



**Board of Directors Meeting
February 23, 2023**



AGENDA

**SAN JACINTO RIVER AUTHORITY BOARD OF DIRECTORS
THURSDAY, FEBRUARY 23, 2023 - 8:00 A.M.
GENERAL AND ADMINISTRATION BUILDING - BOARDROOM
1577 DAM SITE ROAD, CONROE, TEXAS 77304**

- 1. CALL TO ORDER**
- 2. PLEDGES OF ALLEGIANCE**
- 3. PUBLIC COMMENTS** (3 minutes per speaker)
- 4. DIVISION UPDATES** - Receive updates from Operational Divisions and General & Administration Division related to ongoing projects, staff reports, or items on the consent agenda.
 - a. G & A:** Jace Houston, General Manager
 - b. G & A:** Heather Ramsey, Director of Communications and Public Affairs
 - c. G & A:** Tom Michel, Director of Finance and Administration
 - d. G & A:** Connie Curtis, Director of Technical and Operational Services
 - e. Utility Enterprise:** Chris Meeks, Utility Enterprise Manager
 - f. Lake Conroe:** Bret Raley, Lake Conroe Division Manager
 - g. Highlands:** Richard Tramm, Highlands Division Manager
 - h. Flood Management:** Matt Barrett, Flood Management Division Manager
- 5. CONSENT AGENDA** - This agenda consists of ministerial or "housekeeping" items required by law, such as routine bids, contracts, purchases, resolutions, and orders; items previously approved by Board action, such as adoption of items that are part of an approved budget or capital improvement projects, interlocal agreements, or action which is required by law or delegated to the General Manager; and items of a non-controversial nature. These items will be considered by a single motion unless removed and placed on the Regular Agenda for individual consideration at the request of any Director.

G&A

- a. Approval of Minutes** - Regular Meeting of January 26, 2023.
- b. Unaudited Financials**

Consider approval of the unaudited financials for the month of January, 2023.

- c. Resolution - List of Qualified Brokers**

Consider adoption of a resolution of the Board of Directors of the San Jacinto River Authority adopting list of qualified brokers authorized to engage in investment transactions with the Authority.

RAW WATER ENTERPRISE

d. Sale of Real Property

Declare to be surplus and authorize the disposal by sale of a 2.26 acre tract of surplus real property located in the Elijah Collard Survey, A-7, near Willis, Texas, and authorize the General Manager to execute all necessary documents to complete the transaction.

- 6. REGULAR AGENDA** - This agenda consists of items requiring individual consideration by the Board of Directors.

G&A

a. Master Services Agreement and Subscription License Agreement - Enterprise Resource Planning (ERP) Software System

Consider authorizing the General Manager to execute a Master Services Agreement and Subscription License Agreement for implementation of an Enterprise Resource Planning software system for the San Jacinto River Authority.

GRP

b. Resolution - Amended Fiscal Year 2023 Operating Budget

Consider adoption of a resolution of the Board of Directors of the San Jacinto River Authority adopting an amended Fiscal Year 2023 Operating Budget for the GRP Division.

RAW WATER ENTERPRISE

c. Updated Proposal on Seasonal Lowering of Lake Conroe

Consideration of an updated compromise proposal on seasonal lowering of Lake Conroe and possible action to approve a recommendation to be presented to the City of Houston.

d. Supplement to Water Supply Contract

Consider authorizing the General Manager to execute a supplement to a water supply contract with an industrial customer related to South Canal Transfer Pump Station Capacity Improvements.

e. Professional Services Agreement and Work Order No. 1 - Feasibility Study for South Transfer Pump Station Capacity Improvements

Consider authorizing the General Manager to execute a professional services agreement and Work Order No. 1 for Feasibility Study for South Canal Transfer Pump Station Capacity Improvements in Highlands.

7. BRIEFINGS AND PRESENTATIONS

- a.** Presentation of Annual Energy Report for the period September 1, 2021, through August 31, 2022.

- 8. EXECUTIVE SESSION** - If necessary, the Board of Directors will adjourn to Closed Session at this point in the meeting to consider the following items; however, the Board of Directors reserves the right to adjourn to Closed Session at any time during the course of this meeting as allowed by law.
- a. Discussion regarding items identified elsewhere on the agenda pursuant to Texas Government Code Sections 551.071 (Consultation with Attorney), 551.072 (Real Property), 551.073 (Prospective Gifts), 551.074 (Personnel Matters), or 551.076 (Security Devices), as applicable.
 - b. Consultations with attorney, pursuant to Texas Government Code, Section 551.071 regarding:
 - 1. Litigation related to Hurricane Harvey, including additional legal services to be provided by Hunton Andrews Kurth, LLP; and
 - 2. Expedited Declaratory Judgement Act litigation and other litigation related to GRP.
- 9. RECONVENE IN OPEN SESSION** - The Board of Directors will reconvene in Open Session at this point in the meeting and, if necessary, take action on any agenda item discussed in Closed Session and/or identified below.

