield of Lake Conroe, while the City of Houston holds the other 2/3 of the water rights. As a 2/3 owner in Lake Conroe, the City of Houston reimburses roughly 2/3 of the Lake Conroe Division expenses. The Lake Conroe Division's primary responsibilities are:

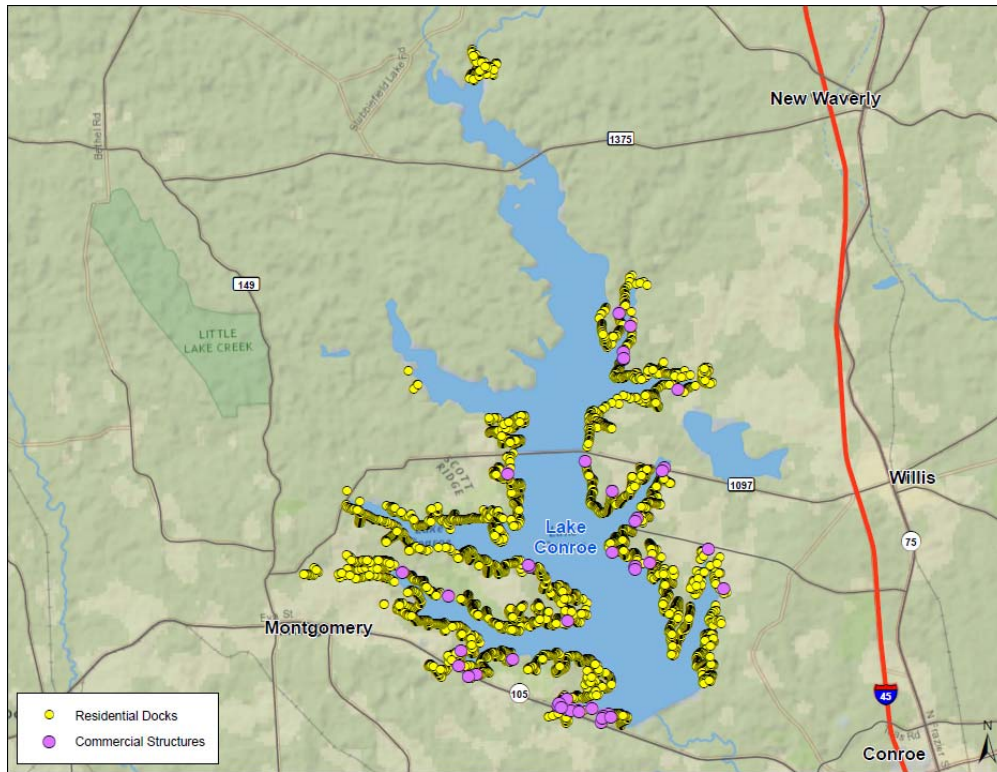
- operate and maintain the Lake Conroe dam, spillway structure, and service outlet,
- handle all monitoring functions related to water quality, including permitting and inspection of on-site sewage systems around Lake Conroe,
- administer licensing programs for residential docks, piers, marinas, commercial operations, all for the purpose of ensuring navigation and recreation safety,
- maintain an invasive aquatic vegetation control program,
- monitor the construction of permanent structures and other encroachments onto Authority lands including the reservoir, and
- administer the rules and regulations for the Lake Conroe reservoir.

MAP OF LAKE CONROE WATERSHED

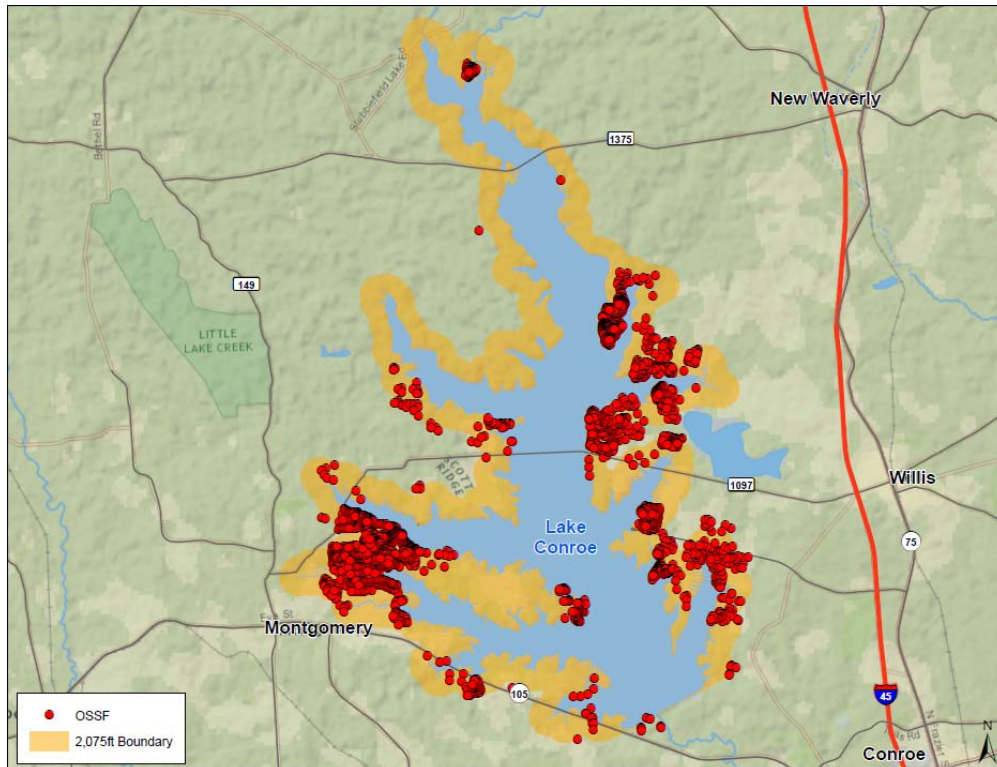


As permitted by the State of Texas, the annual yield of Lake Conroe is 100,000 acre-feet, with the Authority's portion being 33,333 acre-feet (ac-ft) and the City of Houston's portion being 66,667 ac-ft. Lake Conroe was formed by the creation of a 2.2 mile long earthen dam and gated spillway on the West Fork of the San Jacinto River. The reservoir covers an area of roughly 19,640 acres within Montgomery and Walker Counties. When full (201 feet above mean sea-level) the reservoir contains approximately 400,000 acre-feet of water. There are about 4,500 commercial and residential dock structures currently permitted on Lake Conroe and 2,500 on-site sewage systems (OSSFs) permitted within a 2,075 feet perimeter around the shoreline of the reservoir.

MAP OF RESIDENTIAL AND COMMERCIAL DOCKS ON LAKE CONROE



MAP OF ON-SITE SEWAGE FACILITIES (OSSFS) ON LAKE CONROE



Major Initiatives: During FY2019 and planned for FY2020, the Lake Conroe Division has either completed or started, or will complete or start a number of major initiatives to improve the operations and maintenance of the Lake Conroe Dam.

- 1. Westside Diversion Channel Improvements:** The Division is currently in the planning/early design phase of a project to address sloughing/erosion along the Lake Conroe Dam Westside Diversion Channel. The project is anticipated to include repairs of sloughing slopes and improvements to prevent future erosion and sloughing east and west of Dam Site Road, potentially to include slope regrading, silt/material removal near culverts under Dam Site Road, riprap placement, and other improvements. The project will ensure continued reliable operation of the Westside Diversion Channel and prevent erosion from extending beyond SJRA's easement and/or property boundaries. Ultimately, failure of the Westside Diversion Channel could cause dam relief wells to back up, which could create increased pore pressures in the dam and threaten its stability. The project is planned to be completed in a phased approach over the course of the next three fiscal years.
- 2. Outlet Structure and Conduit Joint Repair:** In FY2020, The Division plans to perform a project to repair separated/displaced joints within the Lake Conroe Dam service outlet discharge conduit. The project is also anticipated to include repairs to the service outlet inlet structure. The project will result in increased reliability of dam operations and extend the service life of service outlet components.
- 3. Flood Forecasting and Reservoir Operations Tool:** In 2018 SJRA applied for and was awarded a grant from the Texas Water Development Board (TWDB), pursuant to which SJRA is contracting with a consultant to develop an improved flood forecasting and reservoir operations real-time decision support system (DSS). The DSS will utilize observed and forecasted rainfall, current lake levels, and other criteria to provide operational support for Lake Conroe operations. The project was initiated in March 2019 and is expected to be completed in October 2020.
- 4. Spillway Gate Roller Replacement:** Rollers on the backside of the primary Lake Conroe Dam spillway gates help guide the gates as they travel through their range of motion while opening and closing. The current rollers have deteriorated over time and need to be replaced. The new rollers will be based on an improved design and will be maintenance free. Design of the new rollers was completed in FY2019. The project will include procurement of the new roller assemblies as well as installation which will be performed in-house.
- 5. Lake Conroe Dam Stability Analysis:** In December 2012, a geophysical and hydraulic conductivity analysis was conducted on the east embankment of the Lake Conroe Dam. The concrete apron of the Dam's primary spillway, as well as the underdrain system that runs beneath it, were not included in the original study. The underdrain system was designed to help prevent uplift of the concrete slab due to underground pore pressures. Previous studies have shown that the underdrain system is compromised to some extent. The exact degree of degradation is unknown. The stability analysis will help determine the significance of this reduction in efficiency as well as the necessity of any repairs to the system.

- 6. Relief Well Rehabilitation:** In FY2018 the Division performed a pilot study on three of the twenty relief wells located near the toe of Lake Conroe Dam west embankment, in order to determine the most cost efficient and cost effective methods for rehabilitating the system as a whole. The information gained from the pilot study was utilized in the rehabilitation of the remaining 17 wells. The scope of this initiative included mechanical and chemical cleaning as well as disinfection of the wells. The project began in February 2019 and is anticipated to be completed during the summer of FY2019.
- 7. Lake Conroe Volumetric Survey:** Reservoir owners periodically conduct surveys to determine the capacity of their lakes in terms of volume and how that volume may have changed over time due to sedimentation. The last volumetric survey of Lake Conroe was completed in 2010 by the Texas Water Development Board (TWDB). TWDB will also be engaged to perform the new survey. Information gained from this survey will be useful for water supply analyses and beneficial to programs currently used for SJRA spillway gate operations. The survey is anticipated to be completed in FY2020.
- 8. Dam Crest Road Repair:** In FY2019 it was discovered that a crack in the road that runs along the crest of the Lake Conroe Dam had deteriorated to a point that it required repair and mitigation against future degradation. The project included removal of a duct bank that ran parallel to the road, which is believed to have contributed to the problem. The project also included removal and re-compaction of a portion of the dam embankment downstream of the crack and complete removal and resurfacing of a section of the road.
- 9. Hurricane Harvey Litigation:** Harvey related lawsuits have been filed against the Authority. Lake Conroe's FY2018 Budget for legal expenses was increased by \$400,000 by October 26, 2017 Board Resolution to address the Harvey lawsuits. Actual expenses for litigation in FY2018 were \$298,775. In FY2019, the Authority budgeted \$500,000 for legal expenses related to Harvey litigation. As of June 30, 2019, actual costs for FY2019 have been \$220,365. If the case activity increases beyond the budget for FY2020 of \$1,000,000, the Authority would ask for a budget revision from the Board.

Capital Improvement and Other Projects Plans: Each year the Lake Conroe Division conducts risk assessments and evaluations of their infrastructure. The Division reviews the likelihood and consequences of failure of each asset and then prioritizes projects based on a variety of factors related to reliable, cost-effective service. Projects included within Lake Conroe's Projects Plan for FY2020 are to be funded from the Operations and Maintenance Budget and may extend over multiple fiscal years. The Lake Conroe Division included the following projects in the FY2020 budget for design and/or construction:

Lake Conroe - Projects	Stage	Est. FY2020 Cost	Funding Source
Westside Diversion Channel Improvements	Design/Const	\$ 500,000	R&R
Lake Conroe Spillway Gate Roller Replacement	Design/Const	\$ 242,000	R&R
Lake Conroe Stability Analysis	Design	\$ 68,000	R&R
Lake Conroe Volumetric Survey	Design	\$ 84,000	R&R
Outlet Structure and Conduit Joint Repair	Construction	\$ 89,000	R&R
Forecasting Tool	Design	\$ 243,000	R&R/TWDB
Total		\$ 1,226,000	

Total Indebtedness and Annual Debt Service: The Lake Conroe Division does not have any indebtedness as of FY2019 and no plans for future indebtedness in FY2020 or beyond.

Staffing Plans: The Lake Conroe Division’s staffing plan for FY2020 includes 14 direct FTE positions, with no part-time, temporary, or intern positions. Of these 14 direct FTE positions, Lake Conroe allocates 0.35 FTEs to other divisions, leaving 13.65 FTEs allocated directly to Lake Conroe. In addition to these 13.65 FTEs, the Division is allocated 13.97 FTEs for FY2020 from G&A Departments. The net total FY2020 FTEs associated with the Lake Conroe Division, direct and allocated, is 27.62 FTEs.

Revenues: Since the City of Houston is a 2/3 partner with the Authority in the annual operation and maintenance of Lake Conroe, the City of Houston’s 2/3 reimbursement of normal and customary O&M expenses for FY2020 is \$3,368,635.

Additionally, the Lake Conroe Division issues licenses for commercial businesses operating on the lake, permits for commercial and residential docks, and permits for the installation of OSSFs. Annual permits are required for all boat docks on Lake Conroe. The Division forecasts the number and size of commercial and residential docks each year based on historical permits. Docks fees are expected to remain the same for FY2020 at \$0.188 per square-foot. Revenue from dock fees and other residential and commercial licensing and permitting activities on the lake is projected to be \$1,104,279. In accordance with TCEQ rules, any installation of an OSSF within 2,075 feet of the reservoir shoreline requires a permit from the Authority. Revenues generated by OSSF permits is forecasted to be \$20,600 for FY2020.

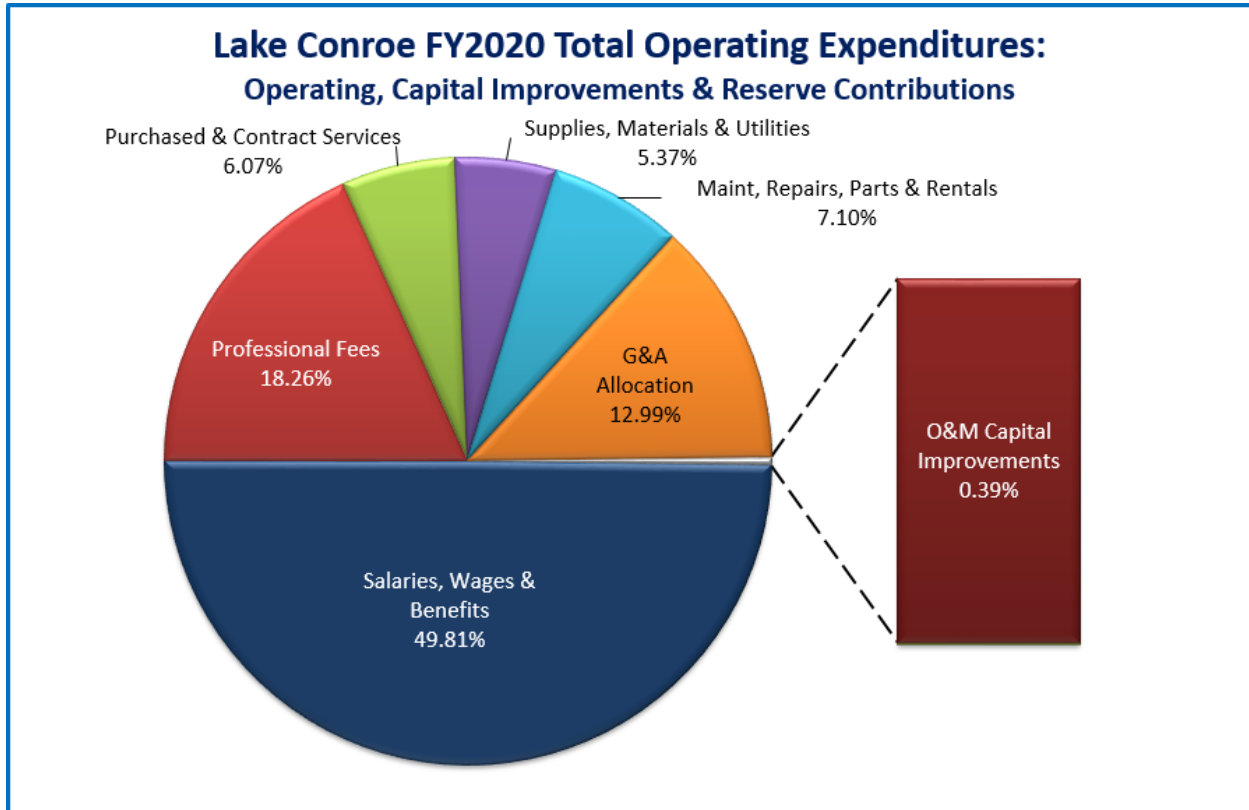
Expected total revenues for the Lake Conroe Division for FY2020 totals \$4,493,514.

Expenditures: The Lake Conroe Division for FY2020 contains regular and customary expenses related to the on-going operation and maintenance of the Lake Conroe reservoir. Such expenditures include:

- Salaries, Wages, and Benefits
- Professional Fees
- Purchased and Contracted Services
- Supplies, Materials, and Utilities
- Maintenance, Repairs, Parts, and Rentals
- G&A Allocations
- O&M Capital Improvements (non-bond related)

- Reserve Contributions (if needed)
- R&R Fund Contributions

Expected total O&M expenditures for the Lake Conroe Division for FY2020, including operating, capital improvements, and any other cash uses, totals \$6,351,910. Lake Conroe expected R&R Fund operating expenses and capital improvements, totals \$914,567.



Fund Balance and Reserves: The Authority’s General Fund Balance combines to cover the Raw Water Enterprise, which is made up of the Raw Water Supply, Highlands Division, and Lake Conroe Division, as well as the G&A Division.

As approved by the Board of Directors on July 25, 2019, the reserve policy for the Lake Conroe Division utilizes two reserves and an R&R Fund: It should be noted that the two reserves for Lake Conroe are based on the Authority’s 1/3 portion of the Lake Conroe Division excluding the City of Houston’s 2/3 portion.

- 1. Operating & Rate Stabilization Reserve:** The Operating & Rate Stabilization Reserve was established to manage cash flow, and stabilize rates and revenues. The Operating & Rate Stabilization Reserve target beginning in FY2020 for the Lake Conroe Division is set to be an amount equal to six months of operating expenditures. Currently Lake Conroe has met the six-month operating reserve. For FY2019, the Lake Conroe Operating Reserve is at \$968,765, equivalent to six months of operating expenses. For FY2020, the Operating & Rate Stabilization Reserve is projected to be fully funded and no funds are budgeted for FY2020.

- 2. *Emergency Reserve:*** The Emergency Reserve was established to provide for a full or partial source of funds for unplanned or emergency repair or replacement of Authority capital assets, excluding the Woodlands and GRP Divisions. The Emergency Reserve target fund balance was established to be a total of \$5,500,000, which is based on estimate amounts of \$2,500,000 for Lake Conroe, \$2,500,000 for the Highlands, and \$500,000 for the G&A Division. The Emergency Reserve target for Lake Conroe is set to an amount equal to \$2,500,000. For FY2020, the Lake Conroe Emergency Reserve is projected to be fully funded and no funds were budgeted for the Emergency Reserve.

- 3. *Repair & Replacement (R&R Fund):*** The Repair & Replacement Fund was established to fund large ongoing and planned projects to prevent significant rate fluctuations, funded annually through pre-determined transfer of funds from the remaining funds available from the O&M budget after the Operating & Rate Stabilization Reserve and Emergency Reserve requirements are met. The R&R Fund for the Lake Conroe Division was prefunded by the existing Capital R&R Reserve and Unrestricted Cash and no contributions to the R&R Fund were budgeted for FY2020.

For FY2020, the net balance between O&M revenues and expenditures for the Lake Conroe Division, including scheduled contributions to any of the two reserves and an R&R Fund, is (\$1,858,396). This amount will be covered by the Raw Water Supply revenues, as provided by the Raw Water Enterprise.

