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## **MONTGOMERY COUNTY COURT RULES IN FAVOR OF SJRA IN LONG-STANDING DISPUTE**

### ***Groundwater Reduction Plan contracts are valid and enforceable***

Conroe, Texas—A court in Montgomery County sided with the San Jacinto River Authority (SJRA) in its long-standing dispute with Quadvest Water and Sewer Utility and Woodland Oaks Utility over the validity of existing Groundwater Reduction Plan (GRP) contracts.

In its ruling, the court declared that contracts between SJRA and these participants in their GRP Program are valid. The court also recognized that current state law makes those contracts incontestable and enforceable.

This ruling is the first decision to finally reach the merits of a dispute that began in 2016 when Quadvest and Woodlands Oaks joined the cities of Conroe and Magnolia claiming the GRP contracts were not valid.

“Quadvest and others have tried for years to cloud the issues and confuse the public about the GRP Contracts, and today all of that has been put to rest,” said SJRA General Manager Jace Houston. “Decisions up to this point have been on pre-trial matters such as jurisdiction and venue. We are pleased to have a ruling on the merits that declares the GRP contracts valid and incontestable in any court.”

“Any further proceedings in Montgomery County should only be to verify that the rates are reasonable,” said Houston. “We look forward to presenting to the court how SJRA takes great care to prepare a very conservative and reasonable budget and rate that is ultimately voted on by our customers.”

Quadvest and Woodlands Oaks are two of more than 80 participants in the SJRA Groundwater Reduction Plan that provides treated water from Lake Conroe to large volume users throughout Montgomery County.

Houston continued, “In the proceeding, SJRA counsel pointed out that there are at least 27 different Texas laws that make contracts like these incontestable, so this is not a new or unexpected ruling. Many contracts supporting bonds, such as those for higher education, state highways, and sports centers, are all protected by these laws. When 80-plus utilities join together to implement a regional project, it’s critical that everyone participates as agreed to in the contract, otherwise it puts at risk the entire legal apparatus protecting Texas public bonds for regional projects. This

decision supports public entities who step up to the plate to provide regional large-scale water and infrastructure solutions.”

#### Background:

In 2010, more than 80 public and private water utilities in Montgomery County entered into a contract with SJRA to implement a joint, countywide Groundwater Reduction Plan in direct response to requirements set by Lone Star Groundwater Conservation District (LSGCD) to conserve groundwater supply. Texas public bonds were used to finance the \$500 million GRP Water Treatment Plant at Lake Conroe and pipeline system throughout Montgomery County.

The GRP contract specified that SJRA would deliver treated surface water from Lake Conroe to supplement existing aquifer supplies and meet growing demands. The GRP contracts also included provisions for periodic rate increases, which would be reviewed and approved by a committee comprised of GRP Participants prior to adoption by SJRA’s board of directors.

Since 2020, Quadvest and Woodlands Oaks have refused to pay the rate due under the contract but have continued to charge their customers as if they are abiding by the contracted amount. This refusal to pay has forced other GRP Participants to make up over \$10 million in unpaid rates. Their decision not to pay left other GRP participants—including area cities, municipal utility districts, and ultimately citizens—to make up the shortfall.

One of the major river authorities in Texas, SJRA's mission is to develop, conserve, and protect the water resources of the San Jacinto River basin. Covering all or part of seven counties, the organization’s jurisdiction includes the entire San Jacinto River watershed, excluding Harris County. For additional information on SJRA visit our website at [www.sjra.net](http://www.sjra.net), like SJRA on Facebook [@SanJacintoRiverAuthority](https://www.facebook.com/SanJacintoRiverAuthority), or follow us on Twitter [@SJRA\\_1937](https://twitter.com/SJRA_1937), or find us on Instagram [@SanJacintoRiverAuthoritySJRA](https://www.instagram.com/SanJacintoRiverAuthoritySJRA).

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