



GRP Division Proposed Fiscal Year 2023 Operating Budget

**GRP Review Committee
April 25, 2022**

**SJRA Board Meeting
April 28, 2022**

FY2023 GRP Budget Schedule

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

Dates are subject to change.

Reserve/Fund Structure & Criteria

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

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

Budget Assumptions



**FY2022
(Current)**

52.70 MGD

12 MGD

All 65% GW:35% SW

FY2023

54.54 MGD

13 MGD

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

Budget Comparison

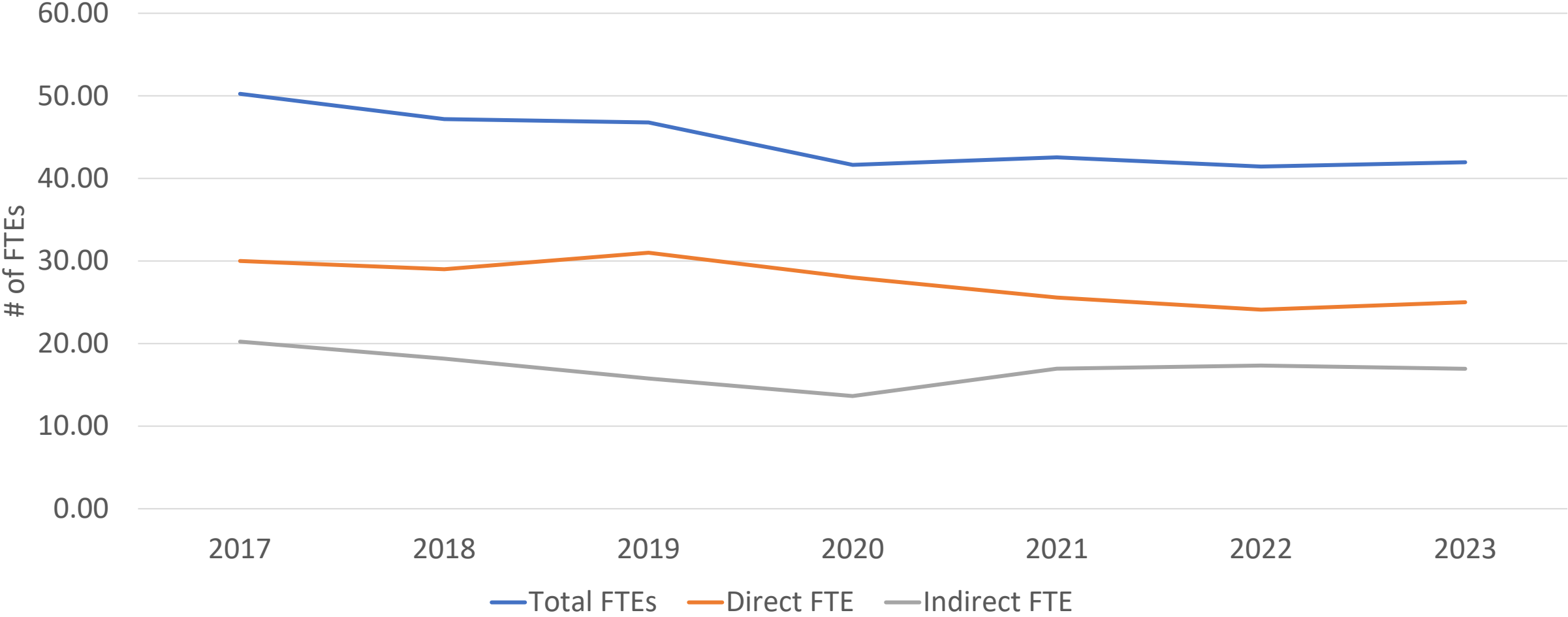
Category	FY21 Actual	FY22 Budget *	FY23 Proposed
Operating Revenues	\$ 56,809,491	\$ 57,968,611	\$ 72,680,922
Other Revenues	\$ 1,483,972	\$ 5,400	\$ 5,400
Revenue Totals	<u>\$ 58,293,463</u>	<u>\$ 57,974,011</u>	<u>\$ 72,686,322</u>
O&M Expenses	\$ (19,297,000)	\$ (21,349,633)	\$ (24,608,956)
Debt Service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