San Jacinto River Authority - Lake Conroe
Actual to Budget Comparison
FY2018 - FY2020

Description	Rolling 12				
	Actuals 8/31/2018	Actuals Sept-April FY2019	Mo. Actuals May 2018- April 2019	Budget FY2019	Budget FY2020
OPERATING REVENUES					
Permits, Licenses, & Fees - Residential	\$ 688,257	\$ 424,526	\$ 693,633	\$ 661,856	\$ 661,856
Permits, Licenses & Fees - Commercial	419,335	270,484	446,091	442,423	442,423
Fines	100	4,653	4,753	-	-
Septic Tank Licenses	21,661	16,220	22,701	20,600	20,600
City of Houston Share of Lake Conroe Operations	2,617,141	1,756,418	2,873,947	3,528,735	3,368,635
TOTAL OPERATING REVENUES	\$ 3,746,495	\$ 2,472,302	\$ 4,041,126	\$ 4,653,614	\$ 4,493,514
OTHER REVENUES					
Interest Income	\$ 179	\$ 264	\$ 320	\$ -	\$ -
Land Use Agreements	4,319	-	4,319	-	-
FEMA Grant Revenue	31,370	-	31,370	-	-
Grant Revenue	193,693	51,830	172,845	90,000	-
Proceeds From Sale Of Assets	17,268	49,439	66,706	-	-
Other Gains & Losses	3,084	3,858	4,608	-	-
TOTAL OTHER REVENUES	\$ 249,912	\$ 105,390	\$ 280,168	\$ 90,000	\$ -
OPERATING EXPENSES					
SALARIES, WAGES, & EMPLOYEE BENEFITS					
Salaries & Wages	\$ 773,748	\$ 503,179	\$ 789,077	\$ 797,224	\$ 863,864
Salary & Wage Allocation	906,569	691,860	1,031,109	1,072,962	1,262,071
Compensated Absences	4,135	-	4,135	-	-
Group Insurance	395,140	274,561	405,728	473,563	478,626
Group Insurance - Retirees	22,881	15,512	23,231	24,083	25,046
Group Insurance - Retiree OPEB	(22,660)	-	(22,660)	200,000	80,000
Group Retirement Expense	200,594	158,755	228,863	246,881	248,535
Workers Compensation Insurance	33,549	25,149	37,395	44,613	48,426
Social Security Taxes	119,959	83,748	129,624	138,410	157,496
Employee Benefits Allocation	9,375	3,125	12,500	-	-
TOTAL SALARIES, WAGES, & EMPLOYEE BENEFITS	\$ 2,443,290	\$ 1,755,889	\$ 2,639,002	\$ 2,997,736	\$ 3,164,063
PROFESSIONAL FEES					
Legal Fees	\$ 351,774	\$ 191,423	\$ 370,890	\$ 568,500	\$ 1,060,000
Legal Fees-Enforcement	905	3,579	3,802	30,000	30,000
Annual Financial Audit	1,670	1,617	1,932	5,000	6,000
Engineering	496,261	174,437	476,192	473,000	50,000
Crane Inspections	1,055	1,805	2,860	5,620	5,800
Safety Inspections & Testing	446	942	942	600	3,000
Graphic Design	115	146	261	2,000	5,000
TOTAL PROFESSIONAL FEES	\$ 852,225	\$ 373,949	\$ 856,878	\$ 1,084,720	\$ 1,159,800
PURCHASED & CONTRACTED SERVICES					
Waste Disposal Services	\$ 14,163	\$ 3,583	\$ 9,592	\$ 8,000	\$ 8,000
State Fees	526	480	600	1,380	1,380
Patrolling & Security Services	224,912	168,757	240,250	270,000	278,000
Employee Testing- New	1,784	373	1,115	1,300	2,225
Janitorial Services	4,608	2,752	4,288	5,000	5,000
Stream Gauging & Water Quality-USGS	69,193	44,975	67,175	82,155	82,155
Public Relations Expense	-	-	-	7,000	3,000
Water Conservation & Public Education	-	-	-	6,000	6,000
TOTAL PURCHASED & CONTRACTED SERVICES	\$ 315,185	\$ 220,920	\$ 323,020	\$ 380,835	\$ 385,760
SUPPLIES, MATERIALS & UTILITIES					
Office Supplies & Printing	\$ 7,062	\$ 2,154	\$ 2,899	\$ 9,000	\$ 9,000
Other Office Expense	2,385	1,248	2,225	3,500	3,500
Travel	1,648	1,641	2,213	10,000	5,500
Automobile & Truck Expense	22,188	9,830	19,591	20,000	22,000
Postage	12,352	7,910	11,971	14,100	14,100
Property Insurance	8,575	6,347	9,333	8,815	9,997
Auto Insurance	12,816	6,777	11,253	14,444	15,405
Liability Insurance	7,144	6,419	7,962	14,016	14,882
Training-External	2,435	3,274	3,532	12,000	3,500

San Jacinto River Authority - Lake Conroe
Actual to Budget Comparison
FY2018 - FY2020

Description	Rolling 12				
	Actuals 8/31/2018	Actuals Sept-April FY2019	Mo. Actuals May 2018- April 2019	Budget FY2019	Budget FY2020
Training-Internal	129	-	-	700	800
Training-Employee HR	2,249	1,101	1,651	2,616	3,075
Managers Expense	2,609	1,584	2,849	4,000	3,300
Fuel	23,123	15,266	25,271	24,825	28,200
Uniform Services	773	362	1,045	1,050	4,975
Supplies - Lab	3,316	154	604	4,500	4,500
Operations Supplies	2,600	4,788	6,413	11,750	10,750
Memberships & Professional Dues	1,452	231	803	2,046	2,275
Signage	816	-	353	2,000	2,000
Janitorial Supplies	902	212	492	1,200	1,000
Copier, Scanner & Fax	7,282	3,040	5,808	7,225	7,000
Utilities-Electric	14,366	8,560	12,354	18,000	18,000
Utilities-Natural Gas	1,955	2,386	2,693	3,000	3,000
Personal Protective Equipment	2,008	1,855	2,377	5,000	5,850
Safety Equipment & Meetings	3,109	2,451	2,968	5,825	7,700
Health & Wellness Program	-	10	10	600	625
Recruiting Expenses	348	967	1,260	2,350	2,475
Computer Hardware	21,983	8,844	12,653	29,963	25,065
Software & Support	61,135	70,144	90,795	81,714	84,660
Software Maintenance	1,307	557	1,129	1,500	1,500
Imagery & Data Sets	3,035	-	3,000	-	-
Network Communications	4,813	2,808	4,412	3,024	2,868
Newspaper Ads	-	1,885	1,885	7,000	5,000
Wireless Devices & Services	14,877	8,594	14,259	16,389	15,726
Phone System-Install, Maintenance, & Changes	-	-	-	480	455
Landline Telephone Services	2,719	1,637	2,535	2,779	2,636
TOTAL SUPPLIES, MATERIALS & UTILITIES	\$ 253,512	\$ 183,035	\$ 268,598	\$ 345,412	\$ 341,319
RENTALS					
Equipment Rentals	\$ 9,572	\$ 365	\$ 888	\$ 20,000	\$ 20,000
Office Rent	19,235	11,220	17,632	19,235	29,235
Rent-U.S. Forest Lands	16,697	9,740	15,305	17,000	17,000
TOTAL RENTALS	\$ 45,504	\$ 21,325	\$ 33,825	\$ 56,235	\$ 66,235
MAINTENANCE, REPAIRS & PARTS					
Instrumentation	\$ 29,403	\$ 14,158	\$ 16,831	\$ 21,000	\$ 21,000
Office, Furniture, & Fixtures	130	400	400	2,000	7,000
Buildings & Grounds Maintenance	89,101	53,404	105,173	138,000	75,000
Generators	22,413	56	62	10,000	5,000
Machinery, Tools, & Implements	34,818	28,086	40,630	25,250	35,250
Boat Maintenance & Repairs	7,698	4,675	8,648	13,000	20,000
Instrumentation Equipment & Parts	21,370	1,186	12,356	15,000	15,000
Networking and Communications - SCADA	-	470	470	7,000	4,000
Canals, Levees, & Dams-Maintenance & Repairs	462,981	351,974	681,046	602,000	80,000
Clearing	8,287	800	800	10,000	10,000
Invasive Species Management	23,751	256	16,790	82,400	82,400
Streets & Roads	13,090	185	10,125	15,000	15,000
Ayer Island Maint & Repair	-	2,400	2,400	2,000	10,000
Fencing & Security Repairs	8,814	254	3,664	5,000	5,000
TOTAL MAINTENANCE, REPAIRS & PARTS	\$ 721,858	\$ 458,304	\$ 899,394	\$ 947,650	\$ 384,650
GENERAL & ADMINISTRATIVE EXPENSES					
General & Administrative Expense Allocated	\$ 696,995	\$ 463,654	\$ 766,377	\$ 1,018,592	\$ 825,274
TOTAL GENERAL & ADMINISTRATIVE EXPENSES	\$ 696,995	\$ 463,654	\$ 766,377	\$ 1,018,592	\$ 825,274
TOTAL EXPENSES	\$ 5,328,568	\$ 3,477,077	\$ 5,787,095	\$ 6,831,180	\$ 6,327,101
NET REVENUES OVER EXPENSES	\$ (1,332,161)	\$ (899,386)	\$ (1,465,801)	\$ (2,087,565)	\$ (1,833,587)
CAPITAL IMPROVEMENTS*					
Capital Improvements				\$ 337,333	\$ -
Maintenance Equipment				-	4,167

San Jacinto River Authority - Lake Conroe
Actual to Budget Comparison
FY2018 - FY2020

Description	Actuals 8/31/2018	Actuals Sept-April FY2019	Rolling 12 Mo. Actuals	Budget FY2019	Budget FY2020
			May 2018- April 2019		
Transportation Equipment				27,810	15,667
Software				10,197	187
Computer Equipment				3,525	4,789
TOTAL CAPITAL IMPROVEMENTS				\$ 378,865	\$ 24,809
OTHER SOURCES (USES)*					
Cash Sources (Uses)				\$ 706,000	\$ -
Operating Reserve Fund				(27,585)	-
Emergency Reserve Fund				(27,585)	-
Capital Repair/Replacement Reserve Fund				(166,520)	-
TOTAL OTHER SOURCES (USES)				\$ 484,309	\$ -
NET CASH BASIS SOURCES (USES)	\$ (1,332,161)	\$ (899,386)	\$ (1,465,801)	\$ (1,982,121)	\$ (1,858,396)

*Actuals intentionally left blank.

San Jacinto River Authority - Lake Conroe Repair and Replacement
Actual to Budget Comparison
FY2018 - FY2020

Description	Actuals 8/31/2018	Actuals Sept-April FY2019	Rolling 12		Budget FY2019	Budget FY2020
			Mo. Actuals May 2018- April 2019			
OPERATING REVENUES						
City of Houston Share of Lake Conroe Operations	\$ -	\$ -	\$ -		\$ -	\$ 444,600
TOTAL OPERATING REVENUES	\$ -	\$ -	\$ -		\$ -	\$ 444,600
OPERATING EXPENSES						
PROFESSIONAL FEES						
Engineering	\$ -	\$ -	\$ -		\$ -	\$ 152,000
TOTAL PROFESSIONAL FEES	\$ -	\$ -	\$ -		\$ -	\$ 152,000
MAINTENANCE, REPAIRS & PARTS						
Canals, Levees, & Dams-Maintenance & Repairs	\$ -	\$ -	\$ -		\$ -	\$ 331,000
TOTAL MAINTENANCE, REPAIRS & PARTS	\$ -	\$ -	\$ -		\$ -	\$ 331,000
GENERAL & ADMINISTRATIVE EXPENSES						
General & Administrative Expense Allocated	\$ -	\$ -	\$ -		\$ -	\$ 183,900
TOTAL GENERAL & ADMINISTRATIVE EXPENSES	\$ -	\$ -	\$ -		\$ -	\$ 183,900
TOTAL EXPENSES	\$ -	\$ -	\$ -		\$ -	\$ 666,900
NET REVENUES OVER EXPENSES	\$ -	\$ -	\$ -		\$ -	\$ (222,300)
CAPITAL IMPROVEMENTS*						
Dam Rehabilitation	\$ -	\$ -	\$ -		\$ -	\$ 166,667
Software	-	-	-		-	81,000
TOTAL CAPITAL IMPROVEMENTS	\$ -	\$ -	\$ -		\$ -	\$ 247,667
OTHER SOURCES (USES)*						
Cash Sources (Uses)					\$ -	\$ 2,908,419
TOTAL OTHER SOURCES (USES)					\$ -	\$ 2,908,419
NET CASH BASIS SOURCES (USES)	\$ -	\$ -	\$ -		\$ -	\$ 2,438,452

*Actuals intentionally left blank.

Risk	Probability	Management Method
Revenue		
Revenue from raw water sales and reservations less than projected	Low	<ul style="list-style-type: none"> • Long-term raw water supply contracts for industrial and most municipal users are currently take-or-pay so will have limited risk. • Raw water supply contracts for some irrigators are on annual usage basis and are impacted by weather; however, contracted water amounts are very small. • Long-term GRP contracts with Participants. <ul style="list-style-type: none"> ○ GRP take-or-pay amount will fluctuate based on demand and impact of weather. Estimates for budget are conservative. ○ Reservation fees are paid by GRP for all SJRA water in Lake Conroe that is not used.
Revenue from dock, marina, OSSF, etc. permitting/licensing less than projected	Low	<ul style="list-style-type: none"> • Collection rate in budget assumed at 95%. • If licensed facilities are damaged and unusable due to storm events, we offer owners the opportunity to defer licensing fees until the facilities can be repaired.
Delayed payments from large raw water customers	Low	<ul style="list-style-type: none"> • Billing collection process in place to identify late payments and work with customers to obtain payments. • Working Capital Reserve Funds available to cover shortfalls.
Delayed payments from City of Houston	Medium	<ul style="list-style-type: none"> • Delay historically experienced in revenue collections from COH has been incorporated into budget. • Staff continues to work with COH to obtain timely payments. • Operating & Rate Stabilization Reserve Funds available to cover delayed payments.
Labor (Staffing)		
Inability to recruit and retain qualified, motivated staff	Medium	<ul style="list-style-type: none"> • Conducting annual research regarding competitive compensation and benefits, including health benefits. • Offering flexible work hours and schedules.
Professional, Construction and Miscellaneous Services		
Inadequate and/or poorly performing providers of professional, construction and/or miscellaneous services	Low	<ul style="list-style-type: none"> • SJRA staff in key management positions to oversee/ drive progress for timely completion. • Project management procedures implemented for effective project delivery including control of scope, fee, schedule and risk for professional services. • All contracts contain termination clauses. • All professional services contracts are work order based which only authorize work one phase at a time allowing opportunity to adjust services provided.

Risk	Probability	Management Method
		<ul style="list-style-type: none"> • Standardization of construction contract front-end documents and specifications. • Use Competitive Sealed Proposals (CSP) method for obtaining qualified and experienced contractors for performing all major construction.
Limited numbers of qualified firms resulting in high proposed costs for construction services	Medium	<ul style="list-style-type: none"> • Maintain adequate Contingency Funds in project construction cost estimates for projects with a high degree of difficulty or requiring technical expertise. • Purchasing is making concerted efforts to interest more qualified construction contractors in SJRA projects. • Use of CSP method allows negotiation and Value Engineering analysis with selected contractors when appropriate.
Operations and Maintenance Costs		
Operations costs greater than budgeted	Low	<ul style="list-style-type: none"> • Operations costs based on historic expenditures with reasonable contingency. • Commodity costs such as fuel and power susceptible to spikes in prices and are therefore estimated conservatively. • Extreme events, such as a hurricane occurring in the area, are included in contingency plans. • Operating & Rate Stabilization Reserve Funds are available.
Failure of or damages to a key system component requiring immediate repair and/or increased maintenance costs greater than budgeted for Highlands Division	Medium	<ul style="list-style-type: none"> • Most facilities in Highlands have been in service 60 or more years; therefore, a comprehensive assessment of the Highlands system components that are in need of repair/rehabilitation have been used to prioritize and develop a phased capital improvement program (CIP). System rates are adjusted regularly to fund the necessary improvements using cash and appropriate bond revenues. • Emergency Reserve Funds are available for critical and immediate repair of failed system components. • A methodical asset management program that includes preventative maintenance of all key components is scheduled within a computerized maintenance management system. Many components of the system can be maintained and repaired with in-house staff and equipment.
Failure of a key system component requiring	Medium	<ul style="list-style-type: none"> • Lake Conroe dam has been in service for over 40 years. A dam safety inspection is conducted every five years and

Risk	Probability	Management Method
immediate repair and/or maintenance costs greater than budgeted for Lake Conroe Division		<p>any deficiencies are identified and prioritized in a recommended CIP. System rates are adjusted regularly to fund any critical improvements using operating funds. Emergency Reserve Funds are also available for critical and immediate repair of failed system components.</p> <ul style="list-style-type: none"> • Emergency Reserve Funds are available for critical and immediate repair of failed system components. • A methodical asset management program that includes preventative maintenance of all key components is scheduled within a computerized maintenance management system. Many components of the system can be maintained and repaired with in-house staff and equipment.
Capital Outlay		
Capital improvement program (CIP) project costs greater than budgeted	Medium	<ul style="list-style-type: none"> • SJRA staff in key management positions to oversee/ drive progress for most timely completion. • Project management procedures implemented for effective project delivery including control of scope, fee, schedule and risk. • Phased execution of construction projects allows a modification to CIP plan prior to commitment of funds. • Commodity costs such as fuel and construction materials are susceptible to spikes in prices; therefore, these costs are estimated conservatively.
Harris County and TxDOT continue to implement roadway improvements over/through SJRA Highlands Division siphons	Medium	<ul style="list-style-type: none"> • SJRA staff meets periodically with TxDOT and Harris County to discuss infrastructure planning and schedule for proposed roadway improvements. CIP projects can sometimes be shifted to address the scheduled roadway improvements, especially if roadway agency funding is available to offset the accelerated cost.
Existing or new customers required additional water supply which exceeds the available supplies of the Authority or the delivery capacity of the current system	Medium	<p>The Authority is developing a long-term raw water master plan for development of additional permanent supplies for The RWE over the 50-year future.</p> <p>Engineering analysis of the Highlands system’s delivery capacity has been developed and customized models can now be used to determine how best to expand the capacity when required. Before executing new delivery contracts, SJRA professional staff evaluates the required modifications and requires the customer to fund the cost of the capacity improvements.</p> <p>Since all available supplies in Lake Conroe are committed to existing customers, any requests for additional capacity must</p>

Risk	Probability	Management Method
		be met in the short-term by use of long-term committed but currently unused supplies or by immediately acquiring new supplies from other existing sources.

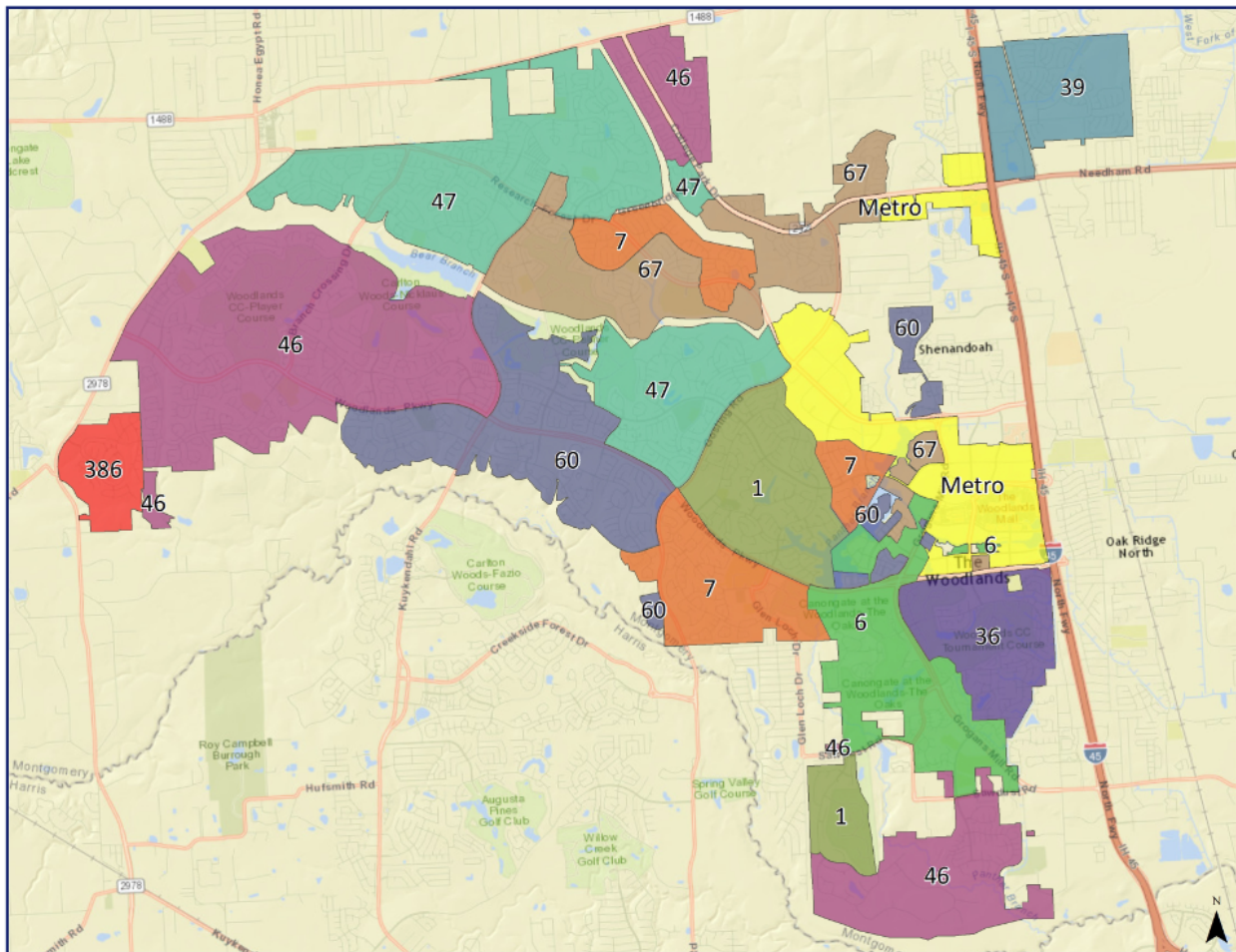
WOODLANDS DIVISION



WOODLANDS DIVISION

The Woodlands Division was created in 1975 to operate and maintain wholesale water supply and wastewater treatment systems for the Woodlands area that is made up of eleven Municipal Utility Districts (MUDs) in southern Montgomery County. The Woodlands Division works in coordination with the eleven MUDs, ten of which are operated by the Woodlands Joint Powers Agency (WJPA) and the other operated by a third-party for the Montgomery County portion of MUD 386, to provide services to a population in excess of 100,000 people.

