



**GRP REVIEW COMMITTEE
MINUTES OF REGULAR MEETING**

August 21, 2023

The San Jacinto River Authority (“SJRA”) GRP Review Committee Meeting was held at 11:30 a.m., August 21, 2023, at the SJRA G&A Building – Boardroom 1577 Dam Site Rd, Conroe, Texas 77304. The meeting was also available for viewing only via a livestream on www.sjra.net/grp/meetings. Notice of said meeting was duly posted per GRP Contract requirements.

The following Review Committee Members participated:

Present:

Rick Moffatt
Jackie Chance
James Corn
Mike Stoecker

GRP Review Committee:

Chair

Representing:

MUDs East of I-45
MUDs West of I-45
Cities other than City of Conroe
Investor-Owned Utilities

Absent

Harry Hardman
Mike Mooney

Vice Chair

City of Conroe
Woodlands Water Agency

Also present:

Name:

Ed Shackelford, P.E.
Mitchell Page
Chris Meeks
Summer Hvasta
Renee Johnson
Jason Williams
Kelli Stormer
Pam Steiger
Joy Homewood
Daniel Hilderbrandt, P.E.
Connie Curtis
Heather Cook
Tom Michel

Title:

SJRA Director of Operations
Schwartz, Page & Harding, L.L.P., SJRA General Counsel
SJRA Utility Enterprise Manager
SJRA UE Customer Service Manager
SJRA UE Administrative Manager
SJRA UE Operations Manager
SJRA Senior Accountant
SJRA Chief Financial Officer
SJRA Administrative Assistant III
SJRA Technical Services Manager
SJRA Director of Technical and Operational Services
SJRA Director of Communications and Public Affairs
SJRA Director of Financial and Administrative Services

1. CALL TO ORDER

Mr. Moffatt called the meeting to order at 11:30 am.

2. PUBLIC COMMENTS

There were no public comments.

3. APPROVAL OF MINUTES

Mr. Chance moved to approve the minutes from July 24, 2023. Mr. Corn seconded the motion and it was carried unanimously.

4. GRP DIVISION UPDATES

Mr. Williams shared we are currently averaging 26.5 MGD daily production for this month. Mr. Meeks shared an update with the remaining surface water allocation numbers for the seven surface water recipients through the rest of the 2023 Fiscal Year (FY), as of August 14, 2023. As a reminder to the group, annual budgeted production for the plant is around 13 MGD. The Chair posed a question around the overages for a couple participants. Mr. Meeks confirmed that due to the drought, a few participants requested additional surface water. As the other participants were not on track to use their full allocation, SJRA staff determined there was enough surface water available to cover those additional requests.

Mrs. Hvasta provided an update regarding tours at the Surface Water plant and mentioned SJRA's participation on July 10th at "State of the County". She also shared flyers that were created and distributed to school districts in the area recently, showing ways for teachers to include tours of SJRA facilities in their curriculum and encourage students to see what occurs at the various plants.

Mr. Meeks covered the update for the ongoing construction project for the Process Water Recovery Basins. The displayed picture was taken last week. The project is currently at around 25% completion, which is slightly behind schedule; it is likely the second basin will be accomplished in less time as the construction team will be more acclimated to the project.

5. DISCUSS RECOMMENDATION FROM REVIEW COMMITTEE MEMBER TO ENGAGE AN OPERATIONAL EFFICIENCY CONSULTANT

Prior to opening up discussion on this item, Mr. Meeks presented several slides on the information the Committee members requested at the July meeting as relevant to this topic. He reviewed timelines and general descriptions for audits that have been completed for the SJRA as a whole, Rate Studies conducted every five years at the GRP Division specifically, a SCADA/Operations study that will be completed this year, and a Pretreatment Optimization study completed in 2022. Mr. Meeks then provided a detailed list of potential savings identified by the Surface Water Treatment Facility Study in 2016, and marked which four of the six were completed for a savings of just over \$600,000 per year in 2016 dollars and based on 24 MGD production. Regarding the two savings not completed, the GAC Bypass had a trial period in the winter of 2017, and resulted in a significant increase in complaints on taste and odor from surface water recipients. The second savings option for GAC Fines Handling was estimated to require a cost of up to \$1.5 million in 2016, and the Review Committee at that time opted to not move forward. In discussion with Mr. Williams and operators during the last few budget cycles, the FY24 budget contains earmarked funds to purchase equipment that will allow us to handle the GAC Fines internally with the current staff and

