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## WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

August 21, 2017

TO: Utility Districts; the Cities of Houston, and Katy, Texas; Non-District/Non-City Well Owners within the West Harris County Regional Water Authority

FROM: West Harris County Regional Water Authority (the "Authority")

RE: Notice of Anticipated Fees

The Authority's Board of Directors anticipates increasing its fees in order to fund the massive water supply projects that are needed to meet the Harris Galveston Subsidence District ("HGSD") groundwater reduction regulations and to avoid the \$8.46 per 1,000 gallons fine that the HGSD imposes for non-compliance.

These water supply projects are briefly described in the enclosed material entitled "The Rising Cost of Water." (Five copies of this material are attached and additional copies are available for your distribution to customers, upon request.)

To build these water supply projects, the Board of Directors anticipates increasing its fees by \$0.25 per 1,000 gallons effective January 1, 2018, as follows: (i) the Groundwater Reduction Plan Fee to increase from \$2.45 per 1,000 gallons of groundwater pumped to \$2.70 per 1,000 gallons of groundwater pumped, and (ii) the Surface Water Fee to increase from \$2.85 per 1,000 gallons of water delivered by the Authority to \$3.10 per 1,000 gallons of water delivered by the Authority. Such increase would correspondingly increase the Imported Water Fee.

At the Authority's Board of Directors meeting scheduled for November 8, 2017, 6:00 p.m., at 20111 Saums Road, Katy, Texas 77449, the Board intends to consider adoption of the proposed fees.

# Surface Water Supply Project

- Partnering with North Fort Bend Water Authority
- 39-mile long, 8 ft. diameter transmission line
- From Northeast Water Purification Plant near Lake Houston across Houston to western Harris County

8 Feet



ESTIMATED  
TOTAL COST  
**\$680**  
MILLION

When the Authority was created by the Texas Legislature in 2001, there were about 3.3 million people living in Harris County. That number is expected to increase to 4.4 million in 2020 and then to 5.5 million in 2050.

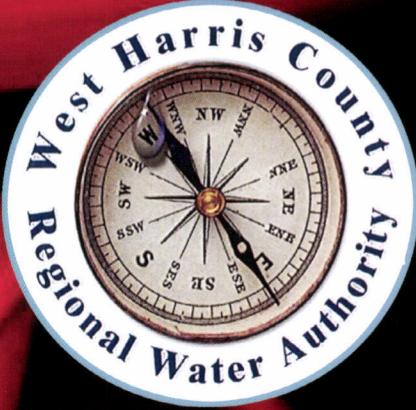


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## The Rising Cost of Water



A large amount of money will be needed as these massive projects move from the design phase into the construction phase. The Authority has to charge sufficient rates to cover debt service and our operating costs for the infrastructure we already have in the ground. We need to continue paying for the water we purchase from the City of Houston; funding our Capital Improvement Plan that includes constructing 75 miles of new water distribution lines and converting an additional 52 MUDs to surface water; and paying our fair share of the massive infrastructure projects -- estimated to be **\$1.1 Billion**.



The Subsidence District extended similar mandates into north and west Harris County, where increasing levels of subsidence had also been measured. The Subsidence District's Regulatory Plan outlined a phased timeline for reducing reliance on groundwater through conversion to surface or alternate water resources in this area, as well. The West Harris County Regional Water Authority (WCRWA) was created by the Texas Legislature to identify and secure a long-term supply of quality drinking water at the lowest responsible cost, to promote water conservation, and to facilitate compliance with groundwater reduction strategies and mandates. In 2003, the WCRWA successfully negotiated a long-term water supply contract with the City of Houston, and design and construction of the necessary transmission lines and facilities began. In 2010, WCRWA met the first of the Subsidence District's groundwater reduction mandates by converting to more than 30 percent surface (or alternate) water. The next mandate is to increase surface water usage to 60 percent by 2025.

The **Harris-Galveston Subsidence District** was created by the Texas Legislature in 1975 — the first entity of its kind in the U.S. with the power to restrict groundwater withdrawals — to remedy the serious condition of land subsidence and the decline of critical aquifer storage. Initially, the Subsidence District addressed the severe subsidence occurring in the Baytown-Pasadena-Galveston area — where whole subdivisions had to be abandoned after sinking below sea level — by requiring industries on the Houston Ship Channel convert to surface water. The results were dramatic — subsidence in the Baytown-Pasadena area was significantly improved, and has since been largely halted altogether.

Traditionally — in northwest Harris County — our drinking water has been pumped from groundwater wells that might now be 50 or 60 years old. This water has been delivered to homes and businesses by hundreds of individual MUDs (Municipal Utility Districts). When the faucets were turned on...water came out. People were blissfully unaware that the ground was sinking in their neighborhoods, and the aquifers that had provided what seemed like an endless supply of drinking water were beginning to decline.