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

Expenses, Capital, & Debt Service

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

Salaries & Employee Count



Professional Fees

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

Professional Services *Engineering*

Panther Branch Fault Study

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

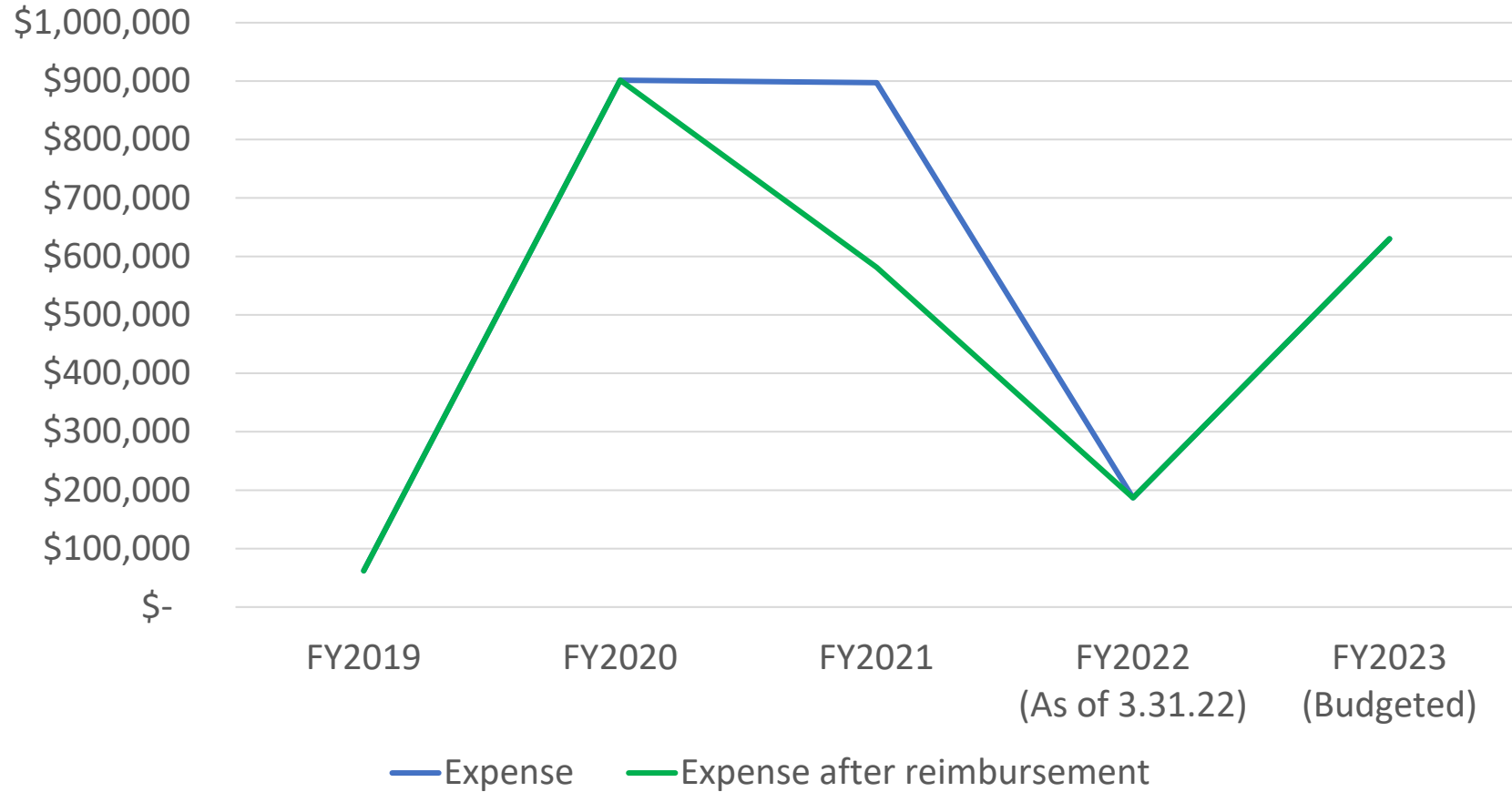
Purchased & Contracted Services

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

Supplies, Materials, & Utilities

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

Property Insurance *Waterline Insurance*



Water Line Insurance

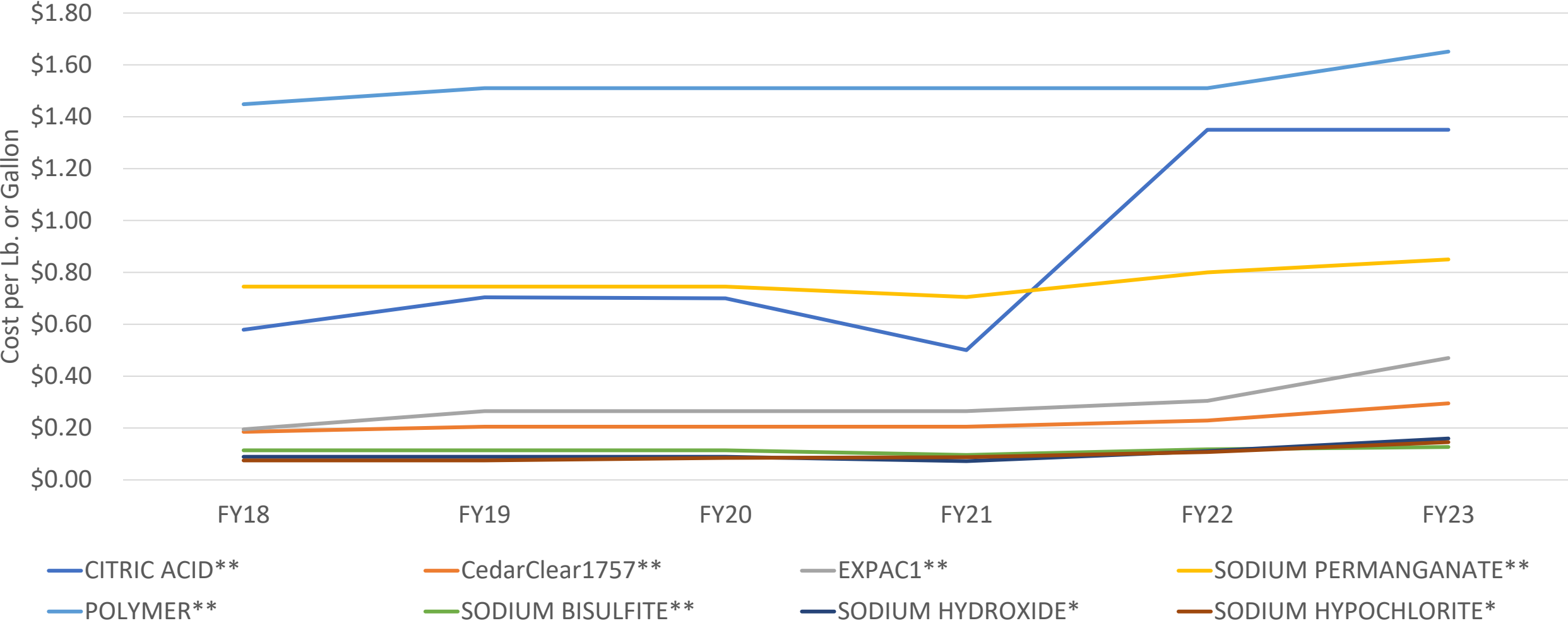
Premium
Was \$190,000
Now \$450,000

Deductible
\$250,000
per occurrence

Supplies, Materials, & Utilities (continued)

