

## MUD 18 Newsletter

November 2014

[www.mcmud18.com](http://www.mcmud18.com)

### Review of Our Water Supply Strategy Over Last 5 Years: Catahoula Wells, Credits, and Opportunities

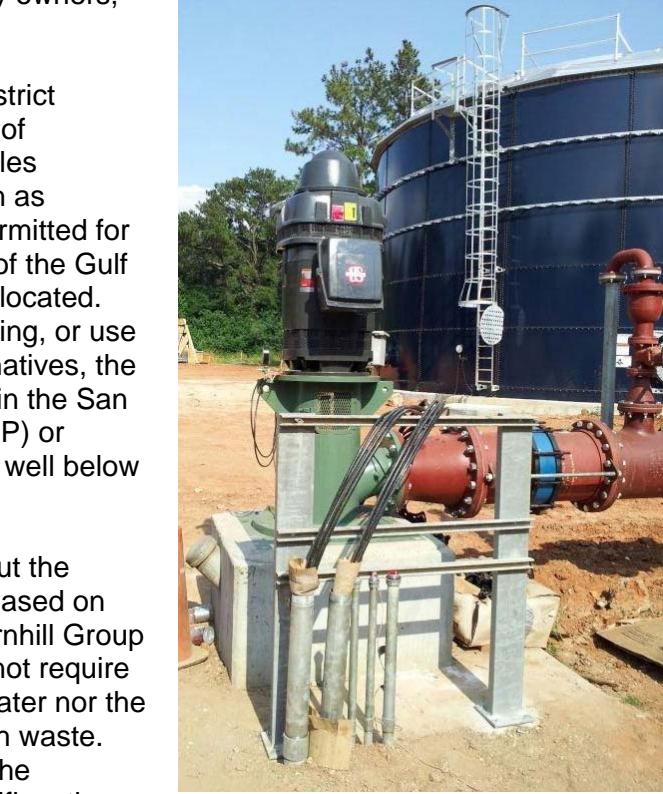
Over the last five years, our newsletters have reported various developments with respect to water planning in Montgomery County, particularly actions taken by MUD 18. It is timely that we provide a summary review of these actions that pulls it all together for you, our property owners, who are the beneficiaries.

In late 2009 the Lone Star Groundwater Conservation District (LSGCD), the organization responsible for the protection of groundwater resources in Montgomery County, issued rules requiring Large Volume Groundwater Users (LVGU) such as Bentwater to use 30% less groundwater by 2016 than permitted for 2009. The justification for this rule was the sustainability of the Gulf Coast Aquifer, where our existing wells at that time were located. We had to make up the shortfall by conservation, reclaiming, or use of alternate water sources. After examining various alternatives, the Board determined only 2 viable options for the District: join the San Jacinto River Authority Groundwater Reduction Plan (GRP) or identify an alternate groundwater source from formations well below our current wells in the Gulf Coast Aquifer.

In 2010 MUD 18 authorized a test well to learn more about the deeper Catahoula Aquifer as it exists below Bentwater. Based on results from our test well, hydro geologists from The Thornhill Group confirmed the quality of the water was excellent and did not require the expense of reverse osmosis treatment for brackish water nor the associated deep injection wells to dispose of any brackish waste. Since we did not require these extra treatment facilities, the economics of a Catahoula well (per 1000 gals) were significantly lower than the published costs of SJRA's GRP. Based on these economics, the Board decided to drill a production well in the Catahoula in 2011. Every LVGU was required by LSGCD to submit a Groundwater Reduction Plan (GRP) detailing compliance with the 30% reduction requirement. The MUD 18 GRP was based on the new Catahoula well.

The new water well and plant began production in July 2012. As an incentive to LVGUs to move forward quickly in their conservation plans, LSGCD encouraged entities to reduce groundwater production from the Gulf Coast Aquifer before the 2016 mandatory date by offering double credits. A credit is equal to a gallon of alternate water source produced. Based on our operating strategy of running the new Catahoula well as high as practical to maximize credits, we anticipate earning approximately 2.3 billion credits between July 2012 and January 2016 when the credit offering expires.

These credits are transferable; they can be sold to entities who are unable to finance or find good alternate water sources. MUD 18 has signed contracts with three LVGUs to purchase a portion of our credits. The District will receive payments over a 4-year period (2013-2016). The total amount of these contracts defrayed one fifth the total investment cost of the Catahoula well and Water Plant #3. MUD 18 will continue to seek additional sales of these credits as opportunities arise. Monies raised this way help pay for operating expenses and keep your tax rate as low as possible.



A new and unique opportunity arose for MUD 18 early this year. In discussions with Porter Special Utility District (SUD) in east Montgomery County, we learned that their GRP project to withdraw and supply treated water from the San Jacinto River to their customers was being delayed. They expressed interest in buying our Jasper Gulf Coast aquifer permits to satisfy the LSGCD requirement until their project could come on line. Our operating permits have cash value much like credits, but they are even more valuable than credits because they can be used year after year and are not "one and done" like credits. Negotiations between MUD 18 and Porter SUD eventually led to a signed contract whereby MUD 18 furnished Porter with half of our Jasper operating permit capacity combined with a significant amount of credits, for which Porter paid us \$2.67 million. This amount is based on the estimated cost of a new 2<sup>nd</sup> Catahoula well. We are beginning the engineering of this project, and it is expected to be on line by the end of 2015. Two Catahoula wells will ensure a plentiful and reliable supply of high quality, low cost water, for Bentwater for the foreseeable future. It will be possible to fund this project without resorting to borrowing money via bonds. This is a great example of improving water assets without increasing your taxes.

### **Need a Recycle Bin?**



If you do not have a recycle bin and want to have one, call MUD Board member Rex Cambern at 936-449-5761 and he will be happy to arrange delivery.

As you dispose of the following recyclable items, ***think green*** and place the items in your recycle container, not your regular trash container:

Glass bottles and jars, tin/steel cans (including large coffee cans), juice boxes, metal 2 ft or less in length, paper board, magazines, aluminum cans, 12" x 12" card board, newspaper, junk mail and plastic with codes 1, 2, 3, 4, 5, 7. The top of the yellow lid has a table of acceptable items to serve as a handy quick reference guide.

### **Sign-up for E-Blasts:**

If you are not receiving our E-Blasts, you are missing out on timely information. Go to our website at [www.mcmud18.com](http://www.mcmud18.com) and give us your email address. Your address will not be shared with anyone. You can unsubscribe at any time.

### **Need to Report a Problem?**

Don't assume the problem has already been identified or reported. If you observe a water leak, sewer odor, discolored water, open manholes, alarms are sounding, or other problems, please help us by calling:

**Hays Utility Service @ 936-588-1166.**

Hays has someone in Bentwater every day, seven days a week. They can and will respond 24 hours a day. Their general office hours are from 8:00AM to 4:30PM Monday through Friday.

### **Meetings Open to the Public:**

Our regularly scheduled monthly meetings are the **2nd Tuesdays at 2:30PM** in the Country Club Board Room. During the remodeling at the Country Club, we will be meeting at the Yacht Club in the Harborview Room. Meetings are open to the public. The agenda is posted on our web site and the message board in the breezeway entrance to the Country Club Grill near the Golf Pro-shop.

Sincerely,

Your MUD Board:

Lou Tichacek	President	597-7010
Linda Pierce	Vice President	597-5463
Chris Uzelmeier	Treasurer	449-5198
Joe Constantino	Secretary	597-8029
Rex Cambern	Assistant Secretary	449-5761