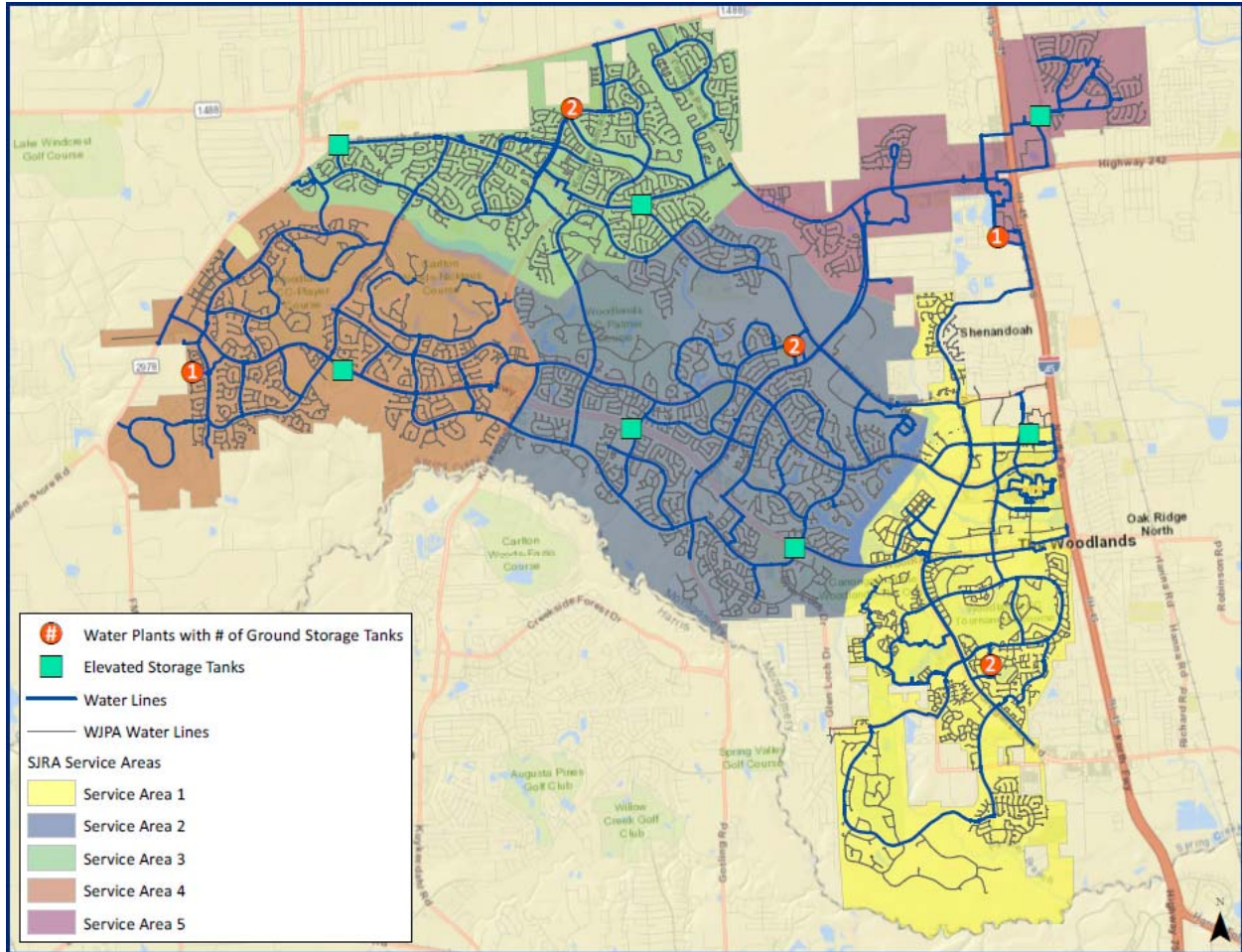
MAP OF WOODLANDS MUDS



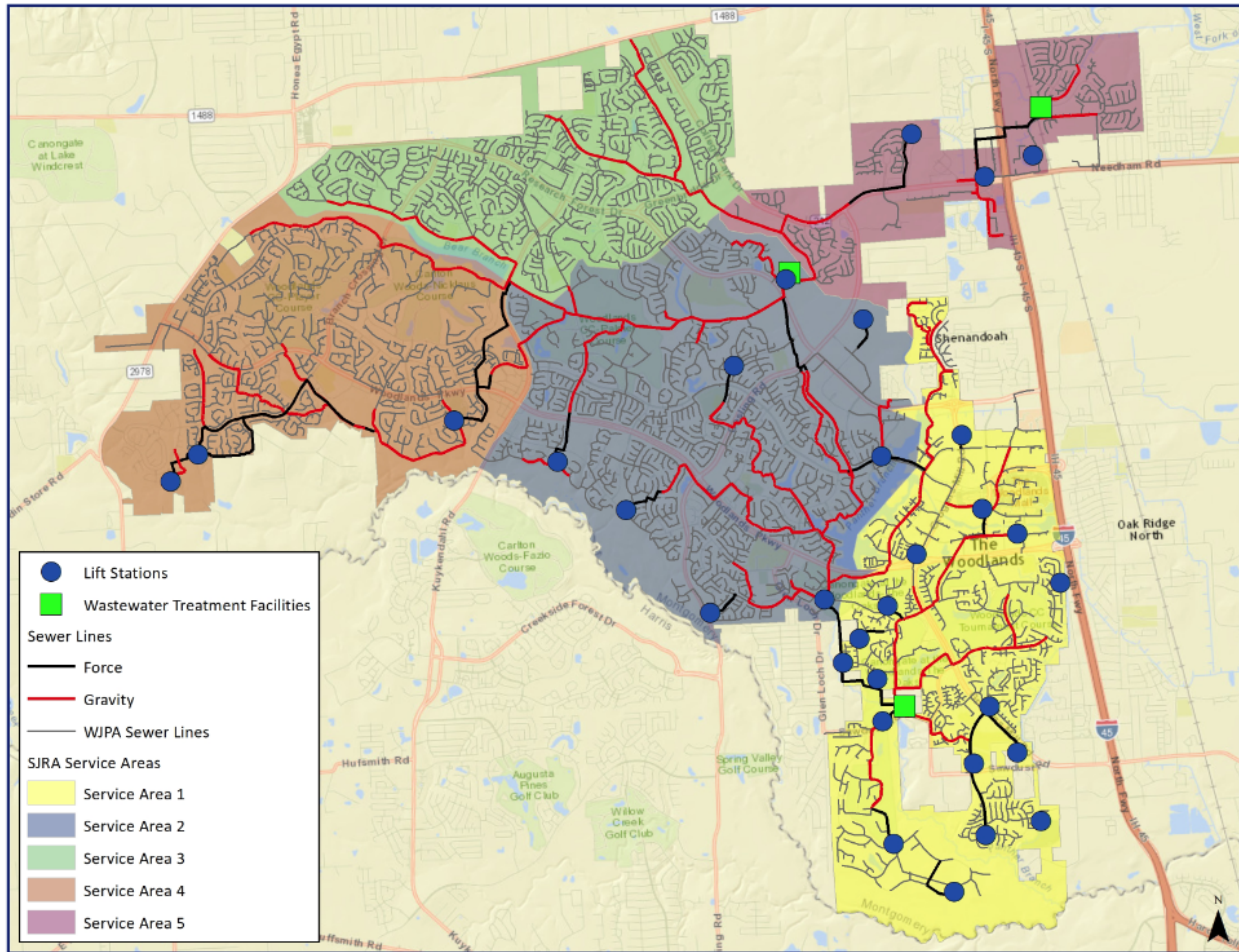
The Woodlands' wholesale water system consists of thirty-eight water wells drilled into the Evangeline and Jasper aquifers, five water plants, six elevated storage tanks, eight ground storage tanks, and 120 miles of potable water transmission lines of ten inches or greater. The Woodlands' wholesale wastewater system consists of thirty lift stations, three regional wastewater treatment plants, 50 miles of wastewater gravity lines fourteen inches or greater, and 20 miles of force mains. In addition to the wholesale water and wastewater services, the Woodlands Division ensures compliance with applicable local, state and

federal regulations for grease traps and industrial pre-treatment through its Environmental Department. There are roughly 450 commercial establishments and four voluntarily issued industrial users permitted through the Environmental Department of the Woodlands Division.

MAP OF THE WOODLANDS WHOLESALE WATER SYSTEM



MAP OF WOODLANDS WHOLESALE WASTEWATER SYSTEM



The Woodlands Division is a separate enterprise fund of the Authority. Based on the eleven contractual agreements, the Woodlands Division is comprised of five unique budgets:

- **Operations and Maintenance (O&M):** Consists of the wholesale water and wastewater revenues, as well as any revenues from industrial and commercial permitting; and regular and customary expenses associated with operations and maintenance of the wholesale water and wastewater systems, and environmental activities
- **Repair & Replacement (R&R Fund):** Funded by annual contributions from the O&M budget for capital improvement projects related to the repair and replacement of existing infrastructure and construction of new non-capacity related infrastructure
- **Water System Bonds:** Revenue and expenses associated with the issuance and repayment of bonds issued solely for water capacity related projects as authorized by the MUDs utilizing bond financing and not making cash contributions
- **Waste Disposal Bonds:** Revenue and expenses associated with the issuance and repayment of bonds issued solely for wastewater capacity related projects as authorized by the MUDs utilizing bond financing and not making cash contributions

- **Future Facilities:** Revenue and expenses associated with “new” capacity and infrastructure necessary to support development projections approved and funded by the MUDs through “interim accounting” processes

Major Initiatives: During FY2019 and planned for FY2020, The Woodlands Division has either completed or started, or will complete or start a number of major initiatives to improve the operations related to the Woodlands.

1. **Sixth and Final Accounting Capacity Projects:** Starting in 1983, the Woodlands Division has undertaken “interim accounting” procedures roughly every five years to ensure equitable sharing of capacity costs associated with residential and commercial development within the eleven MUDs. The process utilizes re-evaluations of each MUD’s current and projected development and re-balances projected capacity costs based on required system increases and development growth results of the interim accounting findings. As the Woodlands area nears ultimate development, in FY2018 the Woodlands Division received approval for the sixth and “final” accounting. This “final” accounting determined projected development and associated costs for capacity needs through 2027, ultimate build-out of The Woodlands service area. After 2027, the individual MUDs will be responsible for financing capacity needs within their service area. Starting in FY2019 and projected to be completed in FY2022, new capacity projects will be designed and constructed to serve future developments.
2. **Sanitary Sewer Transmission and Rehabilitation Program (SSTAR):** The SSTAR Program is a community-wide, comprehensive assessment of the aging wastewater collection system in The Woodlands. The SSTAR Program is being conducted in two steps. The first step uses flow meters installed in pipes and rainfall monitoring to identify and quantify inflow and infiltration (I&I) in the system. The second step is a visual condition assessment of the wholesale system to assist with prioritizing rehabilitation projects for pipes, manholes, and pump stations by determining when rehabilitation is needed. These two steps will assist in prioritizing areas for further inspection and rehabilitation, and ultimately repairing those areas to improve the Woodlands system. By maintaining the system before it fails, there will be a reduced chance for sewage overflows into homes, businesses, and the environment.
3. **Operational Efficiencies:** Starting in FY2018, the Division continues efforts to improve efficiency and effectiveness and reduce costs. Included in those efforts are: 1) revisions to all standard operating procedures to ensure best practices, compliance with safety requirements, and more consistent and improved operations, 2) refinements to demand forecasting based on ten-year historical averages and newly developed projections from the Final Accounting efforts, 3) completing the conversion from paper records to electronic records with a process to maintain a current database, and 4) clean-up of line easements, ensuring the Authority has accurate and documented easements for all water and wastewater lines.
4. **Asset Management:** Along with all of the other operating divisions, the Woodlands Division will be focused on improving the management of their assets through the revision and expansion of their current asset management program. The Woodlands has embraced the use of the Authority’s new Enterprise Asset Management and Computerized Maintenance Management

System (EAM/CMMS). The EAM/CMMS system allows for the tracking of assets throughout the asset’s lifetime, tracking planned and corrective maintenance, and assisting in determining the appropriate time to replace assets.

5. American Water Infrastructure Act 2018 (AWIA): In coordination with the other SJRA divisions and the Risk Department, SJRA – Woodlands will review, develop and implement the requirements of the AWIA 2018 related to Risk and Resiliency and Emergency Response Plans.

6. LSGCD Changes: As part of the legislative changes to the Lone Star Groundwater Conservation District (LSGCD), relative to the transition of their Board of Directors from appointed to elected positions, the Woodlands Division will monitor LSGCD rules and regulations and adapt operations and assess infrastructure to best service the Woodlands area.

Capital Improvement and Other Projects Plans: Each year the Woodlands Division conducts risk and condition assessments of their infrastructure following the steps identified in the Asset Management Plan. The Woodlands reviews the likelihood and consequences of failure of each asset and then prioritizes projects based on a variety of factors related to reliable, cost-effective service. Projects included within the Woodlands’ Projects Plan may be funded with bonds, capacity charges to MUDs, and/or R&R funds and may extend over multiple fiscal years. In FY2019, the Woodlands Division conducted their assessments and prioritized the following projects for the start of or continuation of design and/or construction:

Woodlands - Projects	Stage	Est. FY2020 Cost	Funding Source
Elevated Storage Tanks No. 2 Rehabilitation	Construction	\$ 1,050,000	R&R
Elevated Storage Tank No. 1 Rehabilitation	Design	\$ 100,000	R&R
Water Plant No. 5 Generator Replacement	Construction	\$ 300,000	R&R
Liftstation No. 5 Forcemain Replacement	Construction	\$ 1,100,000	R&R
WWTF No. 2 Plant Process Water (PPW) Motor Control Center	Construction	\$ 350,000	R&R
Sanitary Sewer Transmission Assessment & Renewal (SSTAR)	Study	\$ 1,300,000	R&R
Emergency Repair Service Center & Site Work	Construction	\$ 500,000	R&R
Rehabilitation of Bear Branch Gravity Main	Construction	\$ 16,299,000	Bond
WWTF No. 1 Aeration Basin Nos. 1& 2 Replacement	Design/Const	\$ 12,315,000	Bond/Future Fac.
Water Plant No. 4 Ground Storage Tank No. 2	Construction	\$ 3,413,000	Future Facilities
Total		\$ 36,727,000	

Total Indebtedness and Annual Debt Service: At August 31, 2018, the Woodlands Division had \$77,305,000 of total indebtedness, made up of the following bond issuances:

- Series 2010 Special Project Rev. Refunding Bonds (Outstanding: \$1,520,000: Matures 10/1/20)
- Series 2014 Special Project Rev. Refunding Bonds (Outstanding: \$9,385,000: Matures 10/1/30)
- Series 2014 Special Project Rev. Refunding Bonds (Outstanding: \$23,505,000: Matures 10/1/33)
- Series 2017 Special Project Rev. Bonds (Outstanding: \$42,895,000: Matures 10/01/42)

Total annual debt service (principal and interest) for FY2020 for the existing bond issuances listed above is \$5,922,388.

Bond payments each year are made in April (interest only) and October (principal and interest). Accruals of principal and interest are made monthly. The Woodlands Division maintains a debt service reserve for the Series 2017 Special Project Revenue Bond.

Staffing Plans: The Woodlands Division's staffing plan for FY2019 includes 41 direct FTE positions, with no part-time, temporary, or intern positions. In addition to the 41 direct Woodlands Division FTEs, the Division is allocated 24.33 FTEs for FY2020 from G&A Departments. Total FY2020 FTEs associated with the Woodlands Division, direct and allocated, is 65.33 FTEs.

Revenues: One of the first budgeting activities of the Woodlands Division is to forecast total water demands and estimate the amount of wastewater that will be treated for the upcoming year. The Woodlands utilizes a ten-year historical average to forecast water and wastewater demands then adjusts the demand for growth by utilizing the final accounting growth projections for FY2018-FY2027. The Woodlands Division approximates normal weather conditions with this approach by allowing for wet and dry years to average out. For wastewater, the WJPA uses a three month "winter" average of wastewater demand. The winter average approach creates a cap on residential wastewater fees for the upcoming year based on wastewater flows during the months of December, January, and February. By taking a winter average approach, a more accurate estimate of in-home residential wastewater demand is expected to be obtained, subtracting the impacts of water used for summertime irrigation. MUD 386 does not utilize a winter averaging methodology, using 51% of the water demand each month as their wastewater demand billing formula.

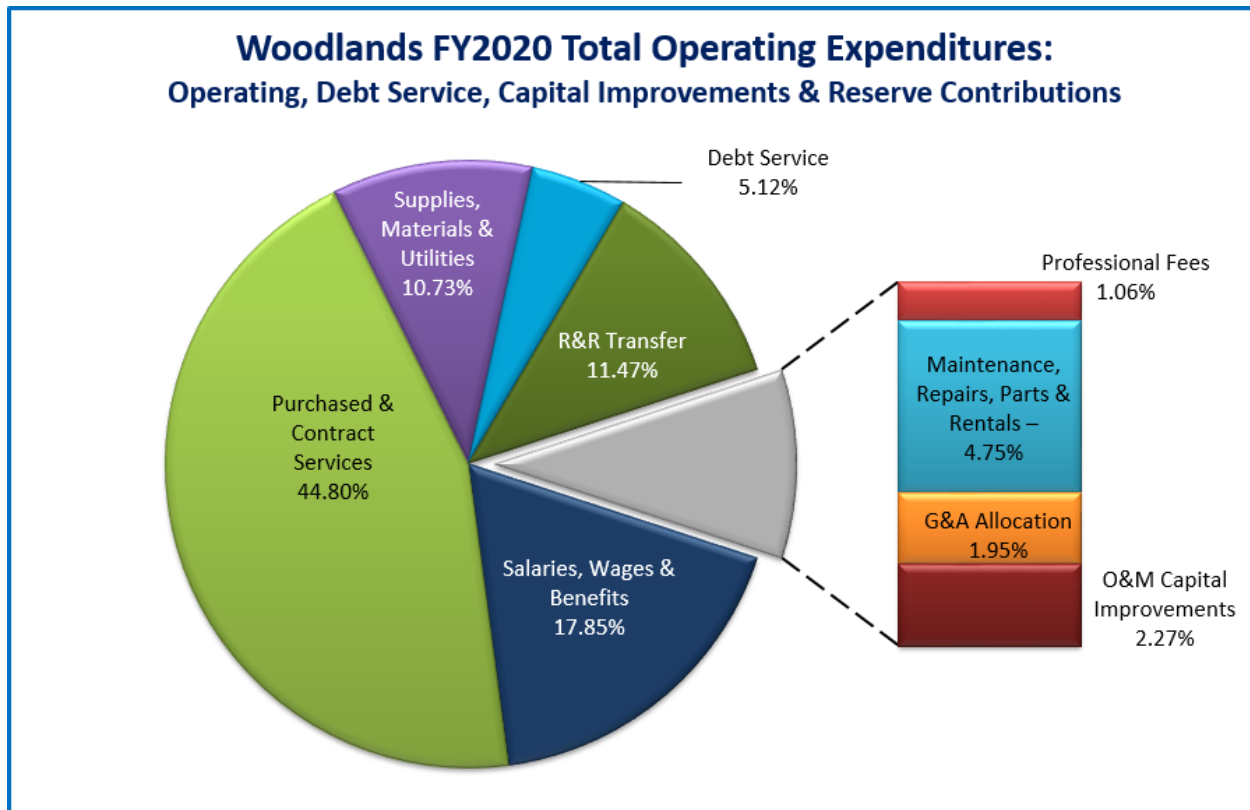
For FY2020, the Woodlands is forecasting a 7% decrease in water sales and a 4% increase in wastewater sales when comparing to FY2019 projections. The wholesale water rate to the MUDs for FY2020 is \$2.19 per 1,000 gallons, resulting in wholesale water sales totaling \$11,887,320. The wholesale wastewater rate to the MUDs for FY2020 is \$4.49, resulting in wholesale wastewater sales totaling \$13,021,000. The WJPA directed the Woodlands Division to utilize a blended groundwater/surface-water GRP rate based on the anticipated FY2020 groundwater to surface-water usage ratio within the Woodlands system. The blended GRP rate for FY2020 is \$2.88 and will be passed-through directly to the Woodlands MUDs as GRP Pumping Fees, not as part of the Woodlands wholesale water rate. Revenues from the GRP Pumping Fees for FY2020 are anticipated to be \$15,632,640 and will be offset by GRP Pumping Fee and Surface Water Fee expenses. Additionally, the Woodlands anticipates receiving revenues from the sale of direct effluent reuse water, fees from commercial environmental licenses, and Industrial sampling fees, totaling \$205,100.

Expected O&M Operating and Other Revenues for the Woodlands Division for FY2020 total \$40,827,060. Woodlands expected Operating, Other Revenues, and Other Cash Sources for the R&R Fund total \$7,310,227: \$120,000 from interest income, \$2,490,227 from cash sources, and 4,700,000 from inter-division transfer from O&M. Woodlands expected Operating, Other Revenues, and Other Cash Sources for Water Bonds, Wastewater Bonds, and Future Facility are \$2,851,438, \$985,750, and \$12,000, respectively.

Expenditures: The Woodlands Division O&M Budget for FY2020 contains regular and customary expenses related to the on-going operation and maintenance of the Woodlands’ wholesale water and wastewater systems. Such expenditures include:

- Salaries, Wages, and Benefits
- Professional Fees
- Purchased and Contracted Services
- Supplies, Materials, and Utilities
- Maintenance, Repairs, Parts, and Rentals
- G&A Allocations
- Debt Service (interest and bond issuance costs)
- O&M Capital Improvements (non-bond related)
- R&R Fund Contributions

Expected total O&M expenditures for the Woodlands Division for FY2020, including operating, debt service, capital improvements, and contributions to the R&R Fund, totals \$40,968,586. Woodlands expected R&R Fund operating expenses, and capital improvements, totals \$4,700,000. Woodlands expected operating and debt service expenditures for Water Bonds and Wastewater Bonds are \$2,849,791 and \$983,566, respectively. Woodlands has no budgeted expenditures for Future Facilities in FY2020; however, expenditures are expected to occur to spend the capacity contributions funded by the 6th and Final Interim Accounting.



Fund Balance and Reserves: As approved by the Board of Directors and by the Woodlands MUDs, the Woodlands Division utilizes two reserves and an R&R Fund:

Operating Reserve: The Operating Reserve was established for cash flow management, and rate and revenue stabilization. The Operating Reserve target for the Woodlands Division is set to be approximately three months of operating expenditures. For FY2019, the Woodlands Division has met a three-month Operating Reserve target at \$4,543,529, equivalent to three months of operating expenses. For FY2020, the Operating Reserve is projected to be \$4,402,003, equivalent to three months of operating expenses.

Repair & Replacement (R&R Fund): The Repair & Replacement Fund was established to fund large ongoing and planned projects to prevent significant rate fluctuations, funded annually through pre-determined transfer of funds from the remaining funds available from the O&M budget after the Operating Reserve requirements are met. Based on the Woodlands project plan for FY2020, the contribution to the R&R Fund is estimated to be \$4,700,000.

Emergency Reserve: The Emergency Reserve (contractually labeled as Contingency Reserve) was established to provide for a full or partial source of funding for unplanned or emergency repair or replacement of Woodlands Division capital asset. The Emergency Reserve target was established at \$2,000,000, with the ability to increase based on inflationary factors, if approved, and determined by the Engineering News Record Construction for Construction Cost. The Emergency Reserve is considered fully funded for FY2019 and no contributions are budgeted in FY2020.

For FY2020, the net between O&M revenues and expenditures, including annual debt service and scheduled contributions to any of the two reserves and the R&R fund, is \$0.

San Jacinto River Authority - Woodlands Operating
Actual to Budget Comparison
FY2018 - FY2020

Description	Rolling 12				
	Actuals 8/31/2018	Actuals Sept-April FY2019	Mo. Actuals May 2018- April 2019	Budget FY2019	Budget FY2020
OPERATING REVENUES					
Water Sales-Woodlands MUD's	\$ 11,279,001	\$ 5,266,245	\$ 10,139,861	\$ 12,223,214	\$ 11,887,320
Wastewater Treatment Fees	13,286,432	7,809,933	12,632,266	11,962,144	13,021,000
Direct Reuse Water	30,000	20,000	30,000	30,000	30,000
Permits, Licenses & Fees - Commercial	205,100	-	205,100	205,100	205,100
GRP Pumping Fees	14,774,220	6,871,195	13,230,105	15,948,384	15,632,640
Sampling	-	-	-	15,000	15,000
Capital Contributions	132,710	-	-	-	-
TOTAL OPERATING REVENUES	\$ 39,707,463	\$ 19,967,373	\$ 36,237,332	\$ 40,383,842	\$ 40,791,060
OTHER REVENUES					
Interest Income	\$ 425,379	\$ 797,283	\$ 1,113,503	\$ 15,600	\$ 36,000
FEMA Grant Revenue	209,834	-	209,834	-	-
Proceeds From Sale Of Assets	12,395	17,233	29,628	-	-
Other Gains & Losses	15,845	6,655	9,029	-	-
TOTAL OTHER REVENUES	\$ 663,453	\$ 821,172	\$ 1,361,995	\$ 15,600	\$ 36,000
OPERATING EXPENSES					
SALARIES, WAGES, & EMPLOYEE BENEFITS					
Salaries & Wages	\$ 2,464,898	\$ 1,591,389	\$ 2,469,605	\$ 2,693,869	\$ 2,726,878
Salary & Wage Allocation	2,104,304	1,328,372	2,073,554	2,113,456	2,201,755
Staffing Services	16,866	25,533	42,400	-	-
Compensated Absences	(2,047)	-	(2,047)	-	-
Group Insurance	1,058,702	681,011	1,022,330	1,314,448	1,153,821
Group Insurance - Retirees	5,720	3,878	5,808	6,021	6,261
Group Insurance - Retiree OPEB	(23,980)	-	(23,980)	200,000	120,000
Group Retirement Expense	543,981	380,798	559,241	631,523	582,017
Workers Compensation Insurance	122,760	83,175	125,308	161,465	154,486
Social Security Taxes	326,674	206,356	323,468	359,185	368,807
TOTAL SALARIES, WAGES, & EMPLOYEE BENEFITS	\$ 6,617,880	\$ 4,300,513	\$ 6,595,687	\$ 7,479,966	\$ 7,314,025
PROFESSIONAL FEES					
Legal Fees	\$ 77,123	\$ 17,113	\$ 35,777	\$ 190,000	\$ 170,000
Annual Financial Audit	34,540	39,806	45,224	40,000	48,000
Paying Agent Fees	2,250	-	1,500	750	750
Engineering	131,015	61,881	88,498	196,772	200,000
Safety Inspections & Testing	3,132	6,699	6,699	5,000	11,700
Graphic Design	-	348	348	2,000	5,000
TOTAL PROFESSIONAL FEES	\$ 248,059	\$ 125,846	\$ 178,045	\$ 434,522	\$ 435,450
PURCHASED & CONTRACTED SERVICES					
Waste Disposal Services	\$ 50,539	\$ 30,089	\$ 33,877	\$ 93,000	\$ 91,000
Sampling-Reimbursible	-	-	-	15,000	15,000
Sludge Removal	460,673	323,683	521,287	416,000	495,000
Meter Calibration Services	3,527	985	2,046	6,950	5,500
Commercial Laboratory Fees	170,821	95,592	160,758	203,000	155,000
State Fees	93,319	90,677	91,177	100,300	100,300
Groundwater District Fees-GRP	396,969	233,549	455,428	316,500	402,675
Employee Testing- New	6,025	1,604	3,795	5,450	9,655
GRP Pumpage Fees	8,537,557	4,372,482	7,738,544	8,351,264	10,469,550
GRP Surface Water Fees	7,666,109	3,106,064	6,629,760	8,952,302	6,504,750
Janitorial Services	23,574	16,040	25,314	29,000	29,000
Stream Gauging & Water Quality-USGS	59,304	41,987	64,530	48,000	60,000
Public Relations Expense	-	-	-	2,000	2,000
Water Conservation & Public Education	-	-	-	7,000	7,000
Document Retention/Destruction	5,493	1,159	6,323	5,000	6,000
TOTAL PURCHASED & CONTRACTED SERVICES	\$ 17,473,912	\$ 8,313,912	\$ 15,732,840	\$ 18,550,766	\$ 18,352,430

