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Sunset Review Commission
P.O. Box 13066
Austin, Texas 78711

Members of the Commission:

I am writing on behalf of the HMW Special Utility District("HMW") to provide its comments in the sunset review process for the San Jacinto River Authority("SJRA"). HMW serves more than 4,000 retail water connections, amounting to more than 10,000 retail customers in southwest Montgomery and northwest Harris Counties.

HMW offers the following comments and suggestions for policy and statutory changes:

1. **The SJRA board of directors should be elected by the people.** The SJRA board is not responsive to the public that it ultimately serves, which includes tens of thousands of residential and commercial water users through groundwater production plans("GRP's") for which smaller, retail water providers have little choice but to participate and must pass through groundwater pumpage fees to their customers. Thus, the SJRA board has exclusive and all but final authority over all or a major portion of the water rates paid by these consumers of retail water. An elected board, or alternatively a board with additional members elected directly by the people will make the SJRA more representative and responsive to the public that it serves. This change could be implemented by providing for either at large or district representatives in areas subject to GRP's. This change would have a significant positive impact on what is now an overall lack of transparency.
2. **The SJRA is not transparent about its pumpage fees.** HMW provides a representative example. While it is a GRP participant, it has no reasonable prospect of becoming a direct purchaser of surface water from the SJRA. Nevertheless, the purpose of the GRP is to compensate, by payment, for the non-use of surface water by high-volume water systems. Unfortunately, the SJRA provides no regular data on the methodology it uses to calculate its groundwater pumpage fees, including the impact of maintaining and using its surface water resources for both its GRP participants and its other surface water customers.
3. **No new bond issue should be authorized without voter approval.** The SJRA has under consideration several major infrastructure projects that will drive up the cost of water for all SJRA customers, including its GRP participants, to retire any related bond issue. No bond issue, revenue bonds, or other debt to pay for any of these projects should be authorized

without voter approval. Apart from the transparency and public participation issues that such a requirement would partially resolve, it would assure that the issuance of any bond issue is consistent with the Texas Supreme Court holding in City of Conroe, et al v. San Jacinto River Authority, 602 SW3d 444 (Tex. Sup. 2020).

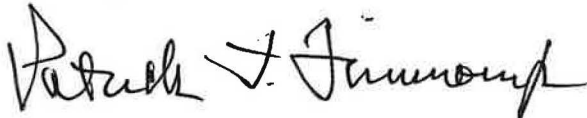
4. **Additional Comments.** In addition to the foregoing, the SJRA should correct the following transparency issues:
 - a. The SJRA board conducts its meetings during the workday, when interested participants are less likely to be able to leave work.
 - b. It does not communicate directly in any manner with its end user customers that are subject to GRP's. In this way it furthers the fiction that the retail water provider is responsible for the SJRA portion of customer water bills.
 - c. The SJRA should implement the direct billing of pumpage fees to its end users, or alternatively establish a system that notifies users of their estimated pumpage fees, much like the notifications received from appraisal authorities for individual homes.

At a recent meeting of the SJRA board it was noted that the authority employs eleven accounting personnel. This suggests strongly that both the required data and talent are available to implement the financial transparency deficiencies noted above.

Nevertheless, the key issue for improvement of the authority is to assure its overall transparency through direct election of its board of directors. As in the recent case of the Lone Star Groundwater Conservation District, direct election results in both transparency and accountability.

HMW thanks you for your attention to and consideration of these comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Patrick F. Timmons, Jr.", written in a cursive style.

Patrick F. Timmons, Jr.

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