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

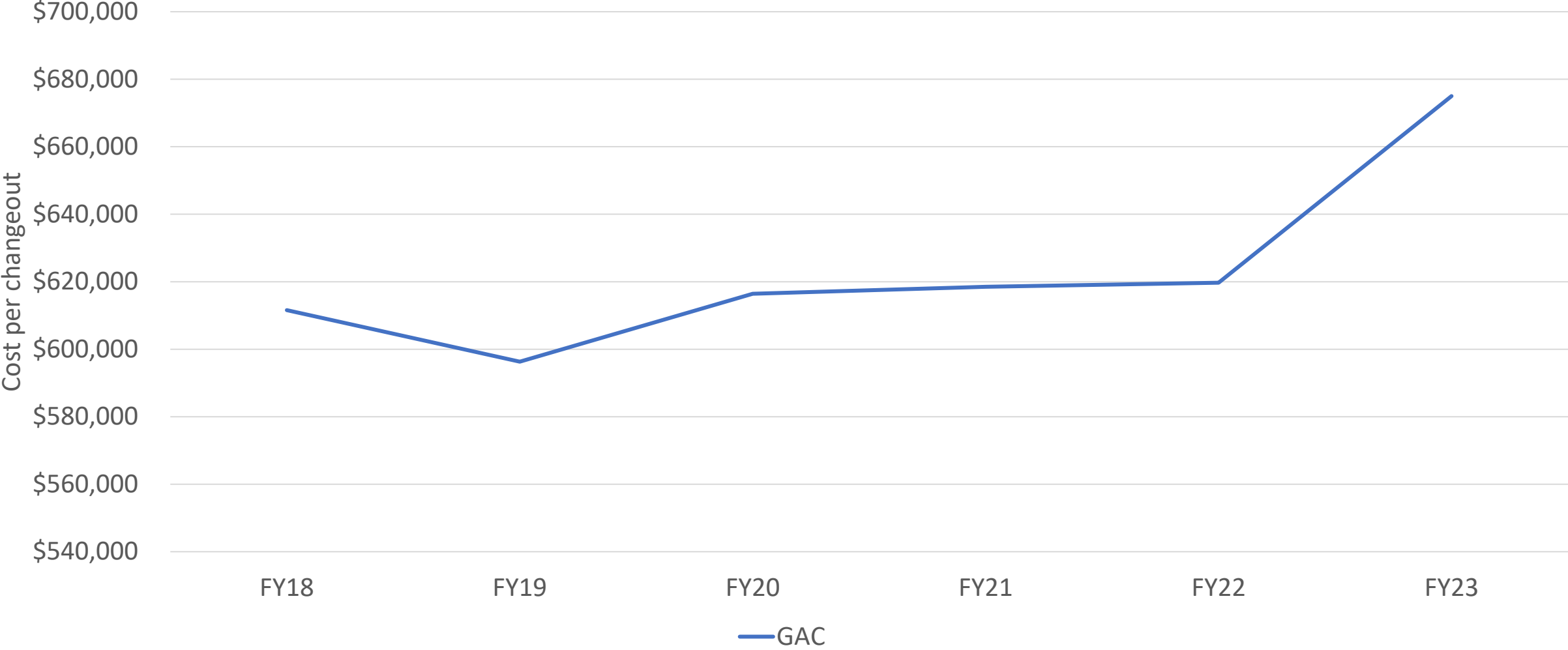
Chemicals



* Bid in 2022; ** Bid in 2020

Granulated Activated Carbon (GAC)

