



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



## AGENDA

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

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- 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 February 23, 2023.

- b. Unaudited Financials**

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

- c. Quarterly Investment Report**

Consider approval of the Quarterly Investment Report for the Quarter Ended February 28, 2023.

- d. Resolution - Amending Investment Policy**

Consider adoption of a resolution of the Board of Directors of the San Jacinto River Authority adopting an amended Investment Policy.

## **WOODLANDS**

### **e. Work Order No. 2 - Water and Wastewater Rate Study and Model Development**

Consider authorizing the General Manager to execute Work Order No. 2 for the Woodlands Division Water and Wastewater Rate Study and Model Development.

### **f. Lake Conroe Operations Agreement with City of Houston**

Consider ratifying the execution of the contract By and Between the San Jacinto River Authority and the City of Houston Relating to the Ongoing Operation of the Lake Conroe Dam and Reservoir.

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

## **WOODLANDS**

### **a. Work Order No. 2 - Wastewater Treatment Facility No. 1 Master Plan**

Consider authorizing the General Manager to execute Work Order No. 2 for professional services for the Wastewater Treatment Facility No. 1 Master Plan in The Woodlands.

### **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 Woodlands Division.

## **RAW WATER ENTERPRISE**

### **c. 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.

## **7. BRIEFINGS AND PRESENTATIONS**

**a.** Presentation of the 10-Year Project Planning Process.

**b.** Presentation of GRP Division 10-Year Project Plan.

**c.** Presentation of Flood Management Division 10-Year Project Plan.

## **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 - April 27, 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 February 23, 2023.	03/23/2023

**BACKGROUND INFORMATION**

**STRATEGIC GOAL:** Goal 1: Engaged Board of Directors

**FUNDING SOURCE:** N/A

**ATTACHMENTS:** Minutes

**RECOMMENDED ACTION**

Approve the minutes of the February 23, 2023, Board of Directors meeting.

Item No.	Agenda Item	Date
5b	Consider approval of the unaudited financials for the month of February, 2023.	03/23/2023

**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 February, 2023.

Item No.	Agenda Item	Date
5c	Consider approval of the Quarterly Investment Report for the Quarter Ended February 28, 2023.	03/23/2023

**BACKGROUND INFORMATION**

The Quarterly Investment Report presents the investment balances and activity for San Jacinto River Authority funds, including investment strategy for each fund, in compliance with the provisions of the San Jacinto River Authority Investment Policy and the Public Funds Investment Act (Chapter 2256, Government Code).

**STRATEGIC GOAL:** Goal 1: Engaged Board of Directors

**FUNDING SOURCE:** N/A

**ATTACHMENTS:** Quarterly Investment Report

**RECOMMENDED ACTION**

Approve the quarterly investment report for the quarter ended February 28, 2023.

Item No.	Agenda Item	Date
5d	Consider adoption of a resolution of the Board of Directors of the San Jacinto River Authority adopting an amended Investment Policy.	03/23/2023

**BACKGROUND INFORMATION**

The Public Funds Investment Act and Section 49.199, Texas Water Code, requires that the Board of Directors of the Authority adopt rules, regulations, and policies (an “Investment Policy”) governing the investment of Authority funds and designating one or more of its officers, employees, or authorized representatives to be responsible for the investment of such funds.

The Authority’s Investment Policy must be reviewed no less often than annually and was last modified by the Board of Directors on July 28, 2022.

This amendment addresses a few minor changes to the Investment Policy:

- modification to the list of Investment Representatives due to a change in personnel,
- reference to legislative requirements within Chapters 2271 and 2274 of the Texas Government Code that prohibit contracts with companies that boycott energy companies or discriminate against firearms entities or firearms trade associations, and
- reference in the Public Funds Depositor Collateral Security Agreement attached to the Investment Policy to legislative requirements within Chapter 2252 of the Texas Government Code, dealing with Disclosure of Interested Parties (Texas Ethics Commission Form 1295 Compliance), that requires a business entity which is not public traded (or an affiliate of such a publicly traded entity) to submit a TEC Form 1295 with its signed contract.

**STRATEGIC GOAL:** Goal 6: High Performance Administration

**FUNDING SOURCE:** N/A

**ATTACHMENTS:** Resolution and Proposed Investment Policy

**RECOMMENDED ACTION**

Adopt a resolution adopting an amended Investment Policy.



Item No.	Agenda Item	Date
5e	Consider authorizing the General Manager to execute Work Order No. 2 for the Woodlands Division Water and Wastewater Rate Study and Model Development.	03/23/2023

**BACKGROUND INFORMATION**

Firm Name: Carollo Engineers, Inc.