potentially one additional maintenance technician. This project could result in potential savings of up to \$1 million annually. Another recent project that resulted in increased efficiency of shared staff and management was the creation of the Utility Enterprise in 2020 that impacted the GRP and Woodlands Divisions. There are a few other projects that are presently in feasibility studies to evaluate costs and savings, primarily related to equipment, contracts, and service providers. Mr. Meeks concluded his presentation and reminded the Review Committee they can only recommend items that impact the GRP Division, nothing that is a recommendation for the SJRA as a whole. In addition, the vendors he contacted indicated two consultants would likely be needed to cover the variety of departments involved, the duration could be anywhere between 12 – 18 months, and their rough estimated cost was between \$300,000 - \$500,000.

Mr. Moffatt expressed his sincere appreciation to Mr. Meeks for his time and energy spent on this particular item and invited Mr. Stoecker to take the floor. Mr. Stoecker acknowledged there was a lot of information covered, and asked if there are any other entities similar to the GRP that have similar costs and operational practices. Mr. Meeks explained that while there are other surface water plants in the area, few are also membrane facilities. However, he mentioned the Administrative Forum that Mr. Tom Michel had set up earlier in the year with other river authorities in the area, and advised we can certainly reach out to them and see if any have conducted efficiency studies recently. Mr. Moffatt reviewed what he remembers from early discussions in the Review Committee around the reason for the membrane system, the costs involved, and the positive benefits delivered to the end user by going with this type of system at the onset. Mr. Meeks confirmed we will reach out to the other agencies, do our best to match against similar operational models to ensure equitable comparisons, and report our findings back to the committee within the next few months.

6. PRESENT AND CONSIDER FY24 GRP RATE STUDY AND MODEL UPDATE

Mrs. Hvasta presented the GRP Rate Study and Model update item, as required by the GRP contract to be conducted every five years by an external third-party consultant. After the required RFQ, Carollo Engineering was selected to conduct the study. Mrs. Hvasta summarized the applicable tasks such as collecting data, looking at both current and future needs of customers, the revenue and rate needed to meet those needs, and developing the new rate model itself to apply over the next ten years. The estimated completion date is March of 2024. Consultants will be providing updates to the Review Committee throughout the project timeline, and this item will be presented to the Board of Directors on Thursday, August 24, 2023.

Mr. Moffatt posed a question regarding any hypothetical revenue received at the conclusion of any lawsuits and how that may be expected to impact the new rate model. Mr. Shackelford stated that an analysis on managing any potential revenue is already in the process of being implemented, and the options at this point are to defease eligible bonds, provide rebates back to GRP Participants, or reduce the rate itself. During discussion, Mr. Shackelford confirmed it will include both funds currently in Escrow and any additional revenue received from groundwater pumpage fees due to recent droughts, the analysis is currently being kept separate from the Rate Study, and information from that analysis should be available in January.

7. LONE STAR GROUNDWATER CONSERVATION DISTRICT REPORT

No one from the LSGCD was in attendance.

8. GRP ITEMS FOR CONSIDERATION BY THE SJRA BOARD OF DIRECTORS

- a. The Item for the GRP FY24 Budget was approved by the GRP Review Committee back in May and will be going to the SJRA Board of Directors this Thursday, August 24, 2023. As a reminder, there was no rate increase.
- b. For the GRP Rate Study and Model Update item, Mr. Corn motioned to approve it and Mr. Stoecker seconded it. It was carried unanimously.

9. ATTORNEY’S UPDATE

Mr. Page provided an update on GRP-related legal matters.

10. FUTURE GRP REVIEW COMMITTEE MEETING AGENDA ITEMS

No new items recommended at this time.

11. FUTURE MEETING SCHEDULE

- a. Monday, September 25, 2023.

12. ADJOURN

Mr. Moffatt adjourned the meeting at 12:10 PM.



Chris Meeks

SJRA Utility Enterprise Manager / GRP Administrator