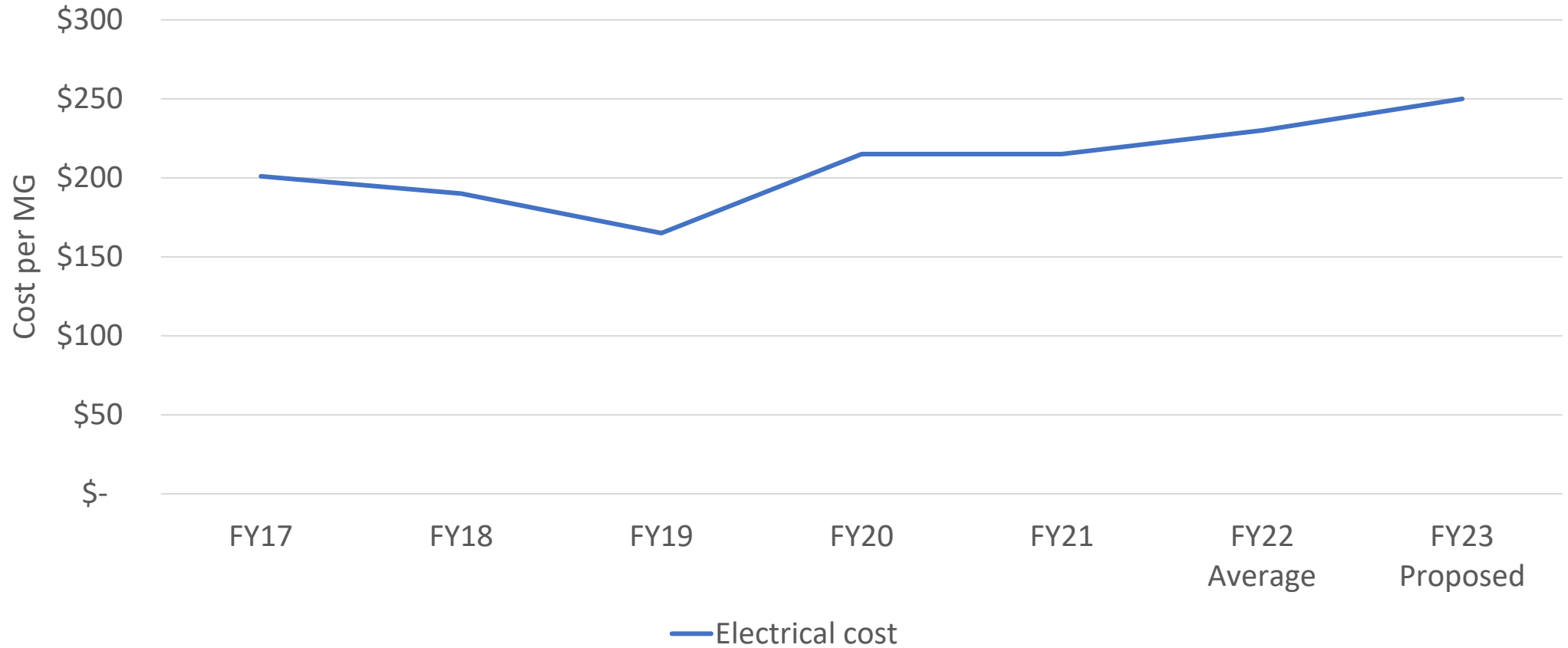
Currently receiving bids



Supplies, Materials, & Utilities (continued)

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

Electric Utilities



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

Supplies, Materials, & Utilities (continued)

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

Maintenance, Repairs, Parts, & Rentals

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

Maintenance, Repair, Parts, & Rentals (continued)

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

Maintenance, Repair, Parts, & Rentals (continued)

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

General & Administrative

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

Capital & Debt Service

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

Capital - Software

ERP Replacement (GRP's Portion)

\$375,000

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

Digital Water System

\$300,000

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

Other Cash Sources & Uses

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

Emergency Reserve

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

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

R&R Fund

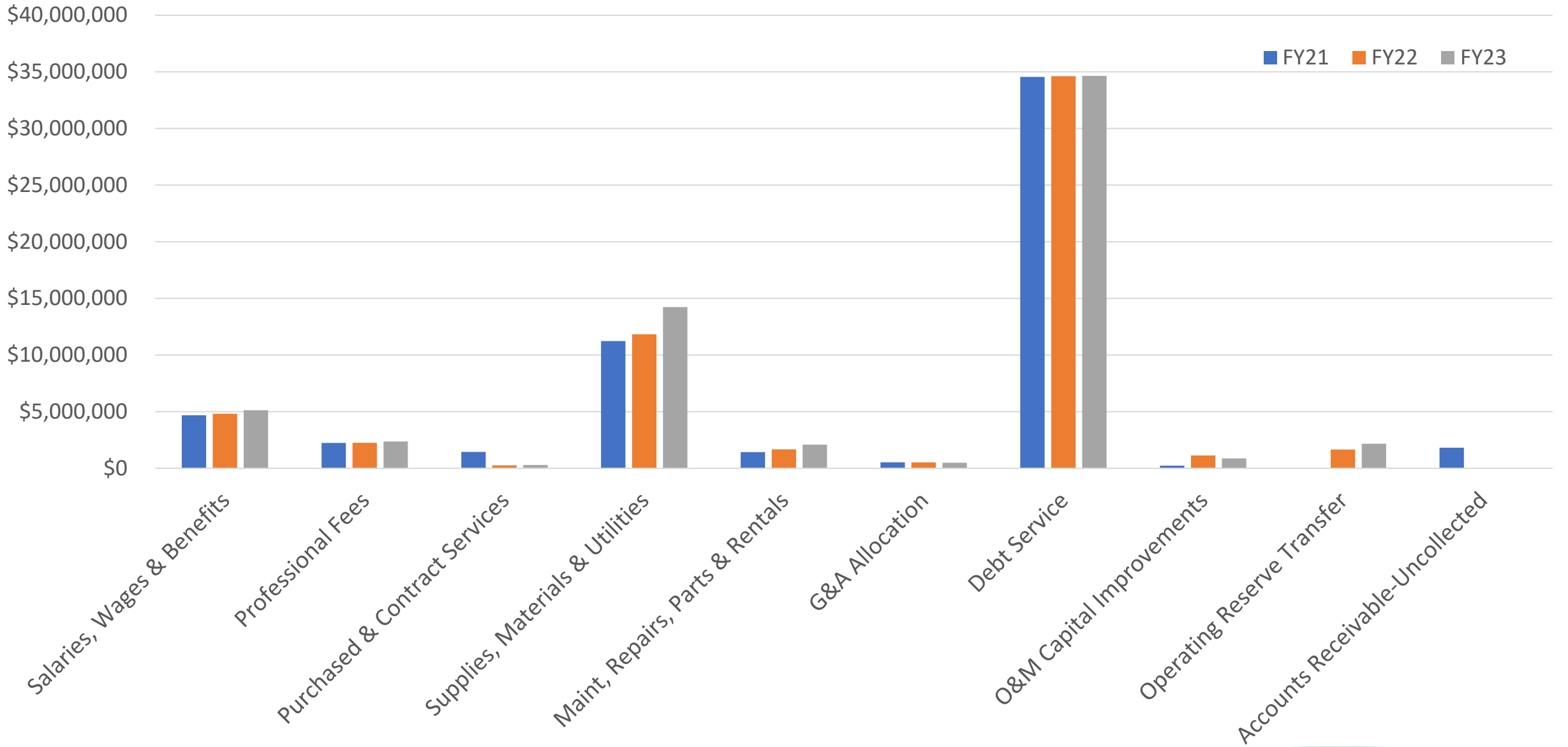
FY22 budgeted at \$600,000; *Not* transferred due to low cash balance

