

Harris County **Municipal Utility District**

FOURTH QUARTER • 2020

Note from the Board of Directors

Happy Fall! As we look forward to cooler weather and the upcoming holiday season, the Harris County Municipal Utility District No. 81 (MUD 81) Board of Directors wants to thank all of our residents for your patience and cooperation as we have begun to adjust to the continued COVID-19 pandemic. We hope that you have found the newsletters this year helpful, and wish you and your families a safe and happy holiday season. The Board expects to continue issuing quarterly newsletters in 2021.



Administration Building Reopening — —

At the August Board of Directors meeting, the MUD 81 Board approved the installation of a new reception window at the administration building, located at 805 Hidden Canyon, Katy. The Board expects the installation will be completed in approximately mid-October. Following the installation, the administration building will reopen for billing and account services during normal business hours, Monday-Friday, 8 am – 2 pm. Residents will continue to be able to drop off water bill payments in the payment slot after hours. The building remains unavailable for rental until further notice.

For the latest updates regarding the building reopening and payment options, please visit the MUD 81 website, at http://www.hcmud81.com.

Proposed Storm System Improvements —

As discussed in previous newsletters, MUD 81 has been coordinating with Harris County regarding the County's proposed drainage improvements for the Memorial Parkway Subdivision and Cimarron Subdivision – Sections 2, 3, 4, and 5; both located in Harris County, Precinct 3. These projects are designed to reduce the risk of a recurrence of the weather-related flooding experienced during the recent Tax Day Flood (April 2016), Hurricane Harvey (August 2017), and Tropical Storm Imelda (September 2019). Harris County has hired the MUD 81 Engineer, BGE, Inc. (BGE) to provide engineering services for both projects, and the engineering work is underway.

Cimarron Sections 2,3,4, & 5

BGE has completed surveys of the channel and Rock Canyon Drive, and currently is processing the data in order to identify any conflicts with existing utilities. The environmental work and geotechnical field work are complete, with the geotechnical report expected to be issued soon. Final design of the proposed drainage improvements is underway.

Memorial Parkway

In late August, Harris County notified MUD 81 that the County has redefined the proposed Memorial Parkway drainage project with a revised preliminary construction cost, which increased the original expected cost by approximately \$3.1 million. Harris County has requested that MUD 81 pay for \$1.2 million of this additional amount.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 81

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Why the increase? Harris County originally had hired a third-party engineering firm for the preliminary planning of the Memorial Parkway project. Unfortunately, their original analysis assumed the increased flows and volume of stormwater generated by the proposed drainage improvements could be contained within the Barker Reservoir, with Harris County Flood Control District's (Flood Control) approval. As BGE has been working on the design for the proposed drainage improvements, they coordinated with Flood Control, and Flood Control confirmed that additional volume within the Barker Reservoir is not available. Because Harris County will require additional detention/mitigation to account for the increased stormwater flows generated by the proposed drainage improvements, an alternative design had to be implemented. Harris County has proposed the construction of additional detention facilities adjacent to the T103-00-00 channel under the CenterPoint transmission lines.

BGE has completed most of the field work and is continuing with the design of the Memorial Parkway drainage improvements. The design of the new detention facilities will begin upon completion of the required survey work.

Expected Cost

With the addition of the required detention facilities, Harris County is requesting that MUD 81 pay for approximately \$7.7 million, or approximately 46%, of the construction costs for the proposed drainage improvements for the Cimarron and Memorial Parkway subdivisions. However, due to the regional benefit of such detention facilities, MUD 81 has requested, and Harris County has agreed, to coordinate with other nearby MUDs to request that those MUDs also share in the costs of the project. Those efforts, if successful, could reduce the amount that Harris County is requesting from MUD 81.

Impact on Proposed November 2020 Bond Election

As discussed in previous newsletters, MUD 81 originally had called a bond election to be held in May 2020, to ask the District's voters to determine whether MUD 81 should participate in Harris County's proposed drainage improvements for both the Cimarron and Memorial Parkway subdivisions. Due to the COVID-19 pandemic and as authorized by the Governor, that election was postponed until November 2020. Because Harris County notified MUD 81 of the \$1.2 million increase in the District's proposed share of the project after the deadline to make changes to the ballot for the November 2020 election, the MUD 81 Board made the difficult, but necessary, decision to cancel the November 2020 bond election. Harris County has stated they expect significant additional information about the proposed new Memorial Parkway detention facilities to be available in the upcoming months, and the MUD 81 Board accordingly expects to reschedule the bond election for May 2021, the next uniform election date.