Project: Woodlands Division Water & Wastewater Rate Study and Model Development

Type of Services: Professional Services

Type of Agreement: Master Professional Services Agreement  
(Contract No. 23-0008-A)

**Project Description:**

The Woodlands Division is seeking to conduct a rate study and develop a rate model to assist with setting of future water and wastewater rates, inclusive of projected demands, future bond issuances and increasing maintenance needs. The Study will include rate review and design to determine revenue levels required to continue providing an efficient and reliable supply of drinking water and treatment of wastewater while meeting the projected future demands of the Woodlands Division's customers for the ten-year period of fiscal years 2025 through 2034. As part of this effort, the Consultant will create a financial planning model that is capable of analyzing water and wastewater rate requirements that include O&M and capital expenses, future bond issuances and funding needs for future maintenance needs. Work Order No. 2 provides for all labor, materials, and equipment necessary for a consultant to perform the rate study and model development due for completion in calendar year 2023.

<b>Key Deliverable(s):</b>	<b>Due Date(s):</b>
Final Results and Recommendations Report	Within 241 calendar days of NTP
Final Financial Planning Model	Within 263 calendar days of NTP
Final Model Users' Manual	Within 263 calendar days of NTP

Type of Compensation/Amount: Cost Plus Multiplier with Not-to-Exceed/\$208,057.00

Total Amount: \$208,057.00

Anticipated Completion Date: December 22, 2023

**STRATEGIC GOAL:** Goal 2: Operational Excellence

**FUNDING SOURCE:** Cash

**ATTACHMENTS:** Exhibit 1, Work Order No. 2, Scope, Level of Effort, Schedule

**RECOMMENDED ACTION**

Authorize the General Manager to execute Work Order No. 2 for the Woodlands Division Water and Wastewater Rate Study and Model Development in an amount not to exceed \$208,057.00 with Carollo Engineers, Inc.

Item No.	Agenda Item	Date
5f	Consider ratifying the execution of the contract By and Between the San Jacinto River Authority and the City of Houston Relating to the Ongoing Operation of the Lake Conroe Dam and Reservoir.	03/23/2023

**BACKGROUND INFORMATION**

The initial agreement between the San Jacinto River Authority (SJRA) and the City of Houston relating to the ongoing operation of the Lake Conroe dam and reservoir was executed on April 24, 1968, and subsequently amended in 1969 and 1971. The term of this initial operating agreement was 40 years. Since 2008, SJRA and the City of Houston have operated and maintained the Lake Conroe dam and reservoir under the evergreen provision of the Agreement signed in 1968.

The Agreement addresses the operation and maintenance of the Lake Conroe dam and reservoir, the accounting of the impounded water, the measurement and reporting of the water diverted from the lake, the regulatory compliance requirements, the source water protection, the annual budgeting requirements, and the disposition of surplus property.

This new Agreement will supersede and replace the 1968 Agreement and shall continue in full force and effect during the useful life of Lake Conroe.

**STRATEGIC GOAL:** Goal 3: Water Resource Leadership

**FUNDING SOURCE:** N/A

**ATTACHMENTS:**

**RECOMMENDED ACTION**

Ratify the execution of the contract By and Between the San Jacinto River Authority and the City of Houston Relating to the Ongoing Operation of the Lake Conroe Dam and Reservoir.

Item No.	Agenda Item	Date
6a	Consider authorizing the General Manager to execute Work Order No. 2 for professional services for the Wastewater Treatment Facility No. 1 Master Plan in The Woodlands.	03/23/2023

**BACKGROUND INFORMATION**

Firm Name: Freese and Nichols, Inc.

Project: Woodlands Wastewater Strategic Plan

Type of Services: Professional Services

Type of Agreement: Professional Services Agreement  
(Contract No. 21-0026)

**Project Description:**

The Wastewater Strategic Plan (Phase 1) evaluated multiple alternatives over a 50-year planning horizon to present information and data to The Woodlands MUD Boards to make an informed decision regarding the path forward for aging infrastructure renewal. One of the recommendations from the Phase 1 efforts, in conjunction with the MUD Stakeholder Committee and further approved by the MUD Boards, is to proceed with Master Planning (Phase 2) associated with the design and construction of a new wastewater treatment facility (WWTF) to replace existing WWTF No. 1. The proposed facility is planned to incorporate membrane bioreactor (MBR) treatment technology and be located adjacent to the existing facility. The Phase 2 scope of work generally includes optimization of the proposed facility layout, evaluation of data to right-size the treatment capacity, updating of cost estimates, and impacts to rates. These planning efforts shall be completed in order to continue to ensure the level of service is met in providing long-term wastewater services for The Woodlands.