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

Past Due Accounts Receivable

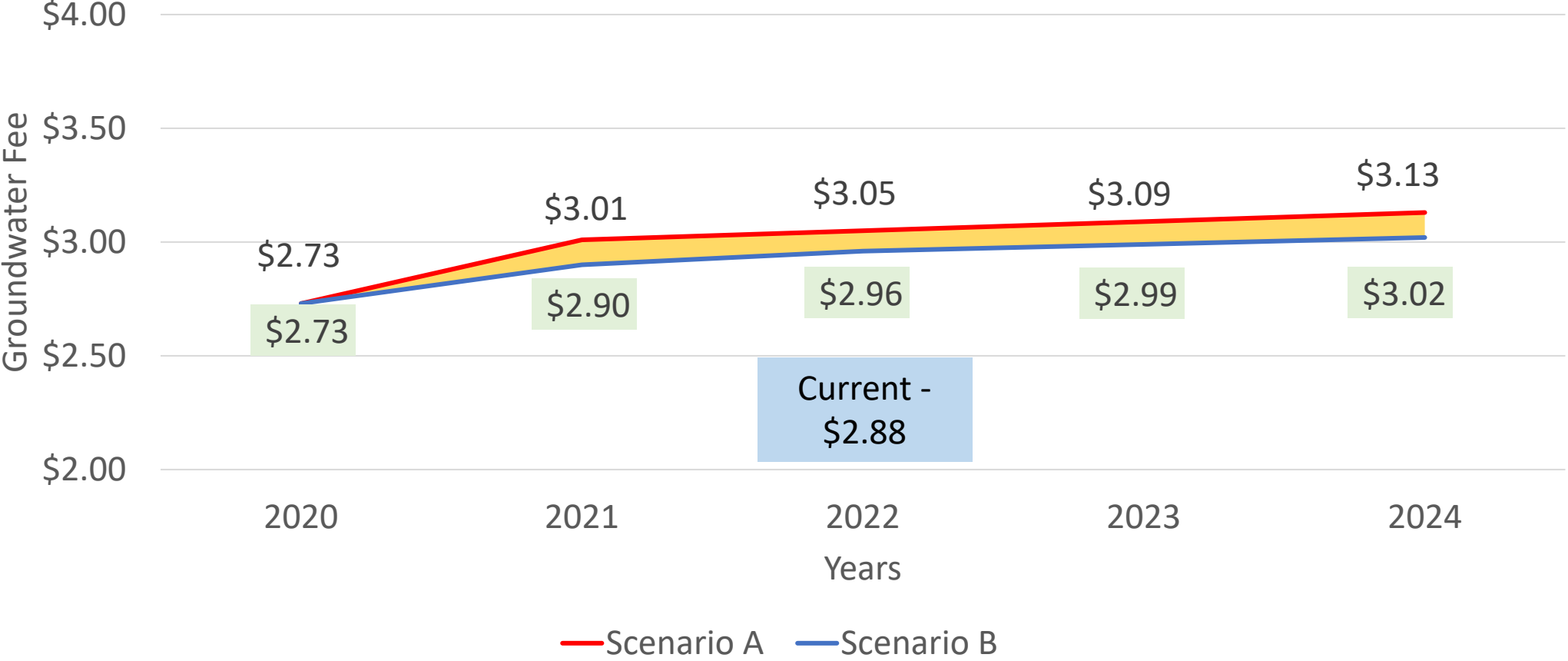
Category	Amounts
Past Due Amounts	\$ 14,883,373
Penalties	\$ 734,266
Finance Fees	<u>\$ 2,821,777</u>
Total as of March 23, 2022	\$ 18,439,416