10. ANNOUNCEMENTS / FUTURE AGENDA

Next San Jacinto River Authority Regular Board Meeting - March 23, 2023.

11. ADJOURN

Board meetings after September 1, 2021, will be held in person, to include the public comment portion of the agenda. The meeting may be viewed via live stream through the San Jacinto River Authority's Board of Directors webpage:

<https://www.sjra.net/about/board/>

Persons with disabilities who plan to participate in the meeting and would like to request auxiliary aids or services are requested to contact Cynthia Bowman at (936) 588-3111 at least three business days prior to the meeting so that appropriate arrangements can be made.

Item No.	Agenda Item	Date
5a	Consider approval of minutes from the Board of Directors meeting of January 26, 2023.	02/23/2023

BACKGROUND INFORMATION

STRATEGIC GOAL: Goal 1: Engaged Board of Directors

FUNDING SOURCE: N/A

ATTACHMENTS: Minutes

RECOMMENDED ACTION

Approve the minutes of the January 26, 2023, Board of Directors meeting.

Item No.	Agenda Item	Date
5b	Consider approval of the unaudited financials for the month of January, 2023.	02/23/2023

BACKGROUND INFORMATION

The monthly unaudited financial statements are intended to keep the Board of Directors apprised of the ongoing financial condition of the Authority.

The monthly statements include Financial Highlights, Schedules of Revenues and Expenses (Actual and Budget), Unaudited Balance Sheet, Unaudited Statement of Revenues and Expenses (Summary), and Schedule of Investments.

STRATEGIC GOAL: Goal 1: Engaged Board of Directors

FUNDING SOURCE: N/A

ATTACHMENTS: Unaudited Financials

RECOMMENDED ACTION

Approve the unaudited financial statements for the month of January, 2023.

Item No.	Agenda Item	Date
5c	Consider adoption of a resolution of the Board of Directors of the San Jacinto River Authority adopting list of qualified brokers authorized to engage in investment transactions with the Authority.	02/23/2023

BACKGROUND INFORMATION

The Public Funds Investment Act requires that the Board of Directors of the Authority adopt a specific list of qualified brokers with whom the Authority is authorized to engage in investment transactions. The list of qualified brokers must be reviewed no less than annually.

The Board of Directors last adopted a list of qualified brokers on February 24, 2022. Authority staff, management, and consultants have reviewed the current list and proposed revisions for adoption by the Board of Directors.

It is recommended that the Board adopt the proposed list of qualified brokers by and through adoption of the proposed resolution.

STRATEGIC GOAL: Goal 6: High Performance Administration

FUNDING SOURCE: N/A

ATTACHMENTS: Proposed Resolution and List of Qualified Brokers

RECOMMENDED ACTION

Adopt a resolution adopting list of qualified brokers authorized to engage in investment transactions with the Authority.

Item No.	Agenda Item	Date
5d	Declare to be surplus and authorize the disposal by sale of 2.26 acre tract of surplus real property located in the Elijah Collard Survey, A-7, near Willis, Texas, and authorize the General Manager to execute all necessary documents to complete the transaction.	02/23/2023
BACKGROUND INFORMATION		
<p>The Authority received an inquiry from a property owner along the shore of Lake Conroe who is interested in purchasing a small tract of SJRA property immediately adjacent to the landowner. Staff has valued the tract in accordance with procedures approved by the Board of Directors and recommends that the property be declared surplus and authorized to be sold via deed without warranty.</p> <p>Buyer: Gary & Jessica Sumner</p> <p>Description: A 2.26 acre parcel in the Elijah Collard Survey, A-7</p> <p>Location: 10905 Windswept Dr. Willis, TX 77318</p> <p>Appraised Land Value: \$1,200,000.00</p> <p>SJRA Tract Value: $\\$1,200,000.00 - (\\$1,200,000.00 \times 0.9) = \\$120,000.00$</p> <p>Appraisal Cost: \$2,500.00</p> <p>Attorney Cost: \$2,000.00</p> <p>Disposal Sale Price: \$124,500.00</p>		
STRATEGIC GOAL: Goal 2: Operational Excellence		
FUNDING SOURCE: N/A		
ATTACHMENTS: MCAD Data Sheet, Metes and Bounds, Survey Map		
RECOMMENDED ACTION		
<p>Declare to be surplus and authorize the disposal by sale of a 2.26 acre tract of real property located in the Elijah Collard Survey, A-7, near Willis, Texas, at a price of \$124,500.00, and authorize the General Manager to execute all necessary documents to complete the transaction.</p>		