San Jacinto River Authority - Woodlands Operating
Actual to Budget Comparison
FY2018 - FY2020

Description	Rolling 12				
	Actuals 8/31/2018	Actuals Sept-April FY2019	Mo. Actuals May 2018- April 2019	Budget FY2019	Budget FY2020
SUPPLIES, MATERIALS & UTILITIES					
Office Supplies & Printing	\$ 16,318	\$ 4,474	\$ 12,804	\$ 19,000	\$ 19,000
Travel	7,374	43	5,079	4,000	3,000
Automobile & Truck Expense	85,072	31,271	67,814	83,500	90,000
Postage	10,131	1,061	2,515	21,500	6,000
Property Insurance	198,004	142,167	210,219	204,818	223,912
Auto Insurance	44,777	22,045	35,929	52,211	42,542
Liability Insurance	30,443	13,478	21,114	65,474	42,796
Training-External	31,080	7,622	7,703	64,000	44,000
Training-Internal	8,819	1,001	8,245	3,000	6,000
Training-Employee HR	6,103	2,987	4,481	6,540	7,350
Chlorine	122,725	74,643	120,440	184,000	177,000
Polymer	65,250	60,233	83,295	69,500	85,000
Sulfur Dioxide	43,725	33,390	49,290	97,000	87,500
Other Chemicals	49,327	30,936	46,849	52,000	60,000
Alkalinity	56,608	16,228	37,167	50,000	25,000
Fuel	102,056	51,848	87,835	103,000	120,000
Uniform Services	33,795	25,945	37,000	39,000	26,000
Maintenance Supplies	82,410	44,130	76,221	70,500	78,500
Supplies - Lab	18,214	-	17,684	-	-
Operations Supplies	51,927	31,800	48,291	67,750	57,000
Other Operating Expenses	9,161	8,340	3,270	18,000	15,000
Memberships & Professional Dues	16,503	14,376	29,420	2,000	15,000
Utilities-Electric	2,447,713	1,298,785	2,252,792	2,575,000	2,750,000
Utilities-Natural Gas	15,024	8,294	12,657	12,500	14,000
Bank Service Charges	150	-	-	-	-
Personal Protective Equipment	5,674	127	5,801	-	-
Safety Equipment & Meetings	15,823	7,254	10,844	34,875	24,400
Health & Wellness Program	-	27	27	1,450	1,480
Recruiting Expenses	2,052	2,768	3,360	5,900	5,950
Computer Hardware	29,553	33,205	34,274	80,946	44,863
Software & Support	114,607	80,130	117,102	128,593	133,399
Software Maintenance	46,475	34,127	58,613	71,000	58,300
Network Communications	27,594	15,667	28,222	21,360	21,360
Newspaper Ads	2,493	2,080	4,573	14,000	6,000
Wireless Devices & Services	42,798	23,718	38,214	50,340	50,940
Landline Telephone Services	45,369	30,368	45,506	63,000	53,016
TOTAL SUPPLIES, MATERIALS & UTILITIES	\$ 3,885,148	\$ 2,154,570	\$ 3,624,650	\$ 4,335,757	\$ 4,394,307
RENTALS					
Equipment Rentals	\$ 12,536	\$ 11,034	\$ 14,341	\$ 15,000	\$ 15,000
Office Rent	5,598	-	-	-	-
Radio Tower Rental	8,104	5,565	8,266	8,700	9,000
TOTAL RENTALS	\$ 26,238	\$ 16,599	\$ 22,607	\$ 23,700	\$ 24,000
MAINTENANCE, REPAIRS & PARTS					
Office, Furniture, & Fixtures	\$ 5,521	\$ 1,849	\$ 2,487	\$ 7,000	\$ 2,000
Air Conditioner	53,537	15,747	45,660	62,000	94,500
Sidewalks & Driveways	19,223	20,378	21,801	35,000	25,000
Mowing	141,294	169,637	217,870	270,000	215,000
Buildings & Grounds Maintenance	75,483	18,985	51,727	125,000	138,702
Plants & Facilities	115,274	43,439	140,442	60,000	60,000
Security System Monitoring	2,749	1,872	2,531	4,000	4,000
Wells	3,715	4,248	7,726	12,000	4,500
Tanks	180,043	166,824	254,092	185,500	130,000
Electrical	216,901	60,922	122,880	96,000	167,100
Generators	96,619	26,796	100,942	45,000	35,000
Pumps & Motors	198,691	108,307	174,723	271,500	194,000
Compressor	933	-	933	-	-
Aerators	9,314	1,842	5,785	6,500	46,825
Machinery, Tools, & Implements	175	7,166	7,166	-	-
Belt Press	18,566	11,736	27,517	10,000	10,000

San Jacinto River Authority - Woodlands Operating
Actual to Budget Comparison
FY2018 - FY2020

Description	Actuals 8/31/2018	Actuals Sept-April FY2019	Rolling 12 Mo. Actuals		Budget FY2019	Budget FY2020
			May 2018- April 2019			
Clarifier	531	4,440	4,971		5,000	5,000
UV Equipment	9,609	5,900	6,193		5,000	-
Lines, Valves, & Pipes	629,652	117,434	189,995		402,000	350,000
Drainage Structures	-	17,161	17,161		30,000	30,000
Other Maintenance	-	-	-		100,100	100,000
Laboratory Equipment	444	-	-		-	-
Instrumentation Equipment & Parts	199,109	121,547	191,887		192,000	213,200
Bar Screens	61,420	17,615	78,854		9,500	10,500
Chlorinator	25,954	21,702	31,240		42,500	41,500
Low Head Filters	26,723	28,623	32,726		36,000	23,000
Networking and Communications - SCADA	-	4,280	4,280		13,500	20,900
Inventory Gains and Losses	5,829	(716)	3,600		-	-
Bad Debt Expense	13,074	-	13,074		-	-
TOTAL MAINTENANCE, REPAIRS & PARTS	\$ 2,110,383	\$ 997,733	\$ 1,758,264		\$ 2,025,100	\$ 1,920,727
GENERAL & ADMINISTRATIVE EXPENSES						
General & Administrative Expense Allocated	\$ 770,218	\$ 487,656	\$ 755,217		\$ 815,409	\$ 799,714
TOTAL GENERAL & ADMINISTRATIVE EXPENSES	\$ 770,218	\$ 487,656	\$ 755,217		\$ 815,409	\$ 799,714
NON-OPERATING EXPENSES						
Interest Expense	\$ 365,824	\$ 312,475	\$ 458,805		\$ 457,281	\$ 457,281
Bond Issuance Costs	1,420,700	-	-		-	-
TOTAL NON-OPERATING EXPENSES	\$ 1,786,524	\$ 312,475	\$ 458,805		\$ 457,281	\$ 457,281
TOTAL EXPENSES	\$ 32,918,362	\$ 16,709,304	\$ 29,126,114		\$ 34,122,501	\$ 33,697,934
NET REVENUES OVER EXPENSES	\$ 7,452,554	\$ 4,079,240	\$ 8,473,213		\$ 6,276,941	\$ 7,129,126
CAPITAL IMPROVEMENTS*						
Easements					\$ 75,000	\$ 275,000
Water Treatment Plant & Facilities					-	45,000
Maintenance Equipment					9,000	20,000
Operations Equipment					26,600	250,000
Lift Station					-	181,526
Transportation Equipment					75,000	50,000
Software					1,652	1,640
Computer Equipment					69,612	107,486
Radio Communications Equipment					20,000	-
TOTAL CAPITAL IMPROVEMENTS					\$ 276,864	\$ 930,652
OTHER SOURCES (USES)*						
Cash Sources (Uses)					\$ (1,818)	\$ 141,526
Bond Principal					(1,366,667)	(1,640,000)
Repair and Replacement Transfers					(4,631,592)	(4,700,000)
TOTAL OTHER SOURCES (USES)					\$ (6,000,077)	\$ (6,198,474)
NET CASH BASIS SOURCES (USES)	\$ 7,452,554	\$ 4,079,240	\$ 8,473,213		\$ -	\$ -

*Actuals intentionally left blank.

San Jacinto River Authority - Woodlands Repair and Replacement
Actual to Budget Comparison
FY2018 - FY2020

Description	Actuals 8/31/2018	Actuals Sept-April FY2019	Rolling 12 Mo. Actuals		Budget FY2019	Budget FY2020
			May 2018- April 2019			
OTHER REVENUES						
Interest Income	\$ 184,031	\$ 152,745	\$ 229,326		\$ 102,589	\$ 120,000
Other Gains & Losses	-	162	162		-	-
TOTAL OTHER REVENUES	\$ 184,031	\$ 152,908	\$ 229,488		\$ 102,589	\$ 120,000
OPERATING EXPENSES						
PROFESSIONAL FEES						
Engineering	\$ -	\$ 249,109	\$ 249,109		\$ 502,000	\$ 1,300,000
TOTAL PROFESSIONAL FEES	\$ -	\$ 249,109	\$ 249,109		\$ 502,000	\$ 1,300,000
MAINTENANCE, REPAIRS & PARTS						
Plants & Facilities	\$ -	\$ -	\$ -		\$ 266,000	\$ 350,000
Wells	393,123	91,659	91,659		460,000	-
Tanks	2,364,976	1,271,934	2,282,318		100,000	2,250,000
Electrical	-	43,642	43,642		-	-
Lines, Valves, & Pipes	237,959	342,297	394,217		4,012,500	-
TOTAL MAINTENANCE, REPAIRS & PARTS	\$ 2,996,058	\$ 1,749,533	\$ 2,811,836		\$ 4,838,500	\$ 2,600,000
TOTAL EXPENSES	\$ 2,996,058	\$ 1,998,642	\$ 3,060,945		\$ 5,340,500	\$ 3,900,000
NET REVENUES OVER EXPENSES	\$ (2,812,027)	\$ (1,845,734)	\$ (2,831,457)		\$ (5,237,911)	\$ (3,780,000)
CAPITAL IMPROVEMENTS*						
Water Treatment Plant & Facilities					\$ -	\$ 300,000
Sewage Treatment Plant & Facilities					695,000	500,000
TOTAL CAPITAL IMPROVEMENTS					\$ 695,000	\$ 800,000
OTHER SOURCES (USES)*						
Cash Sources (Uses)					\$ 7,457,564	\$ 2,490,227
Repair and Replacement Transfers					4,631,592	4,700,000
TOTAL OTHER SOURCES (USES)					\$ 12,089,156	\$ 7,190,227
NET CASH BASIS SOURCES (USES)	\$ (2,812,027)	\$ (1,845,734)	\$ (2,831,457)		\$ 6,156,245	\$ 2,610,227

*Actuals intentionally left blank.

San Jacinto River Authority - Waste Disposal Bonds
Actual to Budget Comparison
FY2018 - FY2020

Description	Actuals 8/31/2018	Actuals Sept-April FY2019	Rolling 12 Mo. Actuals		Budget FY2019	Budget FY2020
			May 2018- April 2019			
OPERATING REVENUES						
Capacity Revenue	\$ 985,150	\$ 461,833	\$ 976,883		\$ 982,750	\$ 984,550
TOTAL OPERATING REVENUES	\$ 985,150	\$ 461,833	\$ 976,883		\$ 982,750	\$ 984,550
OTHER REVENUES						
Interest Income	\$ 5,910	\$ 4,428	\$ 8,060		\$ 1,200	\$ 1,200
TOTAL OTHER REVENUES	\$ 5,910	\$ 4,428	\$ 8,060		\$ 1,200	\$ 1,200
OPERATING EXPENSES						
PROFESSIONAL FEES						
Disclosure Filing	\$ -	\$ -	\$ -		\$ 500	\$ 500
Arbitrage Rebate Audit	-	-	-		4,000	-
Paying Agent Fees	750	-	750		750	750
TOTAL PROFESSIONAL FEES	\$ 750	\$ -	\$ 750		\$ 5,250	\$ 1,250
NON-OPERATING EXPENSES						
Interest Expense	\$ 426,525	\$ 270,367	\$ 412,083		\$ 404,617	\$ 381,483
TOTAL NON-OPERATING EXPENSES	\$ 426,525	\$ 270,367	\$ 412,083		\$ 404,617	\$ 381,483
TOTAL EXPENSES	\$ 427,275	\$ 270,367	\$ 412,833		\$ 409,867	\$ 382,733
NET REVENUES OVER EXPENSES	\$ 563,785	\$ 195,895	\$ 572,110		\$ 574,083	\$ 603,017
OTHER SOURCES (USES)*						
Bond Principal					\$ (576,667)	\$ (600,833)
TOTAL OTHER SOURCES (USES)					\$ (576,667)	\$ (600,833)
NET CASH BASIS SOURCES (USES)	\$ 563,785	\$ 195,895	\$ 572,110		\$ (2,583)	\$ 2,183

*Actuals intentionally left blank.

San Jacinto River Authority - Water Supply Bonds
Actual to Budget Comparison
FY2018 - FY2020

Description	Actuals 8/31/2018	Actuals Sept-April FY2019	Rolling 12 Mo. Actuals		Budget FY2019	Budget FY2020
			May 2018- April 2019			
OPERATING REVENUES						
Capacity Revenue	\$ 2,861,313	\$ 1,302,458	\$ 2,847,896		\$ 2,868,687	\$ 2,845,438
TOTAL OPERATING REVENUES	\$ 2,861,313	\$ 1,302,458	\$ 2,847,896		\$ 2,868,687	\$ 2,845,438
OTHER REVENUES						
Interest Income	\$ 16,230	\$ 10,762	\$ 21,012		\$ 120	\$ 6,000
TOTAL OTHER REVENUES	\$ 16,230	\$ 10,762	\$ 21,012		\$ 120	\$ 6,000
OPERATING EXPENSES						
PROFESSIONAL FEES						
Disclosure Filing	\$ -	\$ -	\$ -		\$ 500	\$ 500
Arbitrage Rebate Audit	-	-	-		4,000	5,000
Paying Agent Fees	1,500	-	1,500		1,500	1,500
TOTAL PROFESSIONAL FEES	\$ 1,500	\$ -	\$ 1,500		\$ 6,000	\$ 7,000
NON-OPERATING EXPENSES						
Interest Expense	\$ 1,091,194	\$ 696,427	\$ 1,058,531		\$ 1,042,656	\$ 966,958
TOTAL NON-OPERATING EXPENSES	\$ 1,091,194	\$ 696,427	\$ 1,058,531		\$ 1,042,656	\$ 966,958
TOTAL EXPENSES	\$ 1,092,694	\$ 696,427	\$ 1,060,031		\$ 1,048,656	\$ 973,958
NET REVENUES OVER EXPENSES	\$ 1,784,849	\$ 616,794	\$ 1,808,877		\$ 1,820,151	\$ 1,877,479
OTHER SOURCES (USES)*						
Bond Principal					\$ (1,820,833)	\$ (1,875,833)
TOTAL OTHER SOURCES (USES)					\$ (1,820,833)	\$ (1,875,833)
NET CASH BASIS SOURCES (USES)	\$ 1,784,849	\$ 616,794	\$ 1,808,877		\$ (682)	\$ 1,646

*Actuals intentionally left blank.

San Jacinto River Authority - Future Facilities
Actual to Budget Comparison
FY2018 - FY2020

Description	Actuals 8/31/2018	Actuals Sept-April FY2019	Rolling 12 Mo. Actuals		Budget FY2019	Budget FY2020
			May 2018- April 2019			
OPERATING REVENUES						
Capital Contributions	\$ -	\$ 5,795,012	\$ 5,795,012	\$ 5,795,012	\$ 5,795,012	\$ -
TOTAL OPERATING REVENUES	\$ -	\$ 5,795,012	\$ 5,795,012	\$ 5,795,012	\$ 5,795,012	\$ -
OTHER REVENUES						
Interest Income	\$ 20,664	\$ 81,629	\$ 90,458	\$ 6,000	\$ 6,000	\$ 12,000
Proceeds From Sale Of Assets	-	(131,167)	(131,167)	-	-	-
Other Gains & Losses	-	22	22	-	-	-
TOTAL OTHER REVENUES	\$ 20,664	\$ (49,515)	\$ (40,687)	\$ 6,000	\$ 6,000	\$ 12,000
NET REVENUES OVER EXPENSES	\$ 20,664	\$ 5,745,497	\$ 5,754,325	\$ 5,801,012	\$ 5,801,012	\$ 12,000
NET CASH BASIS SOURCES (USES)	\$ 20,664	\$ 5,745,497	\$ 5,754,325	\$ 5,801,012	\$ 5,801,012	\$ 12,000

*Actuals intentionally left blank.

SJRA FY2020 Woodlands Division Risk Management – June 2019

Risk	Probability	Management Method
Revenue		
Revenue sales less than projected due to conservation or wet weather	Medium	<ul style="list-style-type: none"> • Limited operating reserves are available to cover a small amount of deficit • Can request a cash call from the MUDs • Additional funding available in the R&R Fund and Emergency Reserves should the shortfall be significant • Delay capital projects to subsequent years • Reduce transfer to R&R Fund • Delay non-critical items in current fiscal year
Delayed payments from Municipal Utility Districts	Low	<ul style="list-style-type: none"> • Limited operating reserves are available to cover a small amount of deficit • Suspend non-critical items • Use of Emergency Reserve
Labor (Staffing)		
Inadequate staff available for daily operations in Operations and Maintenance Departments.	Low	<ul style="list-style-type: none"> • Hire temporary personnel to support operations and maintenance staff • Outsource some maintenance related items • Increase overtime to bridge gap in staffing • Conduct workload analysis to map out critical tasks.
Professional, Construction and Miscellaneous Services		
Inadequate and/or poorly performing providers of professional, construction and/or miscellaneous services	Low	<ul style="list-style-type: none"> • SJRA staff in key management positions to oversee/drive progress • Project management procedures are implemented for effective project delivery including control of scope, fee, schedule and risk. Implement the Project Management Plan, as appropriate. • All contracts contain termination clauses • Professional services contracts are typically work order based, which authorizes work one phase at a time, thereby allowing opportunity to adjust services provided.
Operations and Maintenance		
Operations or maintenance costs greater than budgeted	Low	<ul style="list-style-type: none"> • Suspend non-critical items • Limited emergency reserve funds available • Plan for operations costs based on historic and anticipated expenditures, with a contingency

<p>Failure of a key Water or wastewater system component, requiring immediate funds greater than budgeted.</p>	<p>Low</p>	<ul style="list-style-type: none"> • Emergency Reserve Funds are available for critical and immediate repair of failed system components • Increase surface water delivery till funds become available • Current Risk Management and Emergency Response Plans anticipate stepped response to failures and include mitigation efforts • Can request a cash call from the MUDs
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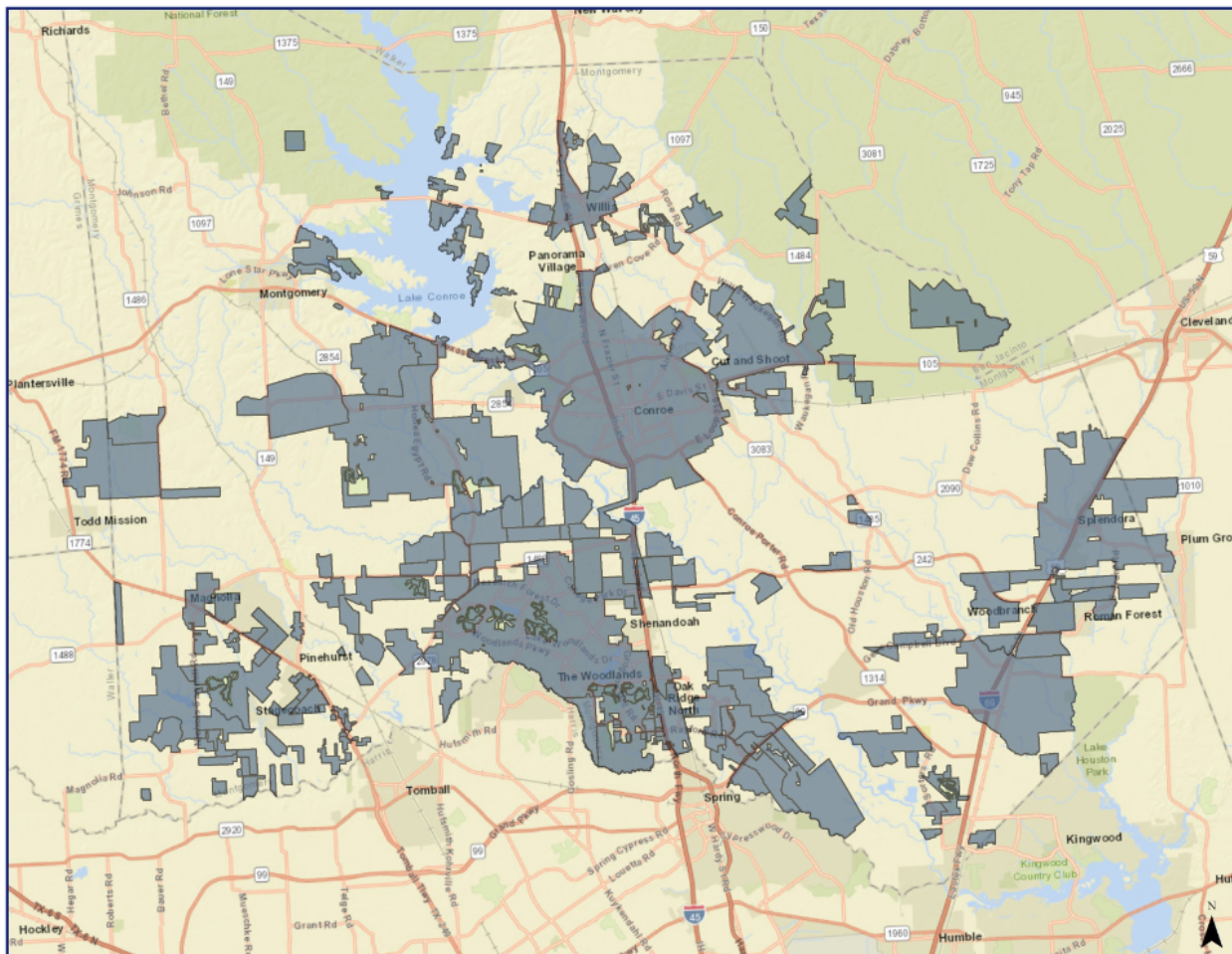


GRP DIVISION

GRP DIVISION

The Lone Star Groundwater Conservation District (LSGCD) issued its District Regulatory Plan Phase IIB Rules on August 20, 2009. These rules require large volume groundwater users within Montgomery County to reduce the amount of groundwater pumped by 30% for the calendar year 2016 via a Groundwater Reduction Plan (GRP). The GRP Division was created in 2010 by the Board of Directors as a separate operating division of the Authority. In 2011, the GRP Division submitted and received certification of its Groundwater Reduction Plan (Plan) to LSGCD on behalf of the Plan's participants. The Plan outlines the collective compliance strategy for the original 79 contracts. The Woodlands Division of SJRA is one of the 139 LSGCD permits that made up the original Plan. The Plan has expanded since 2011 to include 80 contracts representing 149 water systems and an estimated population of 365,000 people.