Impacto en la Elección de Bonos de Noviembre de 2020 Propuesta

Como se indicó en boletines anteriores, el MUD 81 originalmente convocó una elección de bonos para celebrarse en mayo de 2020 para que los votantes determinaran si el MUD 81 debe participar en las mejoras de drenaje propuestas por el Condado de Harris para las subdivisiones Cimarron y Memorial Parkway. Debido a la pandemia de COVID-19 y de acuerdo lo autorizó el Gobernador, la elección fue postergada hasta noviembre de 2020. Como el Condado de Harris notificó al MUD 81 que la parte propuesta del proyecto que le corresponde al Distrito aumentó \$1.2 millones después de la fecha límite para hacer cambios en la boleta de votación para la elección de noviembre de 2020, la Junta del MUD 81 tomó la difícil, pero necesaria, decisión de cancelar la elección de bonos de noviembre de 2020. El Condado de Harris manifestó que espera tener disponible información adicional significativa acerca de las nuevas instalaciones de retención de Memorial Parkway en los próximos meses, y consecuentemente la Junta del MUD 81 espera volver a programar la elección de bonos para mayo de 2021, la próxima fecha de elecciones uniforme.

AÛnh höôûng ñoái vôùi Cuoäc Baàu Cöû Traùi Phieáu thaùng Möôøi Moät 2020 ñöôïc Ñeà Xuaát

Nhö ñaỗ thaûo luaän trong caùc baûn tin tröôùc, luùc ñaàu MUD 81 yeâu caàu toả chöùc moät cuoäc baàu coû traùi phieáu vaøo thaùng Naêm 2020 ñeå yeâu caàu caùc coû tri cuûa Cô Quan quyeát ñònh veà vieäc MUD 81 coù neân tham gia caùc coâng trình caûi tieán coáng raỗnh do Quaän Harris ñeà nghò cho caû hai phaân khu Cimarron vaø Memorial Parkway hay khoâng. Do ñaii dòch COVID-19 vaø nhö ñöôic Thoáng Ñoác cho pheùp, cuoäc baàu coû ñoù ñaỗ ñöôic hoaỗn laii ñeán thaùng Möôøi moät, 2020. Vì Quaän Harris ñað thoâng baùo cho MUD 81 veà möùc taêng \$1.2 trieäu trong phaàn döi aùn ñeà xuaát cuûa Cô Quan sau ngaøy hain choùt thöic hieän caùc thay ñoåi veà laù phieáu cho cuoäc baàu coû thaùng Möôøi Moät, 2020, Ban Giaùm Ñoác MUD 81 ñaỗ ñöa ra quyeát ñònh khoù khaên, nhöng caàn thieát, ñoù laø huûy cuoäc baàu coû traùi phieáu vaøo thaùng Möôøi Moät, 2020. Quaän Harris noùi raèng hoï kyø voïng seỗ coù theâm nhieàu thoâng tin veà ñeà xuaát caùc cô sôû vaät chaát tröð nöôùc Memorial Parkway môùi trong caùc thaùng tôùi, vaø Ban Giaùm Ñoác MUD 81 do ñoù döï kieán seð dôøi laii cuoäc baàu coû traùi phieáu cho thaùng Naêm, 2021, tôùi ngaøy baàu coû ñoàng loaït tieáp theo.



對擬議的2020年11月債券選舉的影響

如先前簡報所述,MUD 81最初召集了一項將於2020年5月舉行的債券選舉,要求本區選民確定MUD 81是否應參加 Harris縣擬議的Cimarron和Memorial Parkway分區的排水改進。因COVID-19疫情爆發,經州長批准,該選舉已被推 遲至2020年11月。由於在2020年11月選舉之選票更改截止日期過後,Harris縣告知MUD 81:本區在工程中的擬議份 額增加了120萬美元,因此MUD 81董事會做出了艱難但必要的決定,取消2020年11月的債券選舉。Harris縣表示, 據預計,有關擬議的新Memorial Parkway滯留設施的重大附加信息將在未來幾個月內公佈,因此MUD 81董事會預計 將在下一個統一選舉日即2021年5月重新安排債券選舉。

Ongoing Construction Projects - -

- Water Plant No. 4; Replacement of Emergency Generator and Motor Control Center. This project is complete. Improvements included a new natural gas-powered emergency generator to provide water service in the event of a loss of electrical power, and replacement of the main electrical service and electrical control panels.
- Water Plant No. 4; Well No. 4 Profiling. This project is complete. Although the arsenic levels in the water
 produced by this well met all state and federal requirements, the levels had increased in recent years. With the
 lower screens cleaned and contributing to the overall production of the well, the arsenic levels were reduced
 to historical levels.
- Memorial Parkway Sections 1 and 2 Sanitary Sewer Inspection & Rehabilitation. Over the summer, MUD 81
 completed an inspection to evaluate the condition of some of the oldest sanitary sewer sections within the District.
 As a result of the inspection, BGE currently is preparing the plans to rehabilitate the areas in need of repair. BGE
 anticipates that the design work will be completed by the end of 2020.
- Water Plant Nos. 1, 2, and 4 Ground Storage Tank Alternate Fill Lines. BGE is in the process of preparing the plans for the construction of an additional fill line for the ground storage tanks at water plant nos. 1, 2, and 4. This will enable each of these three water plants to maintain pressure and continue supplying water from the ground storage tanks in the event that the on-site water wells are taken offline for inspection or repair. BGE anticipates that the design work will be completed by the end of 2020.
- Water Plant Nos. 1, 2, 3, and 4 Disinfection System Upgrades. BGE is in the process of preparing the plans for the upgrade of the disinfection systems at water plant nos. 1, 2, 3, and 4. Three of the water plants will be switched from chlorine gas to concentrated liquid bleach, and the fourth water plant will remain on chlorine

PREPARING YOUR HOME FOR WINTER —

Although it may be hard to believe with the recent warm weather, winter will be here before you know it! Follow the tips below to help you conserve water and reduce the risk of costly irrigation system leaks and repairs when the temperatures drop below freezing.