Item No.	Agenda Item	Date
6a	Consider authorizing the General Manager to execute a Master Services Agreement, Subscription License Agreement, and Microsoft License Agreement for the implementation of an Enterprise Resource Planning (ERP) software system for the San Jacinto River Authority.	02/23/2023
BACKGROUND INFORMATION		
<p>Over the last decade or more, the SJRA has utilized a multitude of different on-premises software systems for administrative support functions (i.e., accounting, requisitioning, payroll, HR systems, etc.). Historically, IT staff has built customized connections between these independent systems that require constant maintenance and update to ensure the systems are communicating accurately. As technology has advanced, cloud-based systems have become the predominant computing structure. SJRA discovered that several systems, particularly accounting and requisition systems, would no longer be supported and/or they would not function with each other or with other systems due to software updates that will take us into cloud-based systems. Therefore, it was necessary to reevaluate all administrative software systems. The decision was made to investigate the development and conversion to a more cost-effective Enterprise Resource Planning software system (“ERP”), that would lessen the number of distinct and independent systems that require a high degree of connection maintenance.</p> <p>Starting in late 2021, the IT Department led a SJRA-wide team to evaluate our needs and evaluate ERP systems. Panorama, an ERP Consultant, was hired to assist the team with identifying needs, structuring the scope for the request for proposals, developing specific change management techniques, and evaluating the proposals that were received. Overall, there were five proposals received. The top three proposers, Crowe, LLP, RPI Consultants (Infor), and Tyler Technologies were selected for further evaluation and brought in for three separate two-day demonstration of their product(s) which included follow-up question and answer sessions. After considerable examination, workshops, and team discussion to ensure all perspectives were considered, the team recommended Crowe using a Microsoft Dynamics365 platform. It is the most effective and efficient system to best fit SJRA’s current needs, provide flexibility to grow/adapt in the future, and it was the most cost-effective solution for SJRA.</p> <p>Staff recommends approval of an agreement with Crowe, LLP, to begin immediate implementation, including a five-year Subscription License Agreement. Implementation would begin in March with a targeted completion time of 14-16 months. Additionally, staff recommends authorization to enter into an agreement for necessary Microsoft licensing through the end of Fiscal Year 2024. The total contracted ERP implementation cost is \$2,198,282: Crowe Implementation = \$1,995,000; Crowe Licensing = \$90,000; and Microsoft Licensing = \$113,282.</p>		
STRATEGIC GOAL: Goal 6: High Performance Administration		
FUNDING SOURCE: Cash from R&R Funds		
ATTACHMENTS: Master Services Agreement and Subscription License Agreement.		
RECOMMENDED ACTION:		
<p>Authorize the General Manager to execute a Master Services Agreement and Subscription License Agreement with Crowe, LLP, in an amount not to exceed \$2,085,000, and to negotiate and execute a Microsoft License Agreement in the total amount of \$113,282, for the implementation of an Enterprise Resource Planning software system for the San Jacinto River Authority.</p>		

Item No.	Agenda Item	Date
6b	Consider adoption of a resolution of Board of Directors of the San Jacinto River Authority adopting an amended Fiscal Year 2023 Operating Budget for the GRP Division.	02/23/2023

BACKGROUND INFORMATION

Due to drought conditions and exceeding the budgeted groundwater sales during Fiscal Year 2022, the GRP Division began Fiscal Year 2023 with \$11,848,884 in the GRP General Fund. The GRP Division has met the three-month operating reserve target and is requesting approval to amend the FY2023 budget to utilize the General Fund cash to fund the Repair and Replacement (R&R) Fund and the Emergency Reserve Fund, which have remained unfunded for many years, as follows.

General Fund:

	Current FY2023 Budget	Proposed Amendment	Proposed Amended FY2023 Budget
Other Sources (Uses):			
Emergency Reserve Fund	\$ 700,000	+\$1,300,000	\$2,000,000
Capital Repair/Replacement Reserve Fund	\$1,400,000	+\$3,200,000	\$4,600,000

In addition, this budget amendment includes additional funding needed for the improvements to the Process Water Recovery Basins. This project was budgeted in Fiscal Year 2022 utilizing \$600,000 of existing Bond Funds to add concrete over the existing stabilized sand. During design phase, the structural engineer determined the existing stabilized sand was not an adequate foundation to support the new concrete and would also need to be replaced. The funding is proposed to come from the remainder of existing Bond Funds and General Fund cash as follows.