MAP OF GRP PARTICIPANTS



The GRP Division constructed a 30 million gallon per day (mgd) surface water treatment plant on the southern shore of Lake Conroe to supply surface-water to seven participants through two main

transmission lines and 18 separate surface-water receiving facilities. The GRP Division completed the surface-water treatment facility in September 2015 and began supplying treated surface-water to six participants, ahead of the LSGCD regulations.

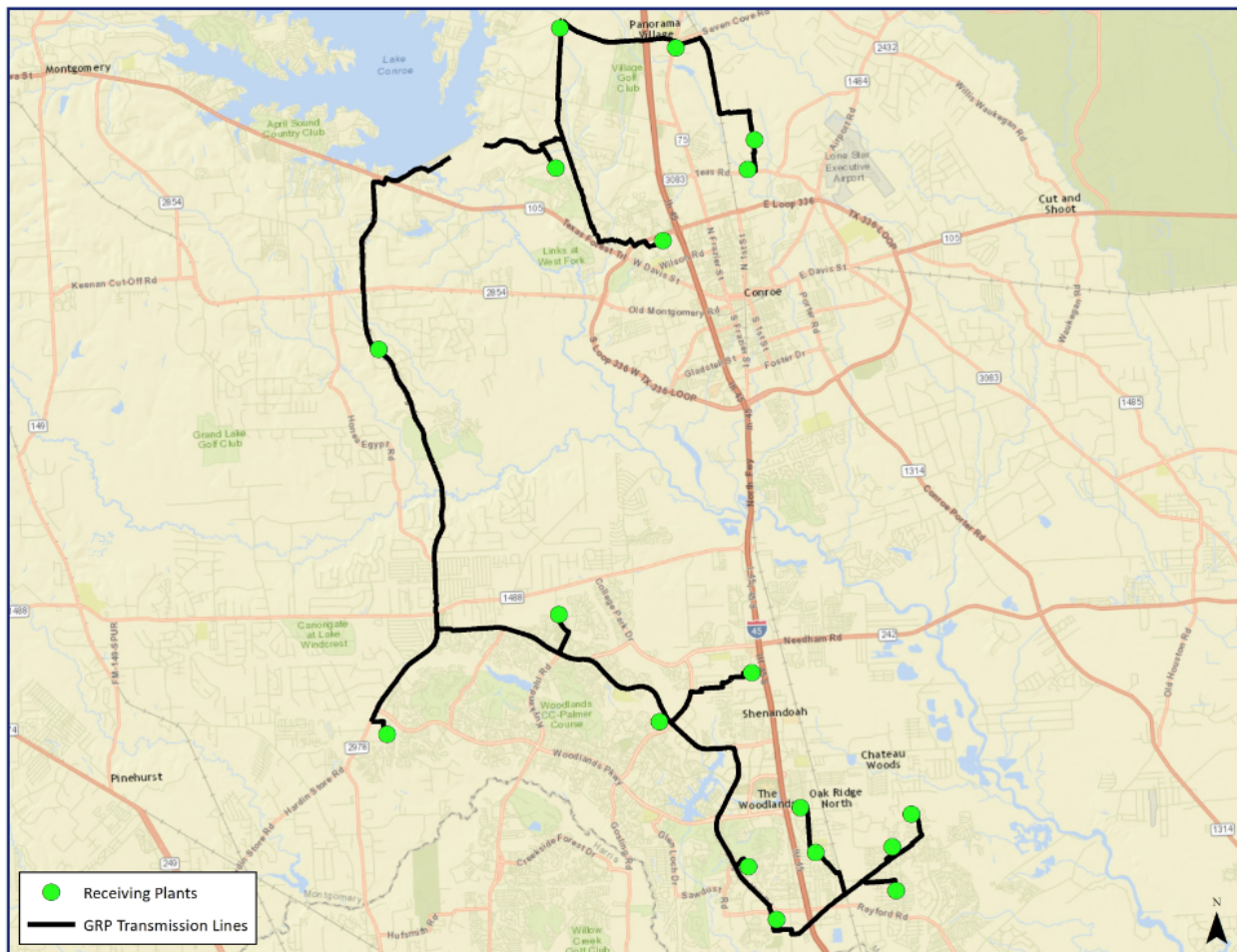
LVGU Reduction Rules Struck From LSGCD Regulatory Plan May 17, 2019

In November of 2018, a new board of directors was elected for the Lone Star Groundwater Conservation District (LSGCD). In February of 2019, the LSGCD issued a letter notifying all groundwater users that groundwater reduction would be stricken from the LSGCD rules upon final judgement of Cause No. 15-08-08942. That judgement became final on May 17, 2019.

Responsible Action for GRP

With that judgement, the requirement that GRP Participants must reduce groundwater pumpage is no longer valid. In response, the GRP Division must make every effort to keep its contracts in place, and to will properly operate, manage and maintain nearly \$500 million in assets while the Lone Star Groundwater Management District develops new groundwater management plans and rules.

MAP OF GRP TRANSMISSION LINES AND RECEIVING FACILITIES



Major Initiatives: During FY2019 and planned for FY2020, the GRP Division has either completed or started, or will complete or start a number of major initiatives to improve the operations related to the Division.

- 1. Reduce the GRP Surface Water Treatment Plant production rate:** In order to maintain the viability of its assets and keep expenses as low as possible the GRP Division will continue to operate the SWTP at an annual average flow rate of 12 MGD. The GRP budget's largest expenses are the fixed costs related to debt service and payroll. The variable costs include professional fees dominated by legal costs as well as supplies, materials and utilities (operating costs).
- 2. Asset Management:** The GRP Division will continue to be focus on improving the management of their assets in FY2020. The Division has embraced the use of the Authority's new Enterprise Asset Management and Computerized Maintenance Management System (EAM/CMMS). The EAM/CMMS system allows the Division to track assets throughout the asset's lifetime, tracking planned and corrective maintenance, and assisting in determining the appropriate time to replace assets.

Capital Improvement and Other Projects Plans: Each year the GRP Division conducts risk assessments and evaluations of their infrastructure. The Division reviews the likelihood and consequences of failure of each asset and then prioritizes projects based on a variety of factors related to reliable, cost-effective service. There are no projects planned for FY2020.

Total Indebtedness and Annual Debt Service: At August 31, 2018, the GRP Division currently had \$494,220,000 of total indebtedness, made up of the following bond issuances:

- Series 2009 Special Project Revenue Bonds (Outstanding: \$19,865,000; Matures 10/1/28)
- Series 2011 Special Project Revenue Bonds (Outstanding: \$74,595,000; Matures 10/1/37)
- Series 2011A Special Project Revenue Bonds (Outstanding: \$56,920,000; Matures 10/1/35)
- Series 2012 Special Project Revenue Bonds (Outstanding: \$150,345,000; Matures 10/1/37)
- Series 2012A Special Project Revenue Bonds (Outstanding: \$154,270,000; Matures 10/1/40)
- Series 2013 Special Project Revenue Bonds (Outstanding: \$36,055,000; Matures 10/1/40)
- Series 2016 Special Project Revenue Bonds (Outstanding: \$2,170,000; Matures 10/1/41)

Annual debt service (principal and interest) for FY2020 for the above bond issuances is \$34,536,750. Bond payments are made each year in April (interest only) and October (principal and interest). Accruals of principal and interest are made monthly. Debt Service Reserves for the above bond issuances are fully funded.

Staffing Plans: The GRP Division's staffing plan for FY2020 includes 28 direct FTE positions, with no part-time, temporary, or intern positions. In addition to the 28 direct GRP Division FTEs, the Division is allocated 13.64 FTEs for FY2020 from G&A Departments. Total FY2020 FTEs associated with the GRP Division, direct and allocated, is 41.64 FTEs.

Revenues: One of the first activities in the budgeting process for the GRP Division is to determine the cumulative total water demand of its participants and then further define the groundwater portion and the surface-water portion. As was described under GRP's major initiatives related to water demand projection and surface water production rate, actual water demand over the previous twelve months will

be used as the projected demand for FY2020 and our surface water production rate is planned to be 4.4 billion gallons.

The GRP Pumping Fee rate to its participants will be increased from the FY2019 rate of \$2.64 per 1,000 gallons to \$2.73 per 1,000 gallons for FY2020, resulting in groundwater revenues totaling \$38,763,748. The GRP Surface-Water Fee to its participants will be increased from the FY2019 rate of \$2.83 per 1,000 gallons to \$3.15 per 1,000 gallons for FY2020, resulting in surface-water revenues totaling \$13,802,746. Also, the LSGCD requires the GRP Division, as the GRP sponsor to collect the LSGCD permit fees for all of its participants. The GRP Division anticipates collecting \$1,490,913 as a LSGCD pass-through fee to its participants, which will be offset with the LSGCD permit fee expense. Other revenues from interest income and office rental total \$23,688. In addition, there is a refund of \$472,943 as a prepaid reservation fee from the City of Houston to the GRP Division.

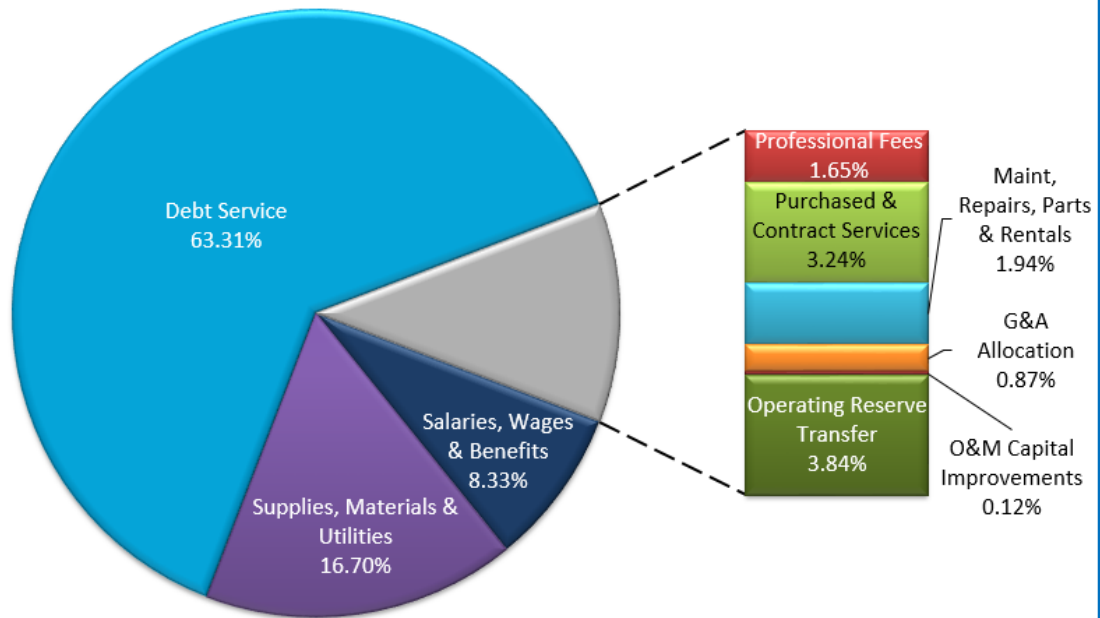
Expected O&M revenues for the GRP Division for FY2020 total \$54,554,038.

Expenditures: The GRP Division for FY2020 contains regular and customary expenses related to the on-going operation and maintenance of the GRP's Surface-Water Treatment Plant. Such expenditures include:

- Salaries, Wages, and Benefits
- Professional Fees
- Purchased and Contracted Services
- Supplies, Materials, and Utilities
- Maintenance, Repairs, Parts, and Rentals
- G&A Allocations
- Debt Service (principal and interest)
- O&M Capital Improvements (non-bond related)
- Reserve Contributions (when budgeted)

Expected total O&M expenditures for the GRP Division for FY2020, including operating, debt service, capital improvements, and any other cash uses, totals \$54,554,039.

**GRP FY2020 Total Operating Expenditures:
Operating, Debt Service, Capital Improvements & Reserve Contributions**



Fund Balance and Reserves: Based upon actual monthly revenues and expenditures for FY2019, along with the forecasted monthly revenues and expenditures for the remaining FY2019 months, the operating fund balance for the GRP Division for the end of FY2019, beginning of FY2020, is projected to be well below the three month operating reserve.

As approved by the GRP Review Committee on July 22, 2019 and approved by the Board of Directors on July 25, 2019, the GRP Division utilizes two reserves and an R&R Fund:

Operating & Rate Stabilization Reserve: The Operating & Rate Stabilization Reserve was established for cash flow management, and rate and revenue stabilization. The Operating & Rate Stabilization Reserve target for the GRP Division is set to an amount equal to three months of operating expenditures with a minimum balance of \$4,600,000. For FY2019, the GRP Division has not met the three-month Operating & Rate Stabilization Reserve target. As of the beginning of FY2019 the Operating Reserve balance was \$3,572,777, roughly two months of operating reserves. For year-end of FY2019, the Operating & Rate Stabilization Reserve is projected to be less than one month of operating expenses.

Emergency Reserve: The Emergency Reserve was established to provide for a full or partial source of funds for unplanned or emergency repair or replacement of Authority capital assets. The Emergency Reserve target for the GRP is set to an amount equal to the approximate cost of water line break repair costs, \$2,000,000. Emergency Reserve contributions are to be made only after the Operating & Rate Stabilization Reserve funding targets are met. No contributions are budgeted for FY2020.

Repair & Replacement (R&R Fund): The R&R Fund was established to provide annual funding for the renewal and/or replacement of GRP assets with an anticipated life expectancy between five and ten years, in order to prevent significant rate fluctuations, with a minimum balance of \$3,400,000. R&R Fund contributions are to be made only after the Operating & Rate Stabilization Reserve and Emergency Reserve funding targets are met. No contributions have been made to the GRP R&R Fund and no contributions are budgeted for FY2020.

For FY2020, the net between revenues and expenditures, including annual debt service and scheduled contributions to any of the two reserves and the R&R fund, is \$0.

San Jacinto River Authority - GRP
Actual to Budget Comparison
FY2018 - FY2020

Description	Actuals 8/31/2018	Actuals Sept-April FY2019	Rolling 12		Budget FY2019	Budget FY2020
			Mo. Actuals May 2018- April 2019			
OPERATING REVENUES						
GRP Pumping Fees	\$ 30,364,866	\$ 15,935,103	\$ 29,124,678		\$ 30,889,254	\$ 28,294,198
GRP Pumping Fees-Woodlands	8,537,578	4,372,482	7,849,581		8,351,264	10,469,550
LSGCD Revenue	1,501,631	338,186	1,044,956		1,228,550	1,088,238
LSGCD Revenue-Woodlands	396,969	233,549	402,776		332,153	402,675
GRP Surface Water Sales	6,695,892	3,520,288	6,200,847		3,439,758	7,297,996
GRP Surface Water Sales-Woodlands	7,666,088	3,106,064	6,629,782		8,952,302	6,504,750
Compliance Fee Revenue	14,463	250	2,055		-	-
Repair Recovery Revenue	41,292	6,942	47,165		-	-
TOTAL OPERATING REVENUES	\$ 55,218,779	\$ 27,512,863	\$ 51,301,839		\$ 53,193,280	\$ 54,057,407
OTHER REVENUES						
Interest Income	\$ 762,235	\$ 1,098,262	\$ 1,548,613		\$ (2,880)	\$ 6,000
Office Rental Revenue	17,688	-	5,896		17,688	17,688
FEMA Grant Revenue	5,857	-	5,857		-	-
Other Gains & Losses	2,088	2,908	2,908		-	-
TOTAL OTHER REVENUES	\$ 787,868	\$ 1,101,170	\$ 1,563,274		\$ 14,808	\$ 23,688
OPERATING EXPENSES						
SALARIES, WAGES, & EMPLOYEE BENEFITS						
Salaries & Wages	\$ 1,860,187	\$ 1,181,053	\$ 1,849,500		\$ 2,021,041	\$ 1,919,257
Salary & Wage Allocation	1,495,136	762,670	1,242,103		1,441,816	1,248,449
Staffing Services	-	14,532	14,532		-	-
Compensated Absences	5,449	-	5,449		-	-
Group Insurance	688,334	430,642	652,488		860,878	673,727
Group Retirement Expense	396,136	242,758	368,875		452,071	377,664
Workers Compensation Insurance	82,501	50,599	77,846		108,997	90,511
Social Security Taxes	237,006	137,849	219,443		255,567	235,105
TOTAL SALARIES, WAGES, & EMPLOYEE BENEFITS	\$ 4,764,748	\$ 2,820,103	\$ 4,430,235		\$ 5,140,369	\$ 4,544,712
PROFESSIONAL FEES						
Legal Fees	\$ 442,821	\$ 420,783	\$ 623,867		\$ 850,000	\$ 750,000
Disclosure Filing	-	-	-		500	500
Annual Financial Audit	39,154	27,483	35,088		35,000	36,000
Arbitrage Rebate Audit	6,650	3,250	3,250		4,000	5,000
Paying Agent Fees	4,500	2,500	4,500		4,750	6,000
Engineering	240,358	167,233	229,401		281,600	94,000
Safety Inspections & Testing	428	477	477		500	5,000
Graphic Design	-	348	348		2,000	5,000
TOTAL PROFESSIONAL FEES	\$ 733,911	\$ 622,074	\$ 896,931		\$ 1,178,350	\$ 901,500
PURCHASED & CONTRACTED SERVICES						
Waste Disposal Services	\$ 3,480	\$ 1,261	\$ 3,075		\$ 3,500	\$ 3,000
Sludge Removal	158,873	58,897	122,698		134,753	127,038
Meter Calibration Services	2,000	4,565	4,565		9,100	6,700
Commercial Laboratory Fees	7,077	4,246	6,603		13,400	4,000
Other Services	3,562	2,217	3,518		79,400	79,400
Groundwater District Fees	1,415,031	753,334	1,431,491		1,561,202	1,491,413
Employee Testing- New	2,552	906	1,402		2,675	4,265
Janitorial Services	38,316	25,544	38,316		41,000	10,000
Water Quality Testing	20,886	17,286	24,654		22,200	23,600
Public Relations Expense	-	-	-		1,500	1,500
Water Conservation & Public Education	-	-	-		6,000	4,000
Meeting Expenses	4,717	2,263	5,110		8,000	6,000
Public Official Liability	1,137	3,033	4,171		4,574	4,803
TOTAL PURCHASED & CONTRACTED SERVICES	\$ 1,657,632	\$ 873,551	\$ 1,645,601		\$ 1,887,305	\$ 1,765,719

San Jacinto River Authority - GRP
Actual to Budget Comparison
FY2018 - FY2020

Description	Rolling 12				
	Actuals 8/31/2018	Actuals Sept-April FY2019	Mo. Actuals May 2018- April 2019	Budget FY2019	Budget FY2020
SUPPLIES, MATERIALS & UTILITIES					
Office Supplies & Printing	\$ 5,916	\$ 1,231	\$ 5,031	\$ 9,000	\$ 6,000
Other Office Expense	11,029	4,418	8,693	10,000	8,000
Travel	2,402	252	1,368	4,500	3,000
Automobile & Truck Expense	14,888	9,106	20,461	15,000	20,000
Postage	2,581	1,327	2,545	3,500	3,000
Property Insurance	160,743	114,623	169,700	166,451	180,532
Auto Insurance	13,784	7,591	11,681	16,732	14,585
Liability Insurance	13,017	12,173	15,578	28,859	26,546
Small Tools Purchases	4,618	1,820	3,179	8,000	8,000
Training-External	8,941	5,410	7,674	12,500	11,500
Training-Internal	6,030	4,400	9,760	1,000	3,000
Training-Employee HR	4,176	2,044	3,066	4,800	4,850
Copper Sulfate	9,360	10,536	19,896	12,786	18,535
Citric Acid	75,005	29,484	58,643	63,186	59,330
Granulated Activated Carbon	2,415,832	1,212,748	1,809,070	2,385,296	1,849,278
Aluminum Chlorohydrate	436,787	173,579	394,570	454,784	509,910
Sodium Permanganate	120,690	35,383	97,561	110,259	100,124
Sodium Bisulfate	20,457	4,856	14,633	10,947	9,771
Sodium Hydroxide	145,782	86,392	143,878	122,957	158,665
Sodium Hypochlorite	128,667	82,700	155,279	178,612	169,488
Chlorine	-	-	-	6,500	-
Polymer	37,260	12,788	25,208	40,154	33,258
Managers Expense	409	62	71	5,000	2,000
Employee Relations	1,904	1,540	2,542	5,000	3,000
Fuel	37,295	21,980	35,468	51,000	47,000
Uniform Services	8,979	1,043	8,560	12,600	13,200
Maintenance Supplies	9,332	3,561	10,297	15,000	12,500
Supplies - Lab	26,382	15,847	27,878	23,500	25,500
Operations Supplies	23,100	9,846	15,378	27,000	24,000
Memberships & Professional Dues	1,328	521	1,306	2,000	2,000
Signage	60	1,008	1,068	2,500	1,000
Copier, Scanner & Fax	20,770	9,937	16,867	20,000	13,000
Delivery & Freight	55	-	-	-	-
Utilities-Electric	996,401	583,988	965,255	722,612	942,262
Utilities-Sewer	155,545	96,999	152,711	129,200	155,000
Reservation Fees-City of Houston	1,213,047	1,684,183	1,684,183	2,034,940	2,178,760
Reservation Fees-SJRA	304,907	331,075	381,927	415,683	131,457
Supply Use Fee-SJRA	2,201,225	1,072,577	2,040,154	2,000,442	2,096,984
Additional Water Fees	237,500	-	-	-	-
Bank Service Charges	-	-	(30)	-	-
Personal Protective Equipment	3,955	595	2,293	5,000	5,000
Safety Equipment & Meetings	580	313	511	2,400	16,400
Health & Wellness Program	-	19	19	1,100	980
Recruiting Expenses	1,273	1,802	2,458	4,300	3,925
Computer Hardware	67,314	62,006	112,359	47,539	56,701
Software & Support	99,605	61,420	99,501	74,586	93,350
Software Maintenance	34,715	23,801	35,245	47,000	40,000
Network Communications	4,122	2,405	3,779	6,250	5,737
Publications & Subscriptions	161	215	376	1,000	500
Newspaper Ads	-	-	-	1,000	1,000
Wireless Devices & Services	22,587	11,633	20,420	35,220	35,010
Phone System-Install, Maintenance, & Changes	-	-	-	992	911
Landline Telephone Services	5,253	3,319	5,068	5,744	5,272
TOTAL SUPPLIES, MATERIALS & UTILITIES	\$ 9,115,771	\$ 5,814,558	\$ 8,603,140	\$ 9,364,431	\$ 9,109,820
RENTALS					
Equipment Rentals	\$ -	\$ 695	\$ 695	\$ 6,000	\$ 2,000
TOTAL RENTALS	\$ -	\$ 695	\$ 695	\$ 6,000	\$ 2,000

