

the
RISING COST
OF WATER

2021



SECURING ADEQUATE WATER SUPPLIES FOR THE FUTURE.

In order to secure adequate water supplies for the future, we have adopted a regional approach, joining with other water entities. These partners include the North, West and Central Regional Water Authorities, the City of Houston, and the North Fort Bend Water Authority -- each paying their fair share of the enormous construction projects. The projects include:

Luce Bayou Interbasin Transfer Project



The Luce Bayou Interbasin Transfer Project – a \$361 million dollar project shared by the five water agency partners on a pro-rata basis, calculated on the percentage of the water each entity will be using. The NHCRWA share is ~\$165 million.

Northeast Water Purification Plant Expansion



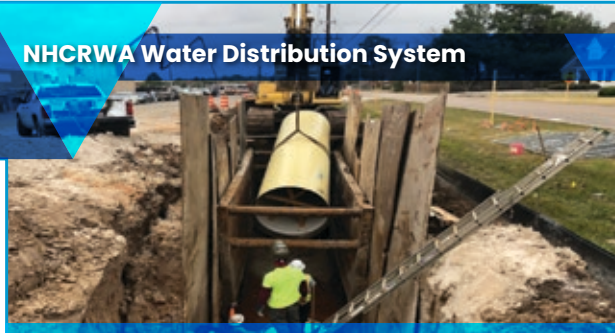
A significant expansion to our Northeast Water Purification Plant (NEWPP) – a \$1.73 Billion dollar project, the cost of which once again will be shared by the 5 entities on a pro-rata basis. The North Authority's share of this project will be ~\$602 million.

Northeast Transmission Line



Constructing massive water transmission lines -- This project will cost ~\$445 million shared by the City of Houston, the Central Authority and the North Authority, again on a prorated basis. The NHCRA share of this line will be ~\$250 million.

NHCRA Water Distribution System



Installing nearly 75 to 80 miles of new distribution lines as well as a new pump station and storage facility to connect another 60 to 65 utility districts (MUDs) to the surface water distribution system will cost an additional ~\$635 million.

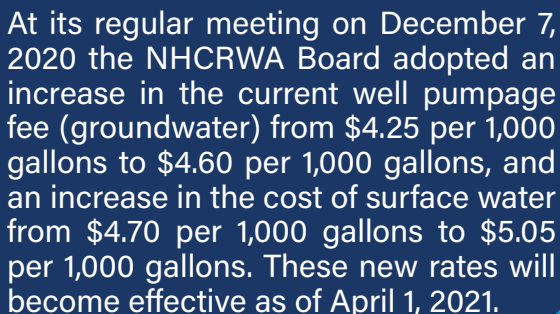
In addition to the large scale projects to be funded over the next few years, the Authority will continue to pay the everyday costs of operating the current system. The costs include the water we purchase from the City of Houston (31 million gallons a day), as well as our own O&M costs for the infrastructure we already have in the ground. There are annual fees to pay to the Subsidence District

to keep the existing MUD groundwater wells permitted within the Authority's boundaries. Since the NHCRWA does not have taxing authority like the MUDs, the Authority must acquire all revenue through the NHCRWA fee without additional monies from yearly property taxes.

INVESTING IN OUR FUTURE

The total "regional" projects will cost over \$7 to \$8 Billion dollars. This inventory of massive water projects reveals why the cost of water will continue to increase in the foreseeable future. Twenty years ago, when the Authority was created by the Texas Legislature, the emphasis to begin these massive projects was the subsidence issue. Today, however, with our aquifers rapidly declining and the amount of water in the aging MUD wells decreasing, our most pressing reason for converting to surface water is to ensure that we will have an adequate supply of potable drinking water -- not only for now but into the future.

Without adequate water, the entire region -- Harris, Fort Bend and Montgomery Counties -- would not be able to sustain economic growth. We will all share the cost. Without that growth, the value of our homes would decrease and the lifestyle we have worked so hard to achieve and create would be in jeopardy.



At its regular meeting on December 7, 2020 the NHCRWA Board adopted an increase in the current well pumpage fee (groundwater) from \$4.25 per 1,000 gallons to \$4.60 per 1,000 gallons, and an increase in the cost of surface water from \$4.70 per 1,000 gallons to \$5.05 per 1,000 gallons. These new rates will become effective as of April 1, 2021.

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 North Harris County Regional Water Authority to convert to alternate water via a 30% reduction of groundwater usage by 2010 and 60% by 2025.

NHCRWA



Effective April 1, 2021:

The Groundwater fee charged to wholesale customers is \$4.60/1000 gallons.

The Surface Water fee is \$5.05/1000 gallons.

North Harris County Regional Water Authority

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What is the NHCRWA?

The North Harris County Regional Water Authority (NHCRWA) is a wholesale water provider created by the Texas Legislature and approved by voters in 2000 to manage compliance with regulatory groundwater reduction mandates. It is not a retail water provider like a Municipal Utility District (MUD), nor does it have any oversight of 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.

Dramatically increasing population and decades of aggressive water usage have caused the aquifers to decline, resulted in land subsidence, and contributed to increased flooding.

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. 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 a 60 percent reduction in groundwater withdrawals.