Budgeted comparison



Forecasted Groundwater Fee

Raftelis - 2019

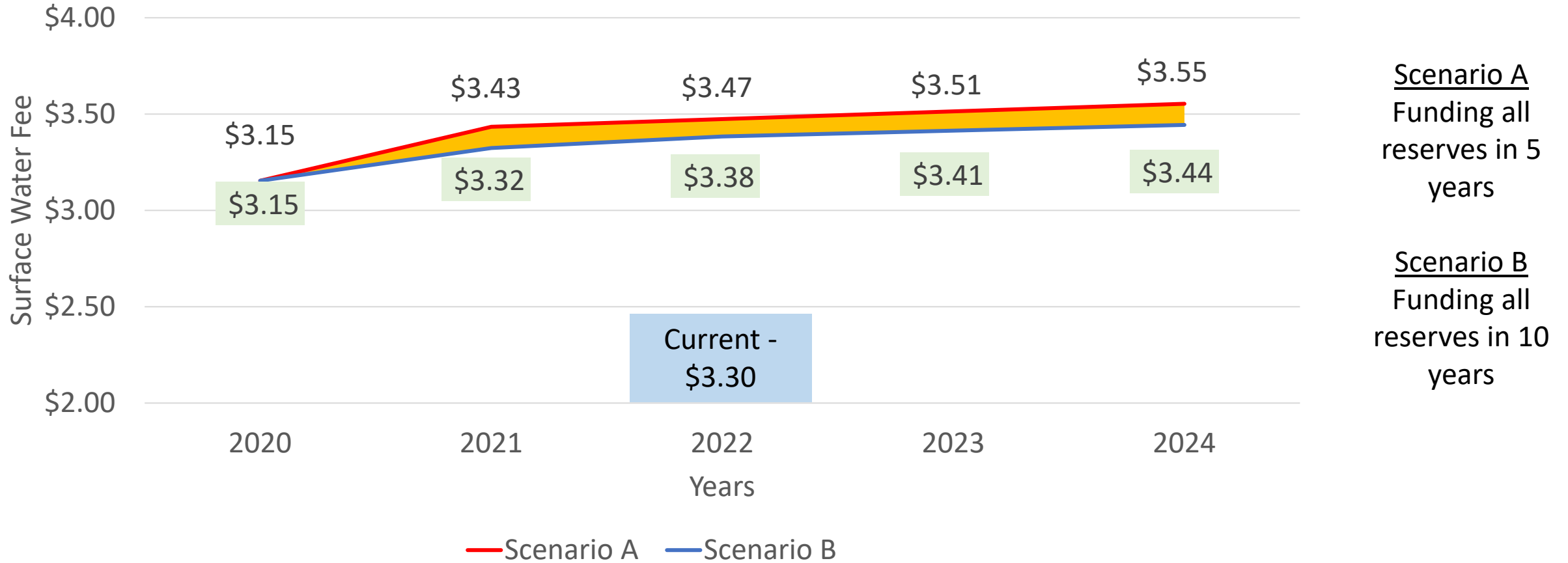


Scenario A
 Funding all reserves in 5 years

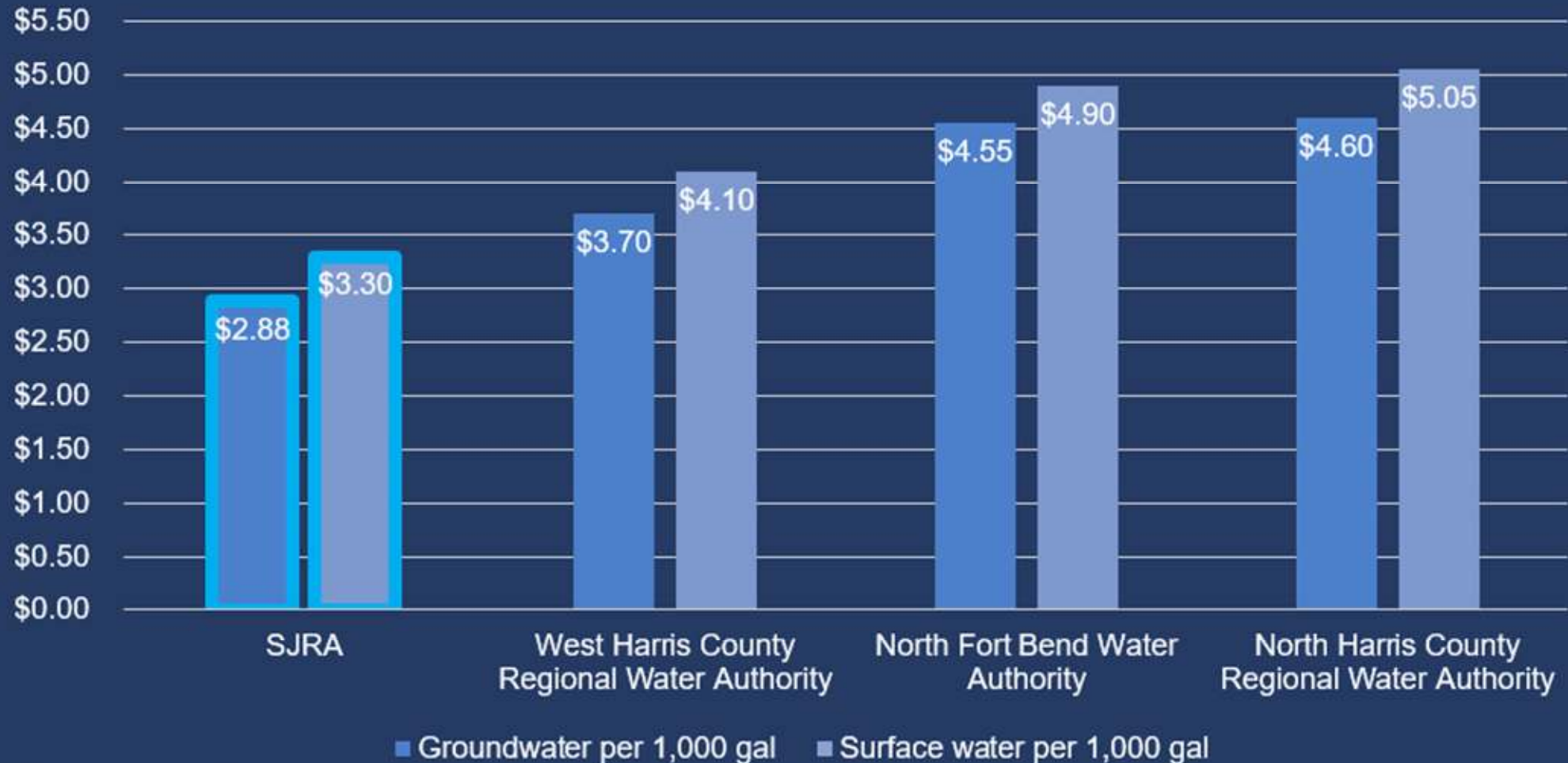
Scenario B
 Funding all reserves in 10 years