San Jacinto River Authority - GRP
Actual to Budget Comparison
FY2018 - FY2020

Description	Actuals 8/31/2018	Actuals Sept-April FY2019	Rolling 12		Budget FY2019	Budget FY2020
			Mo. Actuals May 2018- April 2019			
MAINTENANCE, REPAIRS & PARTS						
Office, Furniture, & Fixtures	\$ 2,222	\$ 1,612	\$ 3,478	\$	\$ 2,000	\$ 2,000
Air Conditioner	55,404	26,209	42,847		30,000	67,000
Mowing	39,583	19,717	32,218		46,000	30,000
Buildings & Grounds Maintenance	40,794	14,794	35,317		39,000	43,300
Building Repair & Modifications	341	-	277		5,000	5,000
Plants & Facilities	11,387	3,108	8,737		31,100	30,600
Security System Monitoring	1,329	1,309	1,527		2,400	2,400
Electrical	520,415	68,252	388,832		191,000	193,500
Generators	19,684	17,209	21,931		37,650	36,000
Pumps & Motors	37,283	16,260	21,559		50,000	55,000
Compressor	12,245	6,688	10,255		15,850	15,850
Aerators	59,059	66,293	90,017		75,000	138,400
Machinery, Tools, & Implements	5,660	5,516	4,932		15,000	15,000
Belt Press	2,749	112	2,702		10,700	10,700
Clarifier	430	440	440		10,000	10,000
Pipeline Transmission System	39,475	56,424	87,827		193,500	193,500
Lines, Valves, & Pipes	34,881	3,571	16,292		65,000	65,000
Other Maintenance	2,725	-	-		5,000	-
Laboratory Equipment	2,475	1,957	2,813		5,000	3,500
Instrumentation Equipment & Parts	83,991	43,218	76,431		85,600	75,000
Pretreatment	5,177	-	-		12,000	12,000
Membrane	35,984	6,555	33,206		20,500	20,000
Networking and Communications - SCADA	-	-	-		10,500	4,000
Backwash Equalization	-	-	-		12,000	12,000
Chemical Handling	4,155	12,322	16,477		17,000	20,000
Inventory Gains and Losses	(4,077)	(1,040)	773		-	-
TOTAL MAINTENANCE, REPAIRS & PARTS	\$ 1,013,369	\$ 370,526	\$ 898,890	\$	\$ 986,800	\$ 1,059,750
GENERAL & ADMINISTRATIVE EXPENSES						
General & Administrative Expense Allocated	\$ 405,005	\$ 242,669	\$ 368,576	\$	\$ 553,734	\$ 476,390
TOTAL GENERAL & ADMINISTRATIVE EXPENSES	\$ 405,005	\$ 242,669	\$ 368,576	\$	\$ 553,734	\$ 476,390
NON-OPERATING EXPENSES						
Interest Expense	\$ 20,914,988	\$ 13,721,326	\$ 20,684,334	\$	\$ 20,567,369	\$ 20,175,084
TOTAL NON-OPERATING EXPENSES	\$ 20,914,988	\$ 13,721,326	\$ 20,684,334	\$	\$ 20,567,369	\$ 20,175,084
TOTAL EXPENSES	\$ 38,605,426	\$ 24,465,502	\$ 37,528,401	\$	\$ 39,684,357	\$ 38,034,976
NET REVENUES OVER EXPENSES	\$ 17,401,222	\$ 4,148,531	\$ 15,336,713	\$	\$ 13,523,731	\$ 16,046,120
CAPITAL IMPROVEMENTS*						
Maintenance Equipment				\$	\$ -	\$ 7,000
Transportation Equipment					-	-
Software					11,219	1,120
Computer Equipment					61,857	54,700
TOTAL CAPITAL IMPROVEMENTS				\$	\$ 73,076	\$ 62,820
OTHER SOURCES (USES)*						
Cash Sources (Uses)				\$	\$ 500,000	\$ -
Prepaid Reservation Fee					472,943	472,943
Bond Principal					(13,958,333)	(14,361,667)
Operating Reserve Fund					(465,265)	(2,094,576)
TOTAL OTHER SOURCES (USES)				\$	\$ (13,450,656)	\$ (15,983,300)
NET CASH BASIS SOURCES (USES)	\$ 17,401,222	\$ 4,148,531	\$ 15,336,713	\$	\$ -	\$ -

*Actuals intentionally left blank.

SJRA FY2020 GRP Risk Management – June 2019

Risk	Probability	Management Method
Revenue		
Total water demand lower than projected will cause revenue shortfall	Med	We have lowered SWTP production rate to reduce operating costs.
Delayed full funding of reserves <ul style="list-style-type: none"> • May leave inadequate funding for unexpected emergencies • Fails to save for known replacement needs • GRP unable to respond to possible line extension requests 	High	Delay capital projects until funds are available Fund balance triggers will prompt action to reduce spending. Reduce surface water production to reduce operating costs Mid-year rate increase if necessary
Regulatory Violations		
Total water demand higher than projected may cause compliance tension	Low	Increase SWTP production rate to maintain compliance (revenues will be above projections)
Treated water quality fails to meet TCEQ standards resulting in fines	Low	Water treatment process is very effective and reliable and includes processes effective at removing disinfection by-products.
Interruption Of Operations		
Interruption of operations due to emergency incident (ie. Fire, Storm, Line Break, Power Outage, Terrorist Threat).	Med	GRP Emergency Response Plan provides instruction for responding to emergency incidents.

FLOOD MANAGEMENT DIVISION



Flood Management Division: The Flood Management Division was created in the spring of 2018 to develop short-term and long-term regional flood management strategies within the San Jacinto River Basin. The intent is to build partnerships with federal, state, and local governmental entities; identify funding options and/or revenue sources; and coordinate, collaborate, and partner with other flood management entities within the San Jacinto River Basin.

Major Initiatives: In FY2019 and continuing into FY2020, the Flood Management Division focused on and will continue the following initiatives:

- 1. Regional Flood Study:** The SJRA has partnered with Montgomery County, City of Houston, and Harris County Flood Control District (HCFCD) to conduct a regional study of the San Jacinto River watershed to address flooding and the response to flooding. The project includes the development of new hydrologic and hydraulic models, an analysis of historic storms for model calibration, identification of flood mitigation alternatives within the watershed, vegetation and sedimentation control, expansion of the Harris County Flood Warning System gauge locations in the San Jacinto River watershed, and improvements to flood response planning. This project, managed by HCFCD, is anticipated to be completed in fall 2020.
- 2. Flood Forecasting and Reservoir Operations Tool:** In 2018, SJRA applied for and was awarded a grant from the Texas Water Development Board (TWDB), pursuant to which SJRA is contracting with a consultant to develop an improved flood forecasting and reservoir operations real-time decision support system (DSS). The DSS will utilize observed and forecasted rainfall, current lake levels, and other criteria to provide operational support for Lake Conroe operations. The project was initiated in March 2019 and is expected to be completed in October 2020. This project is technically a Lake Conroe Division project, with the majority of the matching funding being provided by that division, however the Flood Management Division took the lead role in obtaining the grant and managing the project.
- 3. Spring Creek Watershed Flood Mitigation Reservoir and Detention Feasibility Study:** In 2018, SJRA applied for a grant from the Texas Water Development Board (TWDB) to fund multiple flood planning efforts, including an in-depth, detailed siting study to identify potential locations for one or more flood control reservoirs in the Spring Creek Watershed. While SJRA was awarded grant funding for other efforts, no funds were awarded for the Spring Creek Watershed Study. In FY2018 and FY2019, SJRA led efforts to develop a revised (smaller scale) scope of work and secure funding for the study from five MUDs within the Woodlands. SJRA was prepared to execute a contract to perform the work following anticipated approval at the April 2019 SJRA Board of Directors meeting, but the project was then put on hold by the MUDs until options for potential funding from the State of Texas could be investigated. Once availability of funding from the State is determined, SJRA will coordinate further with the MUDs to determine the ultimate scope of the study and SJRA's role in its facilitation and performance.
- 4. Sand Mining Activities in the San Jacinto River:** In 2018 and 2019, the Flood Management Division researched state laws governing mining in Texas rivers. The intent was to gain an understanding of the fees and royalty payments that are required by the State when contractors mine for sand and aggregates in the river, and to determine the approximate annual revenue

received by the State from mining activities in the river. Based on the results of this research, Flood Management coordinated with SJRA Legal Counsel and local State Senators and State Representatives to propose new legislation to allow for mining activities in the San Jacinto River and/or potentially redirect fees and royalty payments being collected by the State to help fund sediment management in the basin. A bill was passed in the 2019 Texas Legislative Session allowing the SJRA and HCFCD to take material from the San Jacinto River and its tributaries to restore, maintain, or expand the capacity of those bodies to convey storm flows. In the remainder of FY2019 and/or FY2020, SJRA will coordinate with HCFCD and other local entities to determine the most efficient and effective paths forward for funding, planning/designing, and moving forward with said material removal.

Capital Improvement and Other Project Plans: The Flood Management Division does not maintain any physical infrastructure or assets at this time; therefore no maintenance or construction projects exist for FY2020. The Division does not have a 10-year project plan at this time. The Flood Forecasting and Reservoir Operations Tool project, while led and managed by Flood Management, is technically a Lake Conroe Division project and is included in the Lake Conroe Division 10-year project plan. The budget for the Flood Management Division for FY2020 includes \$250,000 for Engineering fees for small studies, designs, or other efforts. \$150,000 of this amount is budgeted for engineering studies or similar efforts related to the Sand Mining Activities in the San Jacinto River project described above. Additional funding for this effort could be provided by other governmental entities or similar partners in the region.

Total Indebtedness and Annual Debt Service: The Flood Management Division does not have any indebtedness as of FY2019 and no plans for future indebtedness in FY2020 or beyond.

Staffing Plans: The Flood Management Division's staffing plan for FY2020 includes 1 direct FTE positions, with no part-time, temporary, or intern positions but is allocated 2.51 FTEs for FY2020 from G&A Departments.

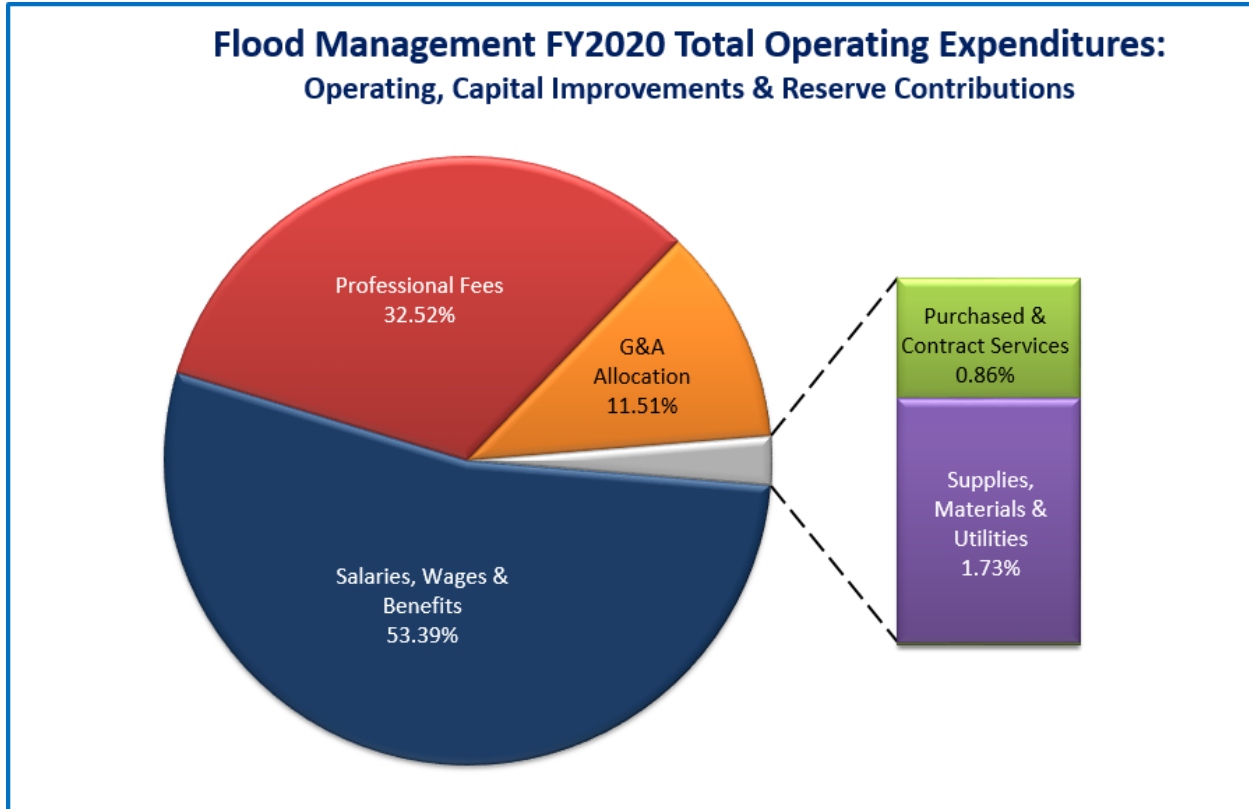
Revenues: The Flood Management Division has no revenues forecasted for FY2020. The Division's minimal expenses are covered by the Raw Water Rate. The Flood Management Division is tasked with studying and implementing regional flood management partnerships, including the potential identification of state and federal grants. If funding sources are identified in FY2020, it is possible that the Flood Management FY2020 budget could be amended.

Expenditures: In FY2020, Flood Management expenditures include:

- Salaries, Wages, and Benefits
- Professional Fees
- Purchased and Contracted Services

- Supplies, Materials, and Utilities
- G&A Allocations

Expected total expenditures for the Authority’s Flood Management Division for FY2020 is \$937,861.



Fund Balance and Reserves: The Authority’s General Fund Balance combines to cover the Flood Management Division, which is also made up of the Raw Water Supply, Highlands Division, Lake Conroe Division, and the G&A Division. The Flood Management Division does not maintain any reserves.

For FY2020, the net between O&M revenues and expenditures for the Flood Management Division is (\$937,861). This amount will be covered by the Raw Water Supply revenues.

San Jacinto River Authority - Flood Management
Actual to Budget Comparison
FY2018 - FY2020

Description	Actuals 8/31/2018	Actuals Sept-April FY2019	Rolling 12 Mo. Actuals		Budget FY2019	Budget FY2020
			May 2018- April 2019			
OPERATING EXPENSES						
SALARIES, WAGES, & EMPLOYEE BENEFITS						
Salaries & Wages	\$ -	\$ 17,148	\$ 17,148	\$ -	\$ 73,049	
Salary & Wage Allocation	111,082	158,154	265,606	351,033	282,947	
Group Insurance	17,313	36,026	52,657	70,888	74,233	
Group Retirement Expense	12,687	24,083	36,305	47,998	39,963	
Workers Compensation Insurance	924	1,714	2,499	3,707	5,264	
Social Security Taxes	8,009	12,252	20,003	21,308	25,222	
TOTAL SALARIES, WAGES, & EMPLOYEE BENEFITS	\$ 150,015	\$ 249,377	\$ 394,218	\$ 494,933	\$ 500,678	
PROFESSIONAL FEES						
Legal Fees	\$ -	\$ 8,548	\$ 8,548	\$ 50,000	\$ 50,000	
Engineering	-	-	-	50,000	250,000	
Graphic Design	-	-	-	-	5,000	
TOTAL PROFESSIONAL FEES	\$ -	\$ 8,548	\$ 8,548	\$ 100,000	\$ 305,000	
PURCHASED & CONTRACTED SERVICES						
Employee Testing- New	\$ -	\$ -	\$ -	\$ -	\$ 30	
Public Relations Expense	-	-	-	-	3,000	
Water Conservation & Public Education	-	-	-	-	5,000	
TOTAL PURCHASED & CONTRACTED SERVICES	\$ -	\$ -	\$ -	\$ -	\$ 8,030	
SUPPLIES, MATERIALS & UTILITIES						
Office Supplies & Printing	\$ -	\$ 147	\$ 147	\$ -	\$ 3,500	
Automobile & Truck Expense	-	-	-	5,000	5,000	
Training-Employee HR	-	-	-	-	400	
Fuel	-	86	86	3,000	3,000	
Health & Wellness Program	-	-	-	-	80	
Recruiting Expenses	-	-	-	-	325	
Computer Hardware	-	-	-	-	200	
Software & Support	-	-	-	-	2,360	
Imagery & Data Sets	30	3,000	3,030	-	-	
Wireless Devices & Services	-	-	-	-	1,320	
TOTAL SUPPLIES, MATERIALS & UTILITIES	\$ 30	\$ 3,233	\$ 3,263	\$ 8,000	\$ 16,185	
GENERAL & ADMINISTRATIVE EXPENSES						
General & Administrative Expense Allocated	\$ 28,944	\$ 50,666	\$ 78,379	\$ 134,815	\$ 107,968	
TOTAL GENERAL & ADMINISTRATIVE EXPENSES	\$ 28,944	\$ 50,666	\$ 78,379	\$ 134,815	\$ 107,968	
TOTAL EXPENSES	\$ 178,989	\$ 311,823	\$ 484,408	\$ 737,748	\$ 937,861	
NET REVENUES OVER EXPENSES	\$ (178,989)	\$ (311,823)	\$ (484,408)	\$ (737,748)	\$ (937,861)	
CAPITAL IMPROVEMENTS*						
Transportation Equipment				\$ 39,000	\$ -	
TOTAL CAPITAL IMPROVEMENTS				\$ 39,000	\$ -	
NET CASH BASIS SOURCES (USES)	\$ (178,989)	\$ (311,823)	\$ (484,408)	\$ (776,748)	\$ (937,861)	

*Actuals intentionally left blank.

G & A DIVISION



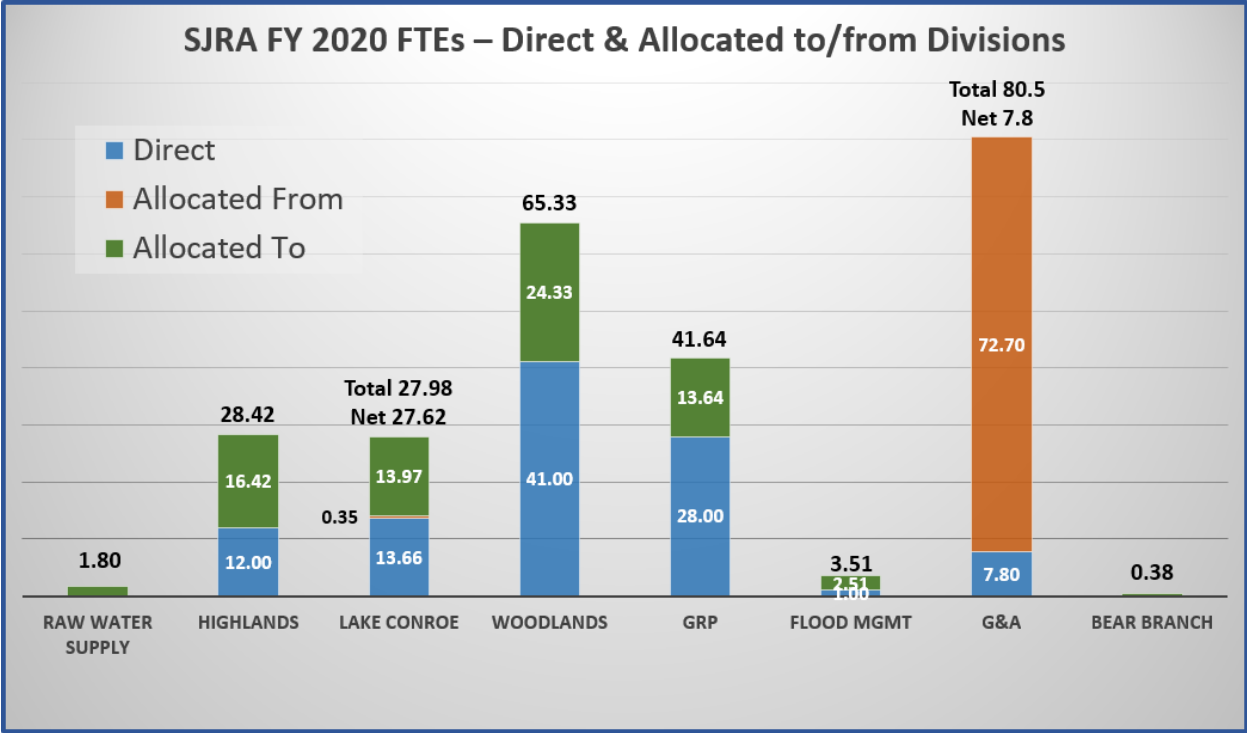
GENERAL AND ADMINISTRATION DIVISION

The general and administrative functions of the Authority are organized into departments within the General and Administration Division (G&A). The G&A consists of Senior Management and the following departments:

Accounting	Information Technology (IT)	Risk Management
Administrative Services	Public Communications	SCADA/I&C
Human Resources (HR)	Purchasing	Technical Services (TS)

The G&A Departments are largely customer service focused on the operating divisions as internal customers of the services they provide. These departments support the operating divisions with administrative and technical services provided on a daily, monthly, and periodic basis. The Authority's G&A employees are well trained: administratively, technically, and professionally. They cross-train within their departments to provide consistent and resilient services and operate with a team mentality within their departments and across the Authority.

Senior Management and the G&A Departments allocate FTEs to the operating divisions based upon appropriate methodologies for their department activities within the terms of existing contracts. Using historical data and projected estimates for the upcoming year, the Administrative Services, Public Communications, and Risk Management Departments follow an approach that estimates, where reasonable, individual employee's projected time worked for each operating division. The Accounting, IT, and Purchasing Departments combine the previous approach with the use of specifically dedicated FTEs to certain operating divisions. The HR Department and some of the IT Department FTEs utilize a proportionate allocation of time worked by their employees based on the percentage of operating divisions' direct and allocated FTEs to the 176.5 total employees of the Authority. The SCADA/I&C Department and Technical Services Department employees work mainly with the operating divisions on the maintenance of certain systems and assist with specific projects, therefore many of those FTEs estimate their allocated time based on specific tasks or the projects planned for FY2020.



Major Initiatives: During FY2019 and planned for FY2020, the G&A Departments have either completed or started, or will complete or start a number of major initiatives to improve the services they provide to the operating divisions.

Accounting: In FY2019, the Accounting Department in collaboration with the GRP Division and a third party consultant is scheduled to complete a rate study as required by GRP Participant contracts. This update will include development of a new model for staff to utilize for budgeting. They assisted each operating division throughout the year with monitoring and reporting of revenues and expenditures, allowing the divisions to more efficiently and effectively manage their operations. In late FY2018, TWDB sent a Receipt of Final Accounting for the TWDB Bonds issued for the GRP Phase 1 program marking the fulfillment of the final accounting requirements of TWDB rules. In FY2019, the Accounting Department in collaboration with the IT Department successfully upgraded the financial accounting system. Also in FY2019, in collaboration with GRP, G&A, Highlands, and Lake Conroe Divisions, the Department had drafted and the board approved a change to reserves policies to fine-tune the Operating and Emergency Reserves. In addition, this change eliminated the Capital Reserves and instead create a Repair & Replacement Fund to pay for major projects for the G&A, Lake Conroe, and Highlands Divisions. This change to create a Repair & Replacement fund is a major shift in strategy for the Highlands Division whom historically has funded most major projects through bond funds to a more sustainable pay-as-you-go strategy.