Key Deliverable(s):	Due Date(s):
Draft Master Plan	December 18, 2023
Final Master Plan	January 15, 2024

Type of Compensation/Amount:	Lump Sum/460,000.00
Type of Compensation/Amount:	<u>Cost Plus Multiplier/40,000.00</u>
Total Compensation/Amount:	\$500,000.00

Previous Authorized Work Orders (1):*	\$1,299,331.00
Work Order No. 2:	<u>\$ 500,000.00</u>
Total Amount:	\$1,799,331.00

Anticipated Completion Date: January 15, 2024

\*See attached Exhibit 1 for additional information on prior work orders and amendments.

**STRATEGIC GOAL:** Goal 2: Operational Excellence

**FUNDING SOURCE:** 2017 TWDB Bond Funds

**ATTACHMENTS:** Exhibit 1, Map, Work Order No. 2, Scope, Level of Effort, Schedule

**RECOMMENDED ACTION**

Authorize the General Manager to execute Work Order No. 2 in the amount of \$500,000.00 with Freese and Nichols, Inc., for professional services for the Wastewater Treatment Facility No. 1 Master Plan in The Woodlands.

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 Woodlands Division.	03/23/2023

**BACKGROUND INFORMATION**

Per Section 5.02(a) of the Resolution creating the R&R Fund, after the Authority has received the results of its annual independent audit report of the accounting records for the Woodlands Division (Annual Comprehensive Financial Report (ACFR)) for a Fiscal Year, the Authority shall determine if excess funds were held by the Authority as of the end of such prior Fiscal Year. If excess funds exist, the funds may be distributed to the Customers or transferred to the R&R Fund as determined and voted by the Woodlands Water Trustees.

The ACFR for the Woodlands Division was approved by the SJRA Board of Directors on January 26, 2023 and reflects excess funds (as defined in Section 5.02(a)) in the amount of \$370,104. The report showing the calculation of the excess funds is on page 3 of this memo. Per Section 5.02 (b) of the Resolution creating the R&R Fund (excerpt below), the revenue for the Woodlands Division is above 90% of budget after six months of the fiscal year (September 1, 2022 – February 28, 2023).

The Woodlands Division budgeted and planned to purchase capital in the amount of \$216,869 to replace an out of service generator at Elevated Storage Tank No. 5 on Woodlands Parkway in FY2022. These funds include the generator, fuel tank and control panels. Installation is to be conducted by SJRA staff. Due to shipping delays nationwide, the shipping of the generator and associated items has not occurred, and the funds have not been charged to The Woodlands budget. Additionally, with the ongoing need to identify wholesale water and sewer rates for the current and future years, a rate model would prove to be beneficial in analyzing and projecting the rates in a consistent manner.

The Woodlands Division is requesting the FY2022 excess funds of \$370,104 remain in the Woodlands General Fund to fund the delayed generator and associated parts as described above and to partially fund a rate model for wholesale water and sewer rates. Please note that Section 5.02(b) of the policy states that funds are to be transferred into the R&R Fund but due to the expenses occurring in the General Fund, this request is an exception to policy.

FY22 Excess Funds: \$370,104.00

Woodlands Water Trustees approved the FY22 Excess Funds to remain in the Woodlands General Fund on 03/08/23.

**STRATEGIC GOAL:** Goal 6: High Performance Administration

**FUNDING SOURCE:** Woodlands General Fund

**ATTACHMENTS:** Resolution, Exhibit “A”, and Exhibit “B”

**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 Woodlands Division.

Item No.	Agenda Item	Date
6c	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.	03/23/2023
<b>BACKGROUND INFORMATION</b>		
<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 &amp; 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: <math>\\$1,200,000.00 - (\\$1,200,000.00 \times 0.9) = \\$120,000.00</math></p> <p>Appraisal Cost: \$2,500.00</p> <p>Attorney Cost: \$2,000.00</p> <p>Disposal Sale Price: \$124,500.00</p>		
<b>STRATEGIC GOAL:</b> Goal 2: Operational Excellence		
<b>FUNDING SOURCE:</b> N/A		
<b>ATTACHMENTS:</b> MCAD Data Sheet, Metes and Bounds, Survey Map		
<b>RECOMMENDED ACTION</b>		
<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>		