

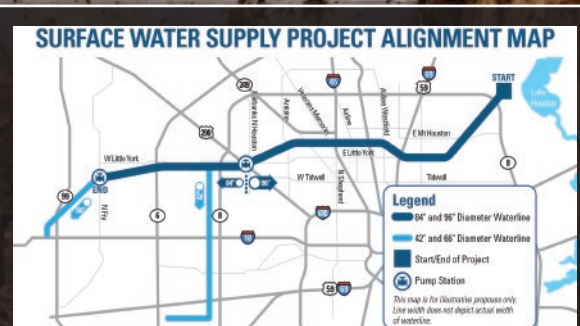
Construction Price Tags...



LUCE BAYOU INTERBASIN TRANSFER PROJECT
APPROXIMATE COST: \$350 MILLION
WHCRWA SHARE: \$70 MILLION



NE WATER PURIFICATION PLANT EXPANSION
APPROXIMATE COST: \$1.973 BILLION
WHCRWA SHARE: \$488 MILLION



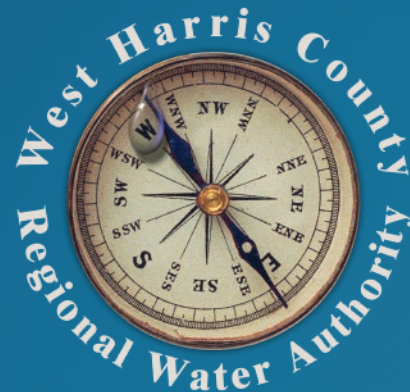
SURFACE WATER SUPPLY PROJECT
APPROXIMATE COST: \$1.2 BILLION
WHCRWA SHARE: \$660 MILLION

The Mandate

The groundwater withdrawal in Harris and Galveston counties are regulated by the Harris-Galveston Subsidence District (HGSD), a special purpose district created by the Texas Legislature in 1975 for the purpose of reducing land subsidence.

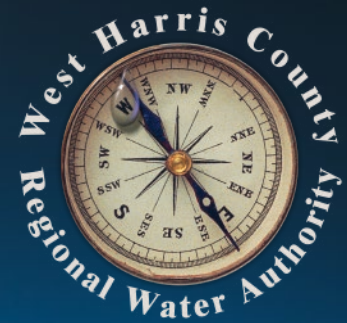


The HGSD requires the West Harris County Regional Water Authority to convert to alternate water via a 30% reduction of groundwater usage by 2010, 60% by 2025, and 80% by 2035.



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**ANSWERING
YOUR
QUESTIONS
ABOUT THE
RISING COST
OF WATER**



What is the 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 multi-billion 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.

• Surface Water Supply Project



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.

For additional information about WHCRWA water supply projects and the rising cost of water, please visit the Authority's website at www.whcrwa.com. We invite you to visit the FAQ section and to view our video documentaries online.