Administrative Services: The Administrative Services Department supports, facilitates, and strengthens processes by assisting Senior Management and the Board of Directors; improves access to records; preserves and cultivates the records management process; and exceeds customer expectations through extensive interaction with an array of wide-spread services. In Fiscal Year 2019,

the Administrative Services Department coordinated and assisted in the new Board member orientation and facilitated the Texas Open Meeting Act training for same. The department continued preservation of the Authority's archival records and expanded web based repository of public records. The Administrative Services Department also assisted Senior Management, SJRA divisions and departments on various internal administrative projects and initiatives. For FY2019, the Department will begin implementing the Authority's asset management tool EAM/CMMS for the G&A office building and the G&A fleet of pool vehicles, continue training in records management and records retention policies, improve digitization across all divisions and departments, assist in Board of Directors onboarding and training, and continue to engage in SJRA-wide initiatives.

HR: The HR Department continues to improve processes and systems in FY2019 and will continue to develop and implement improvements in FY2020. The department is working closely with managers to develop job related competencies and further fine tune job descriptions with the intention of integrating job related competencies into the evaluation process, allowing accurate identification of skill gaps and related training requirements necessary improve and enhance employee performance. As part of on-going effort to reduce costs, the department, with the assistance of a brokerage firm, worked with insurance carriers to reduce healthcare costs by 3% and dental costs to employees by 10% by combining coverages for health and dental under one carrier. In FY2019 and continuing in FY2020, the department is actively coordinating with managers to identify and implement measures designed to improve employee job satisfaction and retention and avoid costs associated with employee turnover.

IT: The IT Department collaborates with the operating divisions on various projects and coordinates the many Authority-wide computer systems, network infrastructure, and physical security system. The Department provides services that are a combination of division specific projects and the development of uniform business processes across the Authority in coordination with the Divisions and other G&A Departments. In FY2019, the Department was instrumental in working with both the Highlands staff and Highlands industrial customers in a data sharing initiative. The Highlands is now sending and receiving flow data to/from major customers. This data sharing aids in operational reaction time and increased awareness and responsiveness to our customer's needs. In FY2019, the Department has completed expansion of the Woodlands security system infrastructure to its water facilities and has begun to expand the security system infrastructure in the Highlands. The expansion of the Highlands security system is budgeted to continue into FY2020. In FY2020, the Department has budgeted to upgrade the Main Data Center and Woodlands Division storage. The existing StoreVirtual arrays have reached the end of their useful life and will be replaced with more cost effective devices.

Public Communications: The Public Communications Department provides public outreach and education for the Authority by increasing the Authority's social media presence as well as participating and facilitating in school programs, functions, and tours. During FY2019, the Public Communications Department updated each operating division's website to provide effective, user-friendly communications with on-going status updates and most recent data and increasing public awareness and access. The Department also continues collaboration with the Lake Conroe and Flood Management Divisions by expanding and building its core partner relationships through presentations and networking meetings. In the Woodlands and Highlands Divisions, the department assisted the division managers, project managers, and the engineers on numerous constructions projects to insure

the proper line of communication between the Authority, local leaders, and residents. For FY2019, the Public Communications Department will continue to work with each division to improve public perception by assisting with meetings, networking events, political meetings, and education.

Purchasing: For FY2019, the Purchasing Department continued collaboration with the five divisions to better leverage annual contracts for goods and services across the entire Authority. Their goal is to increase savings to the Authority through strategic sourcing of long-term contracts, and ensure continuity of delivery for both goods and services. Purchasing is currently in the process of updating the Purchasing Manual and will be delivering a training session for all SJRA staff with focus on documentation requirements for procurement activity, delegated procurement levels, and best practices for government entities to follow.

Risk Management: The Risk Management Department identifies any potential loss to SJRA resources including but not limited to infrastructure, human capital (employees), strategic or reputational risks. The Risk Management Department designs and implements strategies such as insurance coverages and safety programs to protect SJRA. In FY2019, the Risk Management Department is facilitating the AWIA (America's Water Infrastructure Act of 2018) project to comply with new Environmental Protection Agency requirements for all water utilities. As a result of this project, the Department will continue to make improvements to the Safety Program and Safety Manual in FY2020.

SCADA/I&C: The major initiatives for the SCADA/I&C (SCADA) Department are generally included as collaborative projects with the various operating divisions. For FY2019 SCADA continued to focus on maintaining and improving their cybersecurity for all the SCADA networks around the SJRA. New sites have been brought on line in the Woodlands and the Highlands Divisions. Both of these Divisions will continue to be areas for growth as new sites continue to be incorporated into their SCADA systems. In the Highlands Division, working with the Technical Services Department, the SCADA/I&C Department will continue to add more infrastructure for the implementation of SCADA. In the Woodlands Division all aspects of adding existing sites into their SCADA system will be performed by SCADA including the design, building, installation, and programming. SCADA will continue to assist the Operating Divisions' in updating and implementing their asset management plans. The training that the SCADA/I&C Department has obtained has continued to bear fruit (new fiber optic cable was run, terminated, and spliced for the Lake Conroe Division; Electrical Maintenance support was provided to the Highlands Division; and programming upgrades and operational improvements have been added to the Operating Divisions) and as such, it will continue to maintain the training in the highly technical aspects associated with SCADA. With the adoption of a new strategic plan for the SJRA, SCADA will be implementing job rotation among their technicians.

Technical Services: The major initiatives for the Technical Services Department are generally included as collaborative projects with the various operating divisions. Additionally, the Department has experienced several key changes in staffing and is reassessing staffing needs and reorganizing personnel to continually improve the effectiveness of the services they provide the operating divisions.

Capital Improvement and Other Projects Plans: Each year the G&A Division conducts risk assessments and evaluations of their limited infrastructure. G&A reviews the likelihood and consequences of failure of each asset and then prioritizes projects based on a variety of factors related to reliable, cost-effective

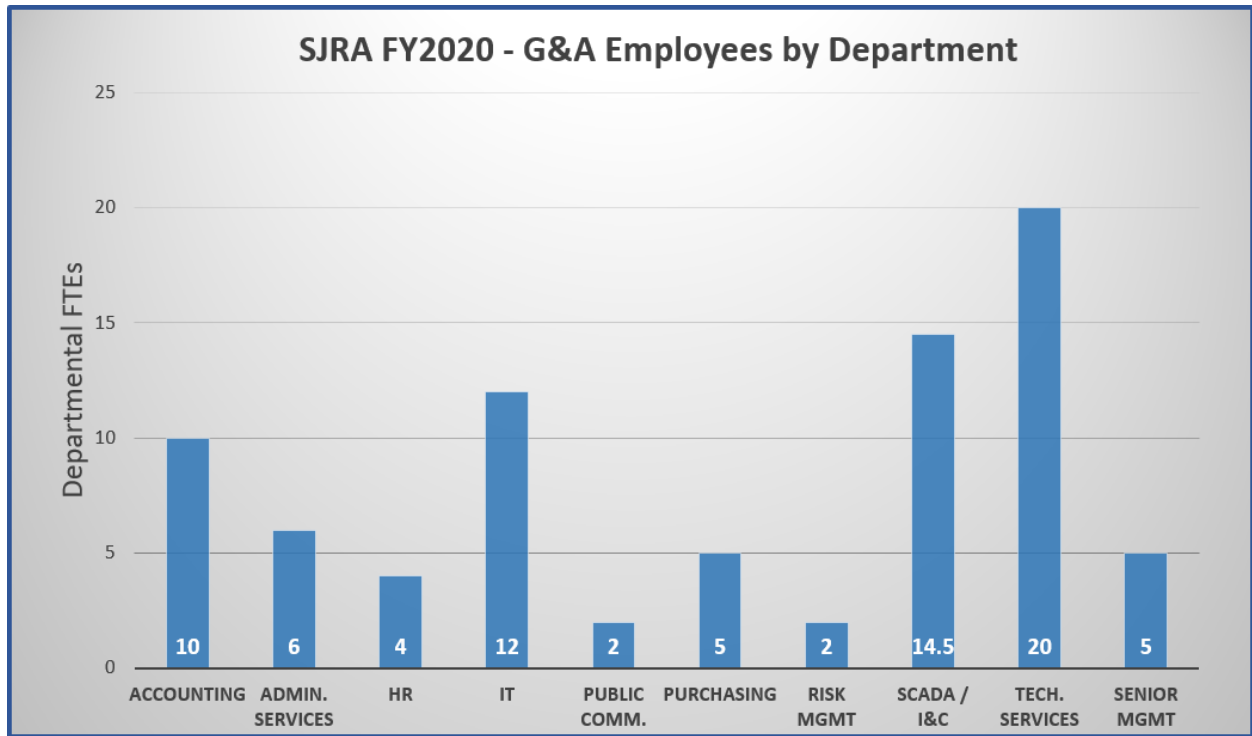
service. The one project included within G&A's Project Plan for FY2020 is anticipated to be funded from the O&M budget as highlighted below:

General & Administration - Projects	Stage	Est. FY2020 Cost	Funding Source
James R. Adam's Building (LC Office) Remediation and Repair	Construction	\$ 120,000	O&M Budget
Total		\$ 120,000	

Total Indebtedness and Annual Debt Service: As of August 31, 2018, the G&A Division had \$2,010,855 of total indebtedness, made up one bank loan for the construction of the G&A office building.

Annual debt service (principal and interest) for FY2020 for the G&A office building bank loan is \$325,842 through monthly loan payments. The G&A bank loan is unsecured. There are no Annual Debt Service Fund or Debt Service Reserve requirements.

Staffing Plans: The G&A Division's staffing plan for FY2020 includes 80.5 direct FTE positions, of which 0.5 FTEs is considered part-time, temporary, or intern positions. Of the 80.5 direct G&A Division FTEs, 72.70 FTEs are allocated to the various operating divisions. The remaining 7.80 G&A Division FTEs, 9.7%, remain unallocated to the operating divisions.

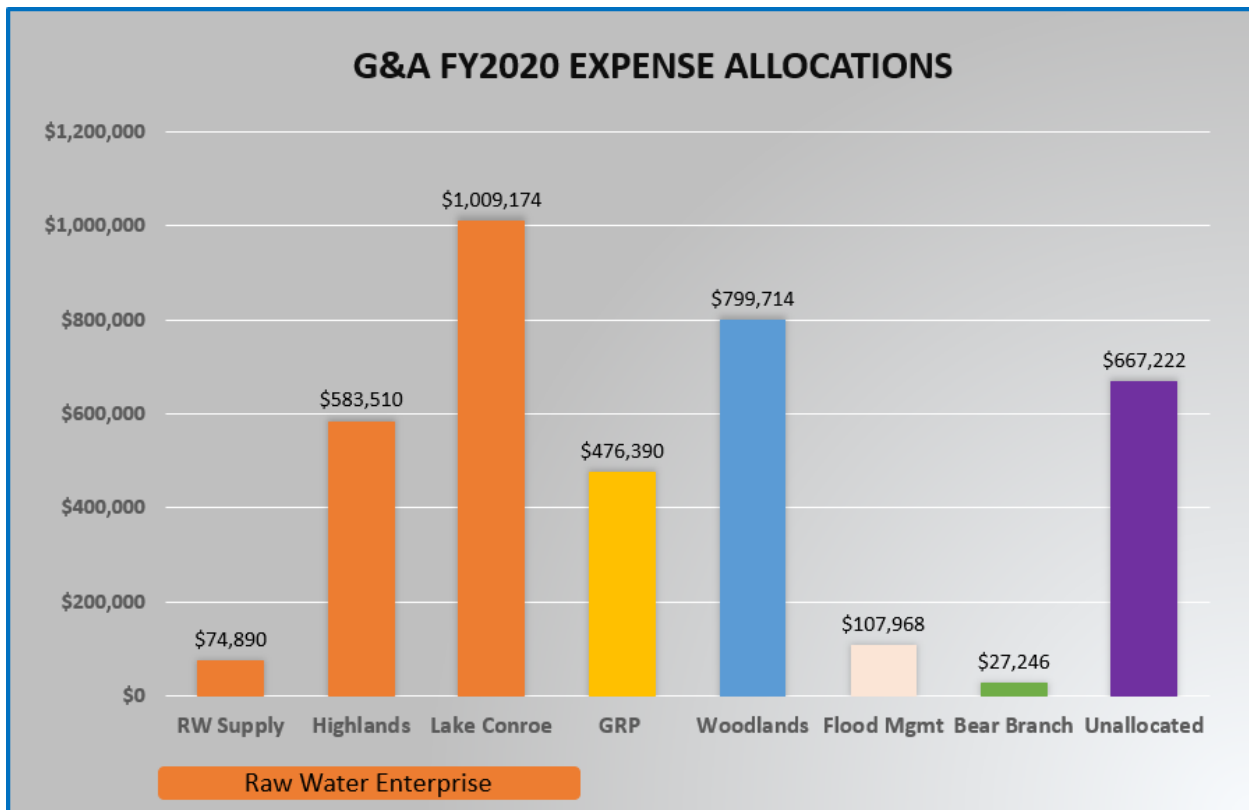


Revenues: The G&A Division has no significant revenues forecast for FY2020 with no Operating Income and only \$41,235 of Non-Operating Income from interest income and office rental.

Expenditures: The G&A Division for FY2020 contains regular and customary expenses related to the ongoing administrative and technical support to the Authority’s operating divisions. Such expenditures include:

- Salaries, Wages, and Benefits
- Professional Fees
- Purchased and Contracted Services
- Supplies, Materials, and Utilities
- Maintenance, Repairs, Parts, and Rentals
- Debt Service (principal and interest)
- O&M Capital Improvements
- Reserve Contributions (if needed)
- R&R Fund Contributions

G&A Division expenses are allocated to the operating divisions and Bear Branch based on terms stipulated in contracts (Woodlands and Lake Conroe) or by a formula related to a ratio of the division’s expenses as compared to the Authority’s total expenses (Raw Water Supply, Highlands, GRP, Flood Management, and Bear Branch). For FY2020, G&A expense allocations to the operating divisions, Flood Management, and Bear Branch total \$3,078,892. Expected total expenditures, after allocations to the operating divisions, and Bear Branch, for FY2020, including operating, debt service, capital improvements, and contributions to reserves, totals \$708,457. G&A has no expected R&R Fund operating expenses and capital improvements for FY2020.



Fund Balance and Reserves: The Authority's General Fund Balance combines to cover the Raw Water Enterprise, which is made up of the Raw Water Supply, Highlands Division, and Lake Conroe Division, as well as the G&A Division and to cover the Flood Management Division.

As approved by the Board of Directors on July 25, 2019, the reserve policy for the G&A Division utilizes two reserves and an R&R Fund:

- 1. Operating & Rate Stabilization Reserve:** The Operating & Rate Stabilization Reserve was established to manage cash flow, and stabilize rates and revenues. The Operating & Rate Stabilization Reserve target beginning in FY2020 for the G&A Division is set to be an amount equal to six months of operating expenditures. Currently the G&A has met the six-month operating reserve. For FY2019, the G&A Operating Reserve is at \$1,519,213, equivalent to six months of operating expenses. For FY2020, the Operating & Rate Stabilization Reserve is projected to be fully funded and no funds are budgeted for FY2020.
- 2. Emergency Reserve:** The Emergency Reserve was established to provide for a full or partial source of funds for unplanned or emergency repair or replacement of Authority capital assets, excluding the Woodlands and GRP Divisions. The Emergency Reserve target fund balance for the General Fund was established to be a total of \$5,500,000, which is based on estimate amounts of \$2,500,000 for Lake Conroe, \$2,500,000 for the Highlands, and \$500,000 for the G&A Division. The Emergency Reserve target for the G&A Division is set to an amount equal to \$500,000. For FY2020, the G&A Emergency Reserve is projected to be fully funded and no funds were budgeted for the Emergency Reserve.
- 3. Repair & Replacement (R&R Fund):** The Repair & Replacement Fund was established to fund large ongoing and planned projects to prevent significant rate fluctuations, funded annually through pre-determined transfer of funds from the remaining funds available from the O&M budget after the Operating & Rate Stabilization Reserve and Emergency Reserve requirements are met. The R&R Fund for the G&A Division was prefunded by the existing Capital R&R Reserve and no contributions to the R&R Fund were budgeted for FY2020.

For FY2020, the net between O&M revenues and expenditures for the G&A Division, including annual debt service and scheduled contributions to any of the two reserves or R&R fund, is (\$667,222). This amount will be covered by the Raw Water Supply revenues.

San Jacinto River Authority - General and Administration
Actual to Budget Comparison
FY2018 - FY2020

Description	Rolling 12				
	Actuals 8/31/2018	Actuals Sept-April FY2019	Mo. Actuals May 2018- April 2019	Budget FY2019	Budget FY2020
OTHER REVENUES					
Interest Income	\$ 292,091	\$ 272,581	\$ 412,218	\$ 5,000	\$ 12,000
Interfund Interest Income	-	46	46	-	-
Office Rental Revenue	19,235	11,220	17,632	19,235	29,235
FEMA Grant Revenue	10,527	-	10,527	-	-
Proceeds From Sale Of Assets	1,395	20,000	21,395	-	-
Other Gains & Losses	10,061	5,445	5,445	-	-
TOTAL OTHER REVENUES	\$ 333,309	\$ 309,293	\$ 467,263	\$ 24,235	\$ 41,235
OPERATING EXPENSES					
SALARIES, WAGES, & EMPLOYEE BENEFITS					
Salaries & Wages	\$ 562,442	\$ 423,845	\$ 633,435	\$ 617,731	\$ 593,847
Staffing Services	-	405	405	-	-
Compensated Absences	27,423	-	27,423	-	-
Group Insurance	120,321	93,509	132,201	142,061	117,383
Group Insurance - Retirees	8,546	3,878	4,843	11,826	12,067
Group Insurance - Retiree OPEB	(4,595)	-	(4,595)	225,000	100,000
Group Retirement Expense	(90,075)	55,205	(79,388)	81,985	69,748
Workers Compensation Insurance	3,456	2,092	3,324	4,030	3,945
Social Security Taxes	48,376	34,415	54,369	45,358	44,148
Tuition Reimbursement	13,985	5,452	8,585	30,000	30,000
Employee Benefits Allocation	-	3,500	3,500	-	-
TOTAL SALARIES, WAGES, & EMPLOYEE BENEFITS	\$ 689,879	\$ 622,301	\$ 784,103	\$ 1,157,992	\$ 971,138
PROFESSIONAL FEES					
Legal Fees	\$ 293,775	\$ 140,688	\$ 234,207	\$ 295,000	\$ 220,000
Lobbyist	-	-	-	-	100,000
Annual Financial Audit	35	35	35	-	-
Management Audit	30,200	18,020	48,220	-	250,000
Engineering	14,250	24,694	27,109	50,000	50,000
Other Professional Services	30,507	36,732	59,503	20,000	23,000
Safety Inspections & Testing	151	465	465	200	1,200
Public Relations Consultant	-	130	130	-	-
Graphic Design	-	-	-	-	2,000
TOTAL PROFESSIONAL FEES	\$ 368,919	\$ 220,763	\$ 369,669	\$ 365,200	\$ 646,200
PURCHASED & CONTRACTED SERVICES					
Waste Disposal Services	\$ 3,341	\$ 3,892	\$ 5,688	\$ 3,850	\$ 5,500
Meter Calibration Services	5,243	2,307	4,962	6,700	6,700
State Fees	125	-	-	-	-
Employee Testing- New	1,658	892	1,714	750	165
Janitorial Services	15,517	10,312	15,517	18,000	18,000
Public Relations Expense	11,083	55,573	62,950	50,000	50,000
Water Conservation & Public Education	-	500	500	30,000	30,000
Website Hosting & Maintenance	3,454	2,410	3,205	35,000	5,000
Directors Fees & Expenses	18,338	11,400	20,588	24,000	24,000
Meeting Expenses	1,402	1,213	1,818	8,000	8,000
Directors' Travel Expenses	7,011	5,206	8,986	8,500	8,500
Document Retention/Destruction	211	-	106	5,000	5,000
TOTAL PURCHASED & CONTRACTED SERVICES	\$ 67,382	\$ 93,704	\$ 126,033	\$ 189,800	\$ 160,865
SUPPLIES, MATERIALS & UTILITIES					
Office Supplies & Printing	\$ 18,330	\$ 11,556	\$ 20,722	\$ 35,020	\$ 26,120
Other Office Expense	14	-	-	-	-
Travel	35,028	22,441	40,837	77,700	56,000
Automobile & Truck Expense	41,159	18,278	45,840	56,257	65,661
Postage	1,745	926	1,479	3,130	3,240
Property Insurance	8,536	5,997	8,875	8,690	9,444
Auto Insurance	24,004	16,646	24,071	28,776	27,295
Liability Insurance	754	5,589	7,072	3,381	2,400
Training-External	61,043	51,976	79,247	117,248	96,786
Training-Internal	1,609	8,916	9,948	44,600	15,450

San Jacinto River Authority - General and Administration
Actual to Budget Comparison
FY2018 - FY2020

Description	Rolling 12			Budget FY2019	Budget FY2020
	Actuals 8/31/2018	Actuals Sept-April FY2019	Mo. Actuals May 2018- April 2019		
Training-Employee HR	803	393	590	924	875
Managers Expense	23,809	19,844	31,574	50,340	35,100
Employee Relations	19,400	14,938	22,890	42,000	42,000
Fuel	17,837	13,053	20,736	61,426	58,575
Uniform Services	3,416	698	3,393	4,400	6,708
Operations Supplies	4,221	357	3,702	5,000	5,000
Memberships & Professional Dues	30,322	19,271	27,935	40,501	42,757
Janitorial Supplies	5,732	4,228	6,341	6,500	6,500
Copier, Scanner & Fax	2,545	1,096	1,471	11,425	10,500
Delivery & Freight	1,252	773	1,251	3,200	3,500
Utilities-Electric	42,394	18,951	39,307	45,000	45,000
Utilities-Natural Gas	608	366	712	1,000	1,000
Bank Service Charges	70	109	(91)	200	240
Bank Account Analysis Fee	-	246	246	1,000	1,200
Personal Protective Equipment	3,835	1,521	3,125	9,921	11,571
Safety Equipment & Meetings	2,268	670	2,156	2,950	3,050
Health & Wellness Program	-	4	4	200	180
Recruiting Expenses	7,875	8,768	15,835	800	725
Computer Hardware	98,531	43,651	98,824	123,034	127,071
Software & Support	211,439	165,514	231,180	208,260	219,571
Software Maintenance	1,548	2,159	3,707	3,000	4,500
Network Communications	15,005	8,753	13,754	15,926	16,390
Publications & Subscriptions	5,913	5,949	8,946	17,940	16,870
Newspaper Ads	-	-	-	6,000	2,000
Wireless Devices & Services	68,137	41,899	64,029	82,150	81,270
Phone System-Install, Maintenance, & Changes	-	-	-	2,528	2,602
Emergency Operations Communications	4,546	2,878	4,618	2,880	5,100
Landline Telephone Services	13,459	7,842	12,315	14,637	15,063
TOTAL SUPPLIES, MATERIALS & UTILITIES	\$ 777,185	\$ 526,257	\$ 856,640	\$ 1,137,946	\$ 1,067,315
RENTALS					
Equipment Rentals	\$ 1,068	\$ -	\$ 1,068	\$ -	\$ 2,500
Office Rent	17,688	-	5,896	17,688	17,688
Office Equipment Rentals	22,826	10,378	19,242	25,000	25,000
TOTAL RENTALS	\$ 41,582	\$ 10,378	\$ 26,206	\$ 42,688	\$ 45,188
MAINTENANCE, REPAIRS & PARTS					
Office, Furniture, & Fixtures	\$ 2,634	\$ 2,447	\$ 4,487	\$ 9,300	\$ 9,300
Buildings & Grounds Maintenance	80,946	48,956	77,251	127,000	127,000
Security System Monitoring	296	-	37	1,500	1,500
Machinery, Tools, & Implements	15,136	5,815	16,446	7,000	12,500
TOTAL MAINTENANCE, REPAIRS & PARTS	\$ 99,012	\$ 57,219	\$ 98,221	\$ 144,800	\$ 150,300
GENERAL & ADMINISTRATIVE EXPENSES					
General & Administrative Expense Allocated	\$ (104,687)	\$ (57,100)	\$ (91,996)	\$ (85,651)	\$ (83,645)
General & Administrative Expense Allocated to Lake Conroe	(696,995)	(463,654)	(766,377)	(1,018,592)	(1,009,174)
General & Administrative Expense Allocated to Bear Branch	(12,141)	(4,896)	(10,034)	(32,869)	(27,246)
General & Administrative Expense Allocated to Highlands	(315,143)	(240,543)	(340,583)	(522,756)	(583,510)
General & Administrative Expense Allocated to Raw Water	(40,715)	(27,179)	(39,768)	(91,942)	(74,890)
General & Administrative Expense Allocated to Woodlands	(665,532)	(430,556)	(663,221)	(729,759)	(716,069)
General & Administrative Expense Allocated to GRP Division	(405,005)	(242,669)	(368,576)	(553,734)	(476,390)
General & Administrative Expense Allocated to Flood Managemen	(28,944)	(50,666)	(78,379)	(134,815)	(107,968)
TOTAL GENERAL & ADMINISTRATIVE EXPENSES	\$ (2,269,162)	\$ (1,517,263)	\$ (2,358,932)	\$ (3,170,118)	\$ (3,078,892)

San Jacinto River Authority - General and Administration
Actual to Budget Comparison
FY2018 - FY2020

Description	Actuals 8/31/2018	Actuals Sept-April FY2019	Rolling 12		Budget FY2019	Budget FY2020
			Mo. Actuals May 2018- April 2019			
NON-OPERATING EXPENSES						
Interest Expense	\$ 93,459	\$ 54,669	\$ 84,059		\$ 80,554	\$ 67,658
TOTAL NON-OPERATING EXPENSES	\$ 93,459	\$ 54,669	\$ 84,059		\$ 80,554	\$ 67,658
TOTAL EXPENSES	\$ (131,744)	\$ 68,028	\$ (14,002)		\$ (51,138)	\$ 29,772
NET REVENUES OVER EXPENSES	\$ 465,053	\$ 241,265	\$ 481,265		\$ 75,373	\$ 11,463
CAPITAL IMPROVEMENTS*						
Capital Improvements					\$ 747,000	\$ 120,000
Maintenance Equipment					-	5,500
Transportation Equipment					83,000	110,000
Software					3,107	3,200
Computer Equipment					55,699	101,643
Electronic Test Equipment					11,500	12,500
TOTAL CAPITAL IMPROVEMENTS					\$ 900,306	\$ 352,843
OTHER SOURCES (USES)*						
Cash Sources (Uses)					\$ 605,000	\$ -
Loan Principal					(312,945)	(325,842)
Operating Reserve Fund					70,102	-
Emergency Reserve Fund					70,102	-
TOTAL OTHER SOURCES (USES)					\$ 432,258	\$ (325,842)
NET CASH BASIS SOURCES (USES)	\$ 465,053	\$ 241,265	\$ 481,265		\$ (392,676)	\$ (667,222)

*Actuals intentionally left blank.