Existing Bond Funds:

	Current FY2023 Budget	Proposed Amendment	Proposed Amended FY2023 Budget
Capital Improvements:			
Water Treatment Plant & Facilities	\$ 0	+\$ 641,901	\$ 641,901

General Fund:

	Current FY2023 Budget	Proposed Amendment	Proposed Amended FY2023 Budget
Capital Improvements:			
Water Treatment Plant & Facilities	\$ 15,000	+\$1,258,099	\$1,273,099

STRATEGIC GOAL: Goal 6: High Performance Administration

FUNDING SOURCE: GRP General Fund and Existing Bond Funds

ATTACHMENTS: Resolution and Exhibit "A"

RECOMMENDED ACTION

Approve a resolution of Board of Directors of the San Jacinto River Authority adopting an amended Fiscal Year 2023 Operating Budget for the GRP Division.

Item No.	Agenda Item	Date
6c	Consideration of an updated compromise proposal on seasonal lowering of Lake Conroe and possible action to approve a recommendation to be presented to the City of Houston.	02/23/2023

BACKGROUND INFORMATION

STRATEGIC GOAL: Goal 3: Water Resource Leadership

FUNDING SOURCE: N/A

ATTACHMENTS: Updated Compromise Proposal

RECOMMENDED ACTION

Authorize the General Manager to present an updated compromise proposal on seasonal lowering of Lake Conroe to the City of Houston and coordinate with the City of Houston for implementation of same.

Item No.	Agenda Item	Date
6d	Consider authorizing the General Manager to execute a supplement to a water supply contract with an industrial customer related to South Canal Transfer Pump Station Capacity Improvements.	02/23/2023

BACKGROUND INFORMATION

Details of the supplement to the water supply contract will be provided by the Authority's General Counsel and discussed pursuant to the Texas Government Code, Section 551.071, consultation with attorney, in Executive Session at the Board meeting.

STRATEGIC GOAL: Goal 3: Water Resource Leadership

FUNDING SOURCE: N/A

ATTACHMENTS: N/A

RECOMMENDED ACTION

Authorize the General Manager to execute a supplement to a water supply contract with an industrial customer related to South Canal Transfer Pump Station Capacity Improvements.

Item No.	Agenda Item	Date
6e	Consider authorizing the General Manager to execute a professional services agreement and Work Order No. 1 for Feasibility Study for South Canal Transfer Pump Station Capacity Improvements in Highlands.	02/23/2023

BACKGROUND INFORMATION

Firm Name: Freese and Nichols, Inc.

Project: South Canal Transfer Pump Station Capacity Improvements

Type of Services: Professional Services

Type of Agreement: Professional Services Work Order Agreement (Contract No. 22-0057-A)

Project Description:

It has been identified that to accommodate future demands of the San Jacinto River Authority (SJRA) Highlands Division customers, improvements to the South Canal Transfer Pump Station (SCTPS) will need to be made. Located at the intersection of Coastal Water Authority's (CWA) canal and the SJRA South Canal in Baytown, Texas, the SCTPS allows the SJRA to utilize their Trinity water rights by transferring water from CWA's canal into the SJRA South Canal where it is then conveyed to downstream customers. The existing pump station intake, pump bays, and discharge structure are approximately 50 years old while the pumps, electrical building, and equipment are nearly 25 years old. Due to the need to ensure reliable conveyance of water to the downstream customers and the age of the existing pump station, a feasibility study is needed to determine the best value path forward for improvements to the pump station. The feasibility study will be the first of multiple phases of design for improvements to the pump station and will assess the existing structure for condition and capacity, identify alternatives to meet future demands, and will result in the selection of a best value alternative that will be further developed and designed in future Work Orders. The feasibility study will be fully funded by the customer in which these improvements would bring the most benefit to, in return SJRA will manage the consultant conducting the feasibility study.

Key Deliverable(s): Due Date(s):

Draft Technical Memorandum Within ninety-five (95) calendar days of NTP

Final Technical Memorandum Within one-hundred and thirty (130) days of NTP

Type of Compensation/Amount: Lump sum/\$234,126.00

Cost Plus Multiplier with Not-to-Exceed/\$80,102.00

Total Amount: \$314,228.00

Anticipated Completion Date: August 4, 2023

STRATEGIC GOAL: Goal 2: Operational Excellence

FUNDING SOURCE: Customer Contribution

ATTACHMENTS: Map, PSA, Work Order No. 1, Scope, Level of Effort, Schedule

RECOMMENDED ACTION

Authorize the General Manager to execute a professional services agreement and Work Order No. 1 in an amount not to exceed \$314,228.00 with Freese and Nichols, Inc., for Feasibility Study for South Canal Transfer Pump Station Capacity Improvements in the Highlands.