When water freezes it expands. This can be bad news for water systems as the expansion can cause pipes and valves to burst. The best way to protect against bursting pipes in your irrigation system is to drain the system to relieve any pressure. The underground piping for your sprinkler system is protected by the ground itself as it acts as an insulator. The most susceptible parts of your irrigation system are the backflow preventers and shutoff valves that are usually located above ground in that U-shaped piping. Wrapping the pipes, valves and backflow preventer with insulation after closing the main irrigation valve and draining the system is the easiest way to avoid costly repairs.

Exposed pipes in your home should also be insulated to protect them from freezing. Don't forget those exposed pipes in your attic that may be susceptible. Outside water faucets and garden hoses can also hold water that may freeze and expand. Make sure garden hoses are disconnected from water sources and drained. Exposed water faucets should also be insulated. These pre-freezing tips can help you avoid headaches and expensive repairs down the road.

It's time to WINTERIZE your lawn AND irrigation system!



As the temperature drops, your lawn goes into hibernation and undergoes some physical changes. We've put together a few tips that will help you prepare for cooler months:

- **1.** Beginning in October through March, add no or very little water to your lawn. St. Augustine is dormant during the fall and winter.
- **2.** Check the level of mulch in your landscaping. Mulch helps winterize your yard by keeping soil temperatures moderate.
- 3. Mow once per month at the most.

West Harris County Regional Water Authority ANSWERING YOUR QUESTIONS ABOUT THE RISING COST OF WATER

What is WHCRWA? The West Harris County Regional Water Authority (WHCRWA) is a wholesale water provider created by the Texas Legislature in 2001 to manage compliance with groundwater reduction mandates from HGSD. It does not provide retail customer services like a Municipal Utility District (MUD) nor does it control any MUD operations (e.g., delivering water to homes and businesses, sewer services, retail billing, etc.).

The MUDs that supply our neighborhoods with drinking water have traditionally relied on groundwater pumped by individual wells. Steadily increasing population and decades of aggressive water usage have caused the aquifers to decline, resulted in land subsidence, and increased flooding, as well.

In 1975, the Texas Legislature created the Harris Galveston Subsidence District (HGSD)and gave it the power to restrict groundwater withdrawals as a method to minimize subsidence and to help give aquifers an opportunity to recharge. The HGSD extended its groundwater regulation to include north and west Harris County in 2000. The first phase of the HGSD's groundwater reduction mandate was met in 2010, which reduced reliance on groundwater in the area by 30 percent. The next deadline is 2025 and requires 60 percent conversion to alternate (or surface) water.

How is all this related to the fees that appear on my water bill? The Texas Legislature did not give WHCRWA taxing authority. To generate sufficient revenue to cover debt service and pay operating and construction costs the WHCRWA charges a fee for water pumped by the utility districts (well pumpage fee) and for surface water (surface water fee) provided to them by the WHCRWA. The utility districts in turn charge their individual customers for the water they use.

What does the WHCRWA use these fees for? The WHCRWA uses the fees collected to fund its capital, operations/maintenance, and debt service budgets. The vast majority of budgetary allocations go toward debt service, buying surface water, and paying for the system needed to deliver surface water

from City of Houston-owned drinking water sources to the MUDs within WHCRWA's boundaries.

What is being done to secure water for the future? Today, the WHCRWA is partnering with the City of Houston and other area water authorities to deliver available water supplies. This involves constructing new pipelines, pump stations and expanding the water treatment plant's capacity.

Luce Bayou Interbasin Transfer Project The Luce Bayou Interbasin Transfer Project will bring raw water from the Trinity River to Lake Houston. When fully functional, it will be able to divert up to 500 million gallons of water a day.

Northeast Water Purification Plant Expansion The expansion of the City's Northeast Water Purification Plant (NEWPP) is a multibillion dollar project to be accomplished in phases over the next 4 to 6 years that will add 320 million gallons a day of treatment capacity.

The Surface Water Supply Project A joint project between the WHCRWA and the North Fort Bend Water Authority — will deliver water treated at the NEWPP through large diameter transmission lines to west Harris and north Fort Bend counties.

How will we pay for these projects?

The WHCRWA sold \$265MM in bonds in 2019, with another ~\$412MM scheduled for 2020. These large bond sales are required for projects to be constructed. As we sell more bonds to fund the 2025 conversion projects, the debt service will continue to rise. Fortunately, we also have access to the State Water Implementation Revenue Fund for Texas, which has reduced WHCRWA's borrowing costs significantly.

Effective January 1,2020 the groundwater fee charged to wholesale customers is \$3.20/1000 gallons, and the surface water fee is \$3.60/1000 gallons.

» www.whcrwa.com