**San Jacinto River Authority - General and Administration Repair and Replacement
Actual to Budget Comparison
FY2018 - FY2020**

Description	Actuals 8/31/2018	Actuals Sept-April FY2019	Rolling 12 Mo. Actuals May 2018- April 2019	Budget FY2019	Budget FY2020
OTHER SOURCES (USES)*					
Cash Sources (Uses)				\$ -	\$ 1,201,561
TOTAL OTHER SOURCES (USES)				\$ -	\$ 1,201,561
NET CASH BASIS SOURCES (USES)	\$ -	\$ -	\$ -	\$ -	\$ 1,201,561

*Actuals intentionally left blank.

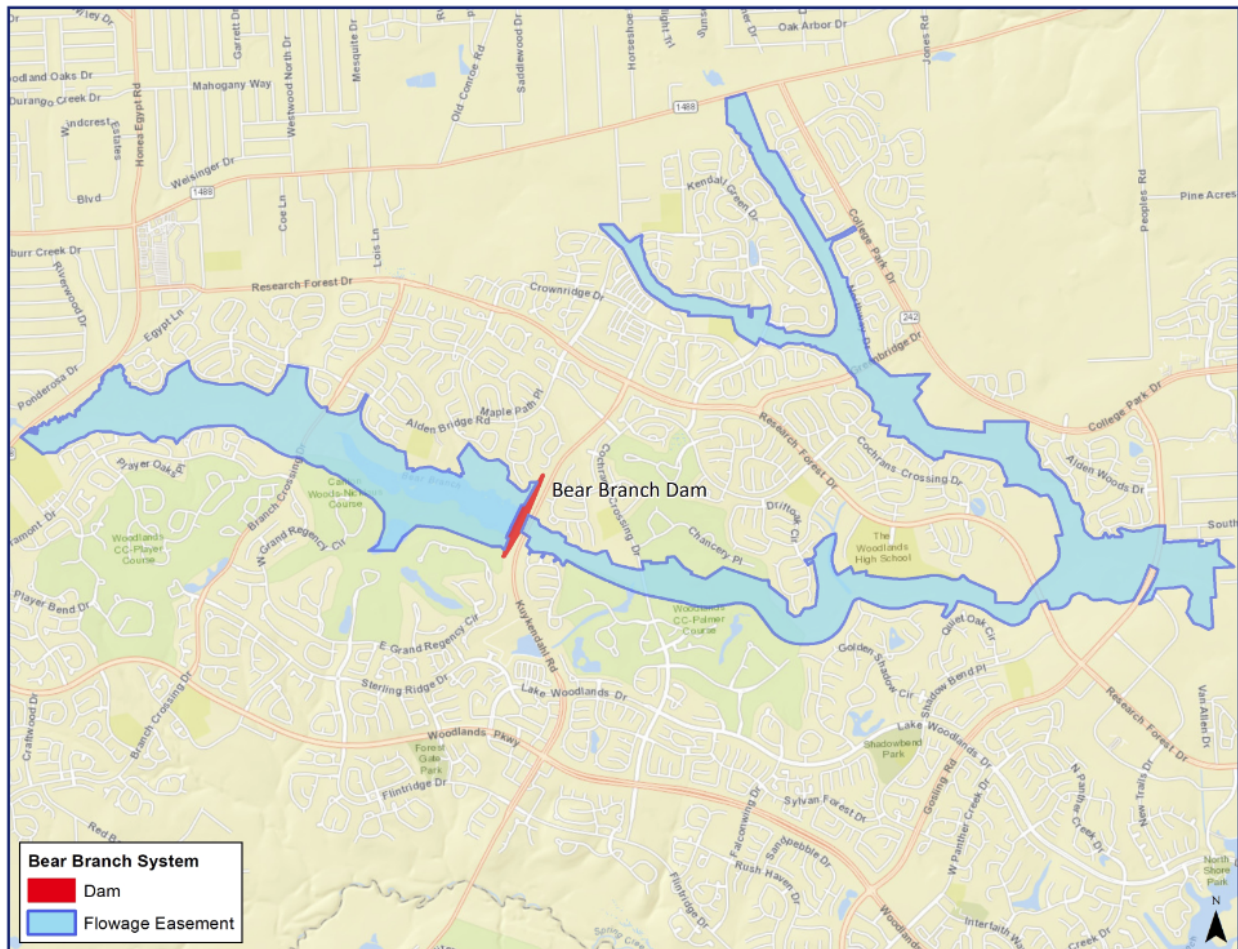


BEAR BRANCH

BEAR BRANCH

The Authority contracted with five Woodlands MUDs to operate and maintain the Bear Branch Reservoir and drainage system (Bear Branch) for stormwater detention. The Lake Conroe Division provides the O&M services for Bear Branch. The participating MUDs make annual contributions to cover the budgeted O&M expenses and any capital improvements based on a ratio of the number of lots in each MUD compared to the total number of lots within the overall drainage area.

MAP OF BEAR BRANCH RESERVOIR AND STORMWATER DRAINAGE SYSTEM



Major Initiatives: During FY2019 and planned for FY2020, the Bear Branch Division has either completed or started, or will complete major initiatives to improve the operations related to the Division.

- 1. Emergency Action Plan Update:** In FY2019 revisions and updates were made to the Bear Branch Emergency Action Plan by our division staff and consulting engineers. Updates are required annually however, every five years the state requires us to conduct a table top exercise and an in depth revision of the EAP which was completed in FY2019.

Capital Improvements and Other Projects Plans: The Bear Branch Dam is required by Texas Commission on Environmental Quality (TCEQ) to be inspected every five years. The last inspection was completed in September 2015. The next inspection is budgeted to occur in FY2020 with an estimated cost of \$35,000.

Total Indebtedness and Annual Debt Service: The Bear Branch system does not have any indebtedness as of FY2019 and no plans for future indebtedness in FY2020 or beyond.

Staffing Plan: For FY2019, the Lake Conroe Division projects 0.14 FTEs and the G&A Departments project 0.24 FTEs to Bear Branch for a total of 0.38 FTEs.

Revenues: Revenues for FY2020 for Bear Branch combine contributions from the five participating MUDs totaling \$150,204 with \$1,200 in interest income for total revenues of \$151,404. Additionally, Bear Branch also plans to use \$148,299 of remaining cash balances.

Expenses: Expenses for FY2020 for Bear Branch contains regular and customary expenses related to the on-going operation and maintenance of the Bear Branch reservoir and drainage system. Such expenditures include:

- Salaries, Wages, and Benefits
- Professional Fees
- Purchased and Contracted Services
- Supplies, Materials, and Utilities
- Maintenance, Repairs, and Parts

Expected operating expenditures including operating and any for the Bear Branch System for FY2020 total \$299,703.

Fund Balance and Reserves: The Bear Branch System does not maintain any fund balance or reserves. For FY2020, the net between revenues and expenditures for Bear Branch is \$0.

San Jacinto River Authority - Bear Branch
Actual to Budget Comparison
FY2018 - FY2020

Description	Rolling 12				
	Actuals 8/31/2018	Actuals Sept-April FY2019	Mo. Actuals May 2018- April 2019	Budget FY2019	Budget FY2020
OPERATING REVENUES					
Capital Contributions	\$ 99,537	\$ 289,533	\$ 289,533	\$ 289,533	\$ 150,204
TOTAL OPERATING REVENUES	\$ 99,537	\$ 289,533	\$ 289,533	\$ 289,533	\$ 150,204
OTHER REVENUES					
Interest Income	\$ 358	\$ 4,321	\$ 4,420	\$ 120	\$ 1,200
TOTAL OTHER REVENUES	\$ 358	\$ 4,321	\$ 4,420	\$ 120	\$ 1,200
OPERATING EXPENSES					
SALARIES, WAGES, & EMPLOYEE BENEFITS					
Salary & Wage Allocation	\$ 16,458	\$ 21,995	\$ 27,497	\$ 41,188	\$ 27,650
Group Insurance	2,471	4,182	4,802	12,050	5,329
Group Retirement Expense	2,100	3,035	3,673	5,389	3,095
Workers Compensation Insurance	142	479	513	1,034	409
Social Security Taxes	1,213	1,608	2,018	3,151	2,115
TOTAL SALARIES, WAGES, & EMPLOYEE BENEFITS	\$ 22,384	\$ 31,299	\$ 38,502	\$ 62,813	\$ 38,598
PROFESSIONAL FEES					
Legal Fees	\$ 1,025	\$ -	\$ -	\$ 10,000	\$ 10,000
Engineering	-	16,033	16,033	67,000	45,000
TOTAL PROFESSIONAL FEES	\$ 1,025	\$ 16,033	\$ 16,033	\$ 77,000	\$ 55,000
SUPPLIES, MATERIALS & UTILITIES					
Operating Supplies & Expenses	\$ -	\$ 249	\$ 249	\$ 500	\$ 500
Office Supplies & Printing	-	-	-	250	250
Liability Insurance	1,969	1,453	2,077	3,443	3,373
Managers Expense	-	-	-	250	250
Fuel	183	75	185	688	688
Signage	-	-	-	1,000	1,000
Newspaper Ads	-	-	-	1,000	1,000
TOTAL SUPPLIES, MATERIALS & UTILITIES	\$ 2,152	\$ 1,777	\$ 2,511	\$ 7,130	\$ 7,061
RENTALS					
Equipment Rentals	\$ -	\$ -	\$ -	\$ 1,750	\$ 1,750
TOTAL RENTALS	\$ -	\$ -	\$ -	\$ 1,750	\$ 1,750
MAINTENANCE, REPAIRS & PARTS					
Mowing	\$ 78,613	\$ -	\$ 26,204	\$ 120,000	\$ 109,049
Channel Desilting & Desnagging	-	1,018	1,018	20,000	20,000
Canals, Levees, & Dams-Maintenance & Repairs	-	-	-	10,000	10,000
Clearing	1,525	300	1,825	5,000	5,000
Invasive Species Management	15,603	-	15,603	20,000	20,000
Fencing & Security Repairs	-	-	-	5,000	6,000
TOTAL MAINTENANCE, REPAIRS & PARTS	\$ 95,741	\$ 1,318	\$ 44,650	\$ 180,000	\$ 170,049
GENERAL & ADMINISTRATIVE EXPENSES					
General & Administrative Expense Allocated	\$ 12,141	\$ 4,896	\$ 10,034	\$ 32,869	\$ 27,246
TOTAL GENERAL & ADMINISTRATIVE EXPENSES	\$ 12,141	\$ 4,896	\$ 10,034	\$ 32,869	\$ 27,246
TOTAL EXPENSES	\$ 133,443	\$ 55,323	\$ 111,729	\$ 361,563	\$ 299,703
NET REVENUES OVER EXPENSES	\$ (33,548)	\$ 238,532	\$ 182,224	\$ (71,910)	\$ (148,299)
OTHER SOURCES (USES)*					
Cash Sources (Uses)				\$ 71,910	\$ 148,299
TOTAL OTHER SOURCES (USES)	\$ -	\$ -	\$ -	\$ 71,910	\$ 148,299
NET CASH BASIS SOURCES (USES)	\$ (33,548)	\$ 238,532	\$ 182,224	\$ -	\$ -

*Actuals intentionally left blank.



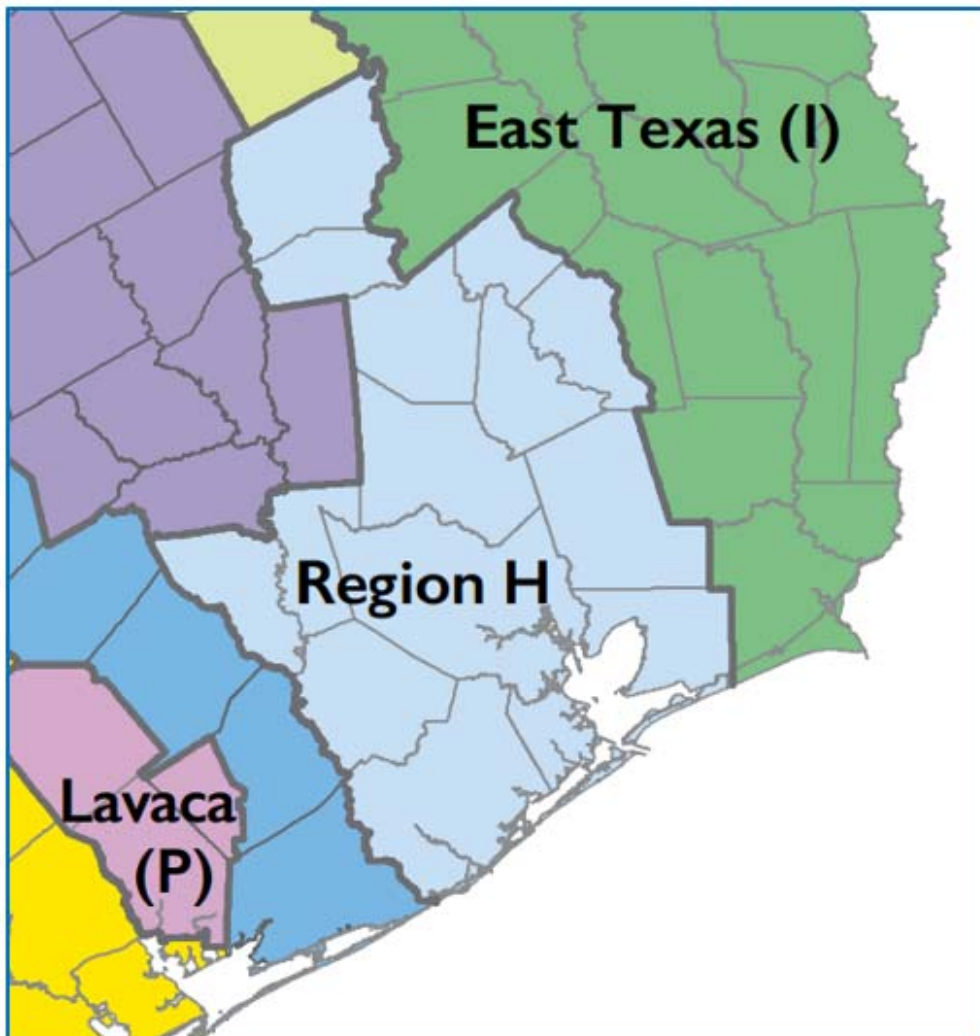
REGION H



REGION H

The Authority serves as the administrative agent for the Region H Water Planning Group (Region H). Region H is one of sixteen regional planning groups created by the Texas Legislature in 1997 with the adoption of Senate Bill 1, with 26 voting members and ten non-voting members. Region H's efforts are directed at creating a 50-year regional water plan every five years for all or parts of fifteen counties, including Montgomery County, identifying projected water shortages when forecasted water demands outpace existing water supplies. The State of Texas provides funding for the vast majority of Region H through TWDB grants, with local entities contributing a small amount of funds to cover small miscellaneous expenses. Region H completed its latest plan in 2016 and submitted it to the TWDB for inclusion in the 2017 State Water Plan. Region H is continuing the five-year planning process, working towards the development of the 2021 Region H Plan and resulting 2022 State Water Plan.

MAP OF REGION H WATER PLANNING AREA



Capital Improvements and Other Projects Plans: Region H has no capital improvements or other major projects planned for FY2020.

Total Indebtedness and Annual Debt Service: Region H does not have any indebtedness as of FY2019 and no plans for future indebtedness in FY2020 or beyond.

Staffing Plan: The Authority does not allocate any staff time to Region H.

Revenues: Revenues for FY2020 for Region H combine an anticipated TWDB grant of \$725,000 with \$600 in interest income for total revenues of \$725,600.

Expenses: Expenses for FY2020 for Region H contain professional fees and miscellaneous purchased and contracted services related to the early stages in the development of the 2021 Region H Water Plan. The TWDB grant covers the professional fees while miscellaneous expenses are covered by previous contributions from the members.

Expected expenditures for Region H for FY2020 total \$727,743.

Fund Balance and Reserves: Region H does not maintain any fund balance or reserves. For FY2020, the net between revenues and expenditures for Region H is \$0.

San Jacinto River Authority - Region H
Actual to Budget Comparison
FY2018 - FY2020

Description	Actuals 8/31/2018	Actuals Sept-April FY2019	Rolling 12		Budget FY2019	Budget FY2020
			Mo. Actuals May 2018- April 2019			
OTHER REVENUES						
Interest Income	\$ 377	\$ 1,343	\$ 1,362		\$ -	\$ -
Interest Income- Region H - General Fund	1,769	1,852	2,574		500	600
Grant Revenue	665,620	102,417	468,777		1,000,000	725,000
TOTAL OTHER REVENUES	\$ 667,766	\$ 105,611	\$ 472,713		\$ 1,000,500	\$ 725,600
OPERATING EXPENSES						
PROFESSIONAL FEES						
Annual Financial Audit	\$ -	\$ -	\$ -		\$ 5,000	\$ -
Engineering	420,093	122,999	425,039		1,000,000	725,000
TOTAL PROFESSIONAL FEES	\$ 420,093	\$ 122,999	\$ 425,039		\$ 1,005,000	\$ 725,000
PURCHASED & CONTRACTED SERVICES						
Meeting Expenses	\$ -	\$ 278	\$ 278		\$ 1,000	\$ 1,000
Posting Notice Expenses	57	16	32		500	250
Public Official Liability	1,422	1,422	1,422		1,493	1,493
TOTAL PURCHASED & CONTRACTED SERVICES	\$ 1,479	\$ 1,716	\$ 1,732		\$ 2,993	\$ 2,743
SUPPLIES, MATERIALS & UTILITIES						
Automobile & Truck Expense	\$ -	\$ -	\$ -		\$ 500	\$ -
TOTAL SUPPLIES, MATERIALS & UTILITIES	\$ -	\$ -	\$ -		\$ 500	\$ -
TOTAL EXPENSES	\$ 421,573	\$ 124,715	\$ 426,771		\$ 1,008,493	\$ 727,743
NET REVENUES OVER EXPENSES	\$ 246,193	\$ (19,104)	\$ 45,942		\$ (7,993)	\$ (2,143)
OTHER SOURCES (USES)*						
Cash Sources (Uses)					\$ -	\$ 2,143
TOTAL OTHER SOURCES (USES)					\$ -	\$ 2,143
NET CASH BASIS SOURCES (USES)	\$ 246,193	\$ (19,104)	\$ 45,942		\$ (7,993)	\$ 0

*Actuals intentionally left blank.

**San Jacinto River Authority
FY2020 Budget
Capital Equipment List**

FY2020 Budget Description

General & Administration:

Electronic Test Equipment	\$ 12,500	Instrumentation and Controls Loose Tube Splicer
Other Equipment	\$ 5,500	Conduit Bender
Transportation Equipment	\$ 110,000	Senior Management vehicle (\$40,000); SCADA Department Service Body Truck (\$70,000)

GRP:

Equipment	\$ 7,000	Line locate equipment
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Highlands:

Construction Equipment	\$ 120,000	Skidsteer and implements
Other Equipment	\$ 11,000	Commercial grade mower (60" scag) for Emergency Operations Center
Pump Station	\$ 40,000	Storm Shutters for Lake Houston Pump Station
Pump Station-CWA	\$ 20,000	Access and security improvements to secure junction box and/or via fencing/gates, or lighting. Coordination with CWA could be required.
Tractors	\$ 180,000	(2) - 15 ft mowers (\$20,000/mower); (2) tractors (\$70,000/tractor)
Transportation Equipment	\$ 80,000	Two fleet vehicles (\$40,000/vehicle)

Lake Conroe:

Construction & Maintenance E	\$ 12,500	Commercial grade mower (61" scag)
Transportation Equipment	\$ 47,000	4WD Work Truck (\$35,000); Air Ranger motor (\$12,000)

Woodlands:

Lift Station	\$ 181,526	Replacement pumps for Lift Station Nos. 11, 18, and 14 (\$100,000); Standby generators for Lift Stations (\$81,526)
Maintenance Equipment	\$ 20,000	Stationary bandsaw; 20' trailer for Collections and Distributions
Operations Equipment	\$ 250,000	New portable generator(s)
Transportation Equipment	\$ 50,000	(2) 1/2-ton trucks (\$25,000/truck)
Water Treatment Plant & Facil	\$ 45,000	Booster pump replacement at Water Plant 1