Forecasted Surface Water Fee

Raftelis - 2019



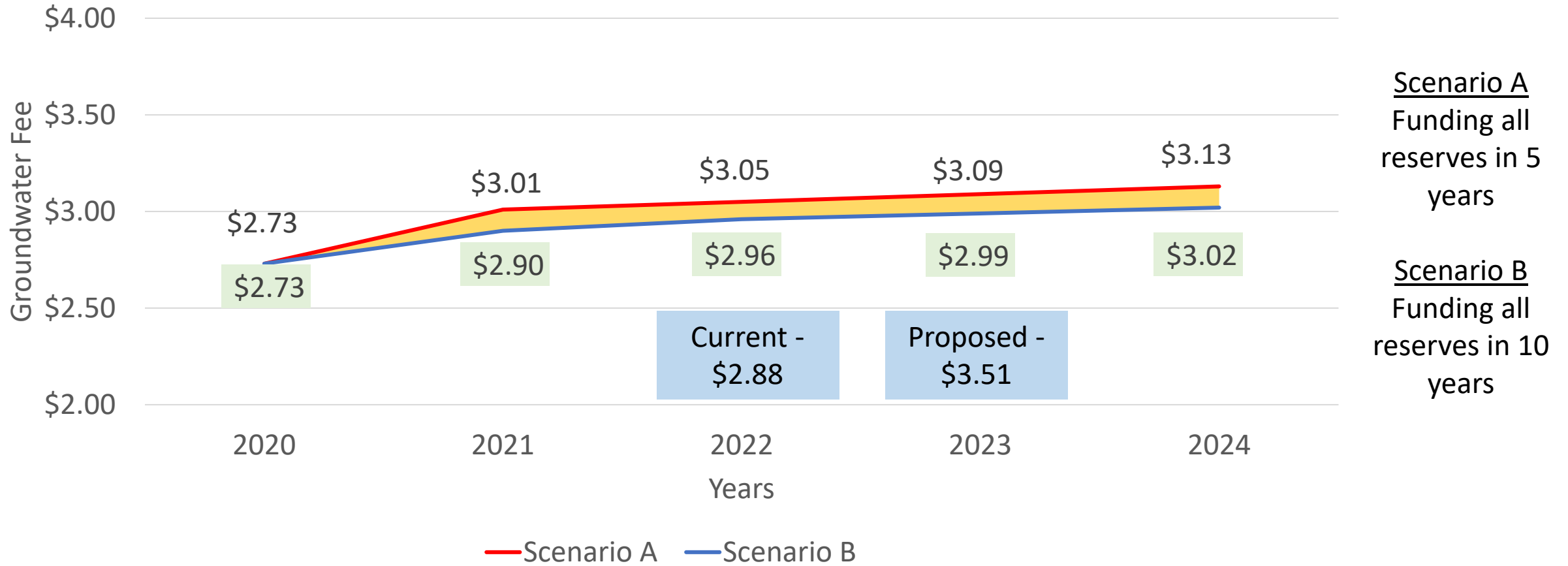
SJRA Compared to Other Wholesale Providers



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

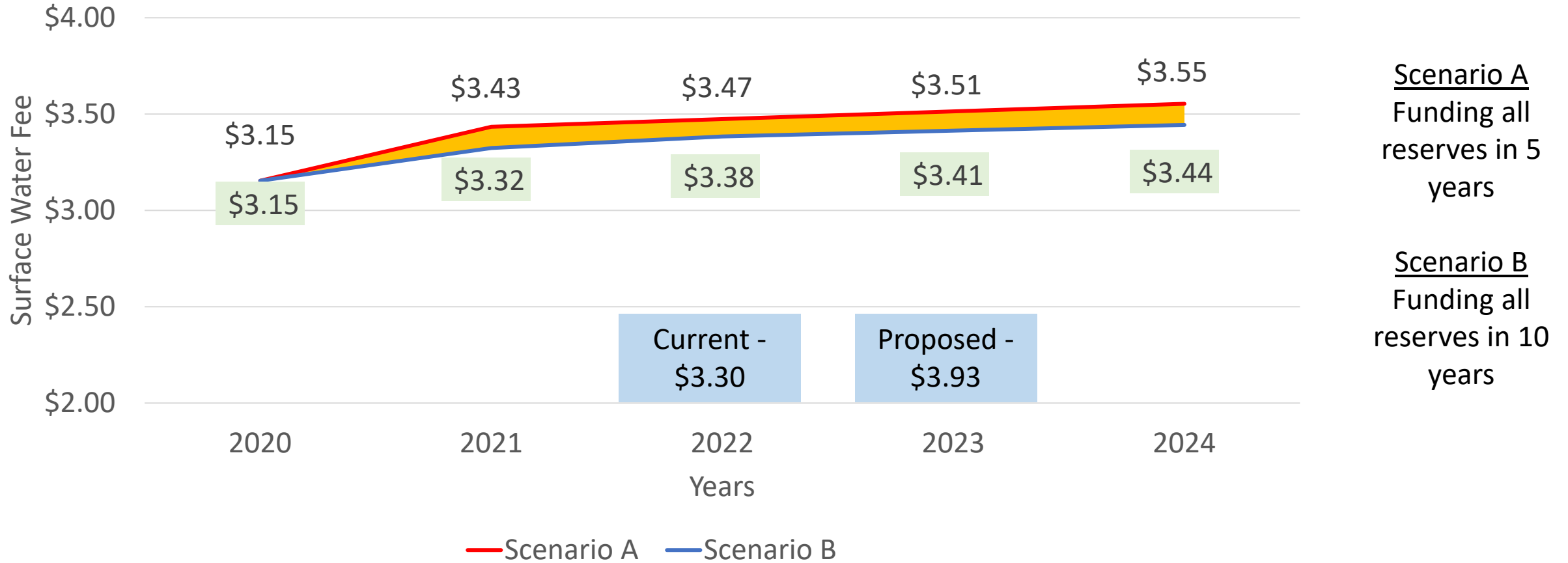
Recommended Groundwater Fee

Covers all short-pays and non-pays



Recommended Surface Water Fee

Covers all short-pays and non-pays



FY2023 GRP Rates

Recommendation

Groundwater Pumpage Fee

FY2022

\$2.88/1,000 gallons



FY2023

\$3.51/1,000 gallons

Surface Water Delivery Fee

FY2022

\$3.30/1,000 gallons

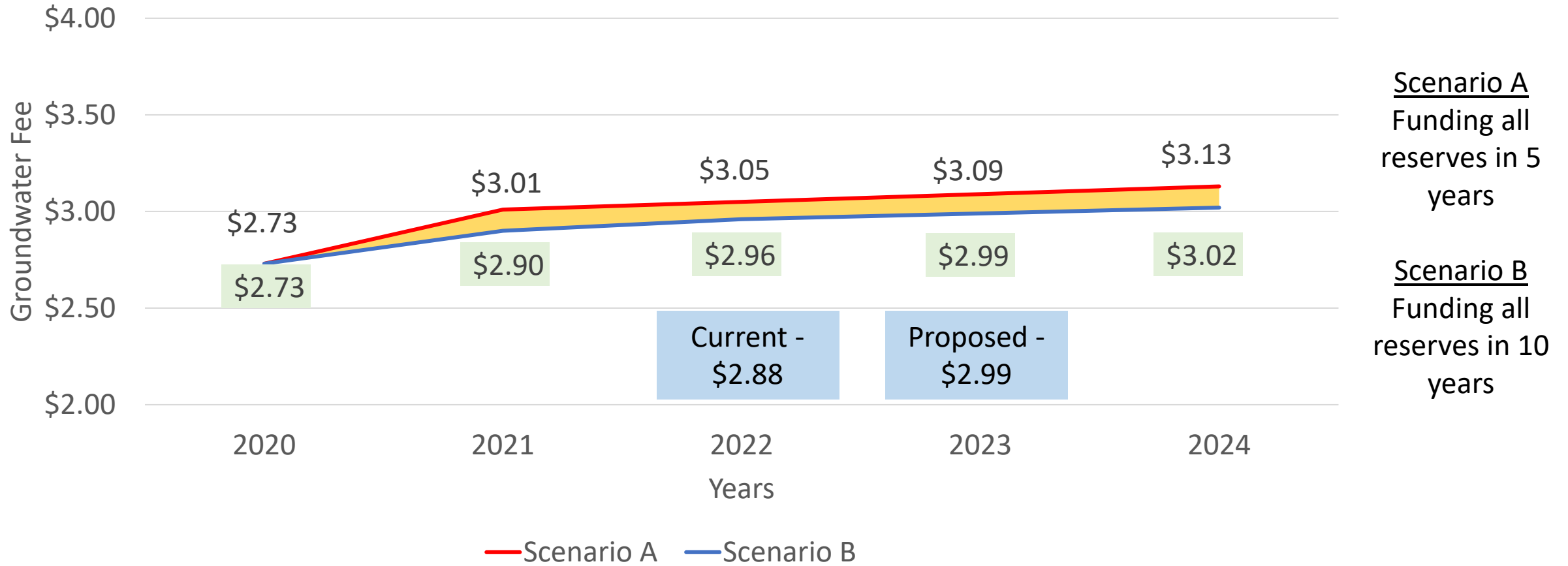


FY2023

\$3.93/1,000 gallons

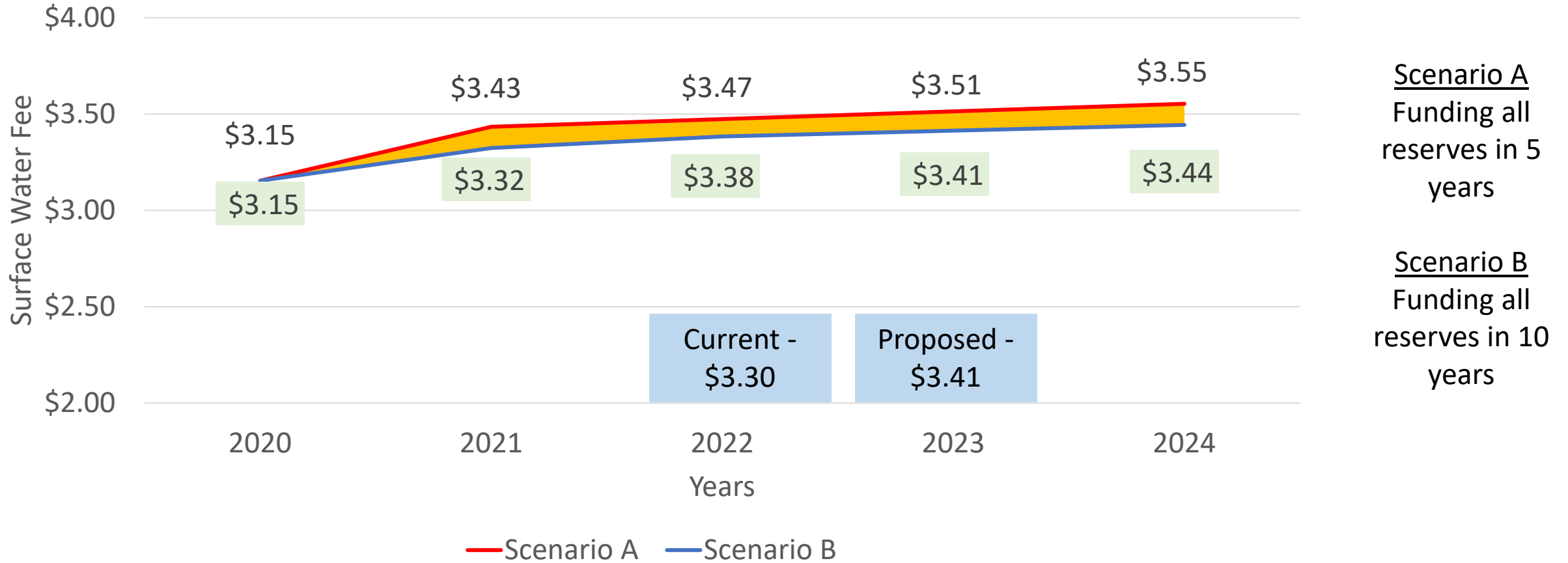
Alternate Groundwater Fee

Assumes all Participants pay



Alternate Surface Water Fees

Assumes all Participants pay



FY2023 GRP Rates

Alternate

Groundwater Pumpage Fee

FY2022

\$2.88/1,000 gallons



FY2023

\$2.99/1,000 gallons

Surface Water Delivery Fee

FY2022

\$3.30/1,000 gallons



FY2023

\$3.41/1,000 gallons

Review Committee Decision

Recommended

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

Alternate

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



Questions?