

WATER CONSERVATION
AND
DROUGHT CONTINGENCY PLAN

FOR THE

CENTRAL HARRIS COUNTY
REGIONAL WATER AUTHORITY
HOUSTON, TEXAS

PREPARED BY:



IDS

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May 1, 2014

**WATER CONSERVATION
AND
DROUGHT CONTINGENCY PLAN**

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ABBREVIATIONS

MG – Million Gallons
MGD – Million Gallons per Day
MGY – Million Gallons per Year

I. INTRODUCTION

The Central Harris County Regional Water Authority ("Authority") of Harris County was created by House Bill Number 3181 of the 79th Legislature of the State of Texas, Regular Session, 2005. The purpose of the Authority is to prepare and implement a plan to construct and operate the necessary public water transmission facilities to convert an area in central Harris County, Texas from groundwater to surface water. The Authority is expressly authorized to purchase, own, hold, lease and maintain pipelines for the transportation of water, to build and operate plants for the treatment and distribution of water, to purchase from and sell water to towns, cities, conservation and reclamation districts and other political subdivisions of the State of Texas, or to private corporations and individuals. The Board of Directors has the managing control and operation of the Authority's system. Three members of the Board of Directors are elected by precincts comprised of one or more districts. Two members are elected at-large.

The Authority boundary includes all the acreage encompassed by the Member Districts (as defined in the above legislation creating the Authority) and is estimated at 4,800 acres. The Member Districts are in Regulatory Area III of the Harris-Galveston Coastal Subsidence District that permits their water wells.

The Authority will provide wholesale treated surface water to connected Member Districts. The Authority will operate a surface water transmission and distribution system ("the system") in order to meet the Harris Galveston Subsidence District ("HGSD") mandates for surface water conversion by the Member Districts through ultimately providing an overall 80 percent surface water usage rate among the Member Districts. Surface water is purchased from the City of Houston and is conveyed to certain Member Districts water plant facilities by way of the System.

II. UTILITY EVALUATION

A. WATER SUPPLY AND TRANSMISSION SYSTEM INFORMATION

1. Population of Service Areas (Estimated): 26,000
2. Area of Service Areas: 4,800 acre
3. Water Production and Sales Information
 - a) Water supplied during the last year (2006) – 1,672 MG
 - b) Avg. water supplied for last two years (2005 - 2006) – 1,667 MG
 - c) Monthly water sales by user for last year (2006) – See Table 1

TABLE NO. 1

2013 Total Water Usage (MG)

	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec
HCMUD 33	17203	15487	17932	17199	20042	20621	22273	25751	22212	20453	18510	17591
HCMUD 150	19539	13560	23114	22027	29231	23947	26293	28795	24474	22206	20565	21671
HCMUD 217	4653	3304	5585	5538	6770	6966	7301	7904	6490	5445	5525	1844
HCMUD 304	11816	11815	14337	15222	18318	18698	20225	21525	17186	13650	12009	11243
FALLBROOKUD	19533	18284	20648	19560	21219	23033	23074	27132	26017	20162	19523	20709
HCMUD 200	30433	27145	32240	31566	37545	35504	37325	43879	37911	32602	30040	33711
HCMUD 205	0	0	0	0	0	0	0	0	0	0	0	0
Rankin Rd MUD	3673	3546	4853	5122	6738	6946	7523	7631	6455	5284	4650	1249
HCMUD 399	0	0	0	0	0	0	0	0	0	0	0	0
HCMUD 215	4173	3888	4150	4094	4340	4679	5336	5111	4732	5016	6033	5952
HCUD 16	7570	6716	8976	9119	10962	11902	12643	13178	10913	8659	1704	0

d) Highest average daily water use on record for system – 1.488 MGD

e) Peak daily use for the last year 2.232 MGD

4. Number and type of meter connections in service area: 11 – Public Entity

5. Net gain of new connections per year

N/A – Residential N/A – Commercial

6. Source of Water: City of Houston

7. Safe annual yield of water supply: Not Applicable

8. Design capacity of water system: 7.5 MGD

9. Major high volume customers

<u>Name</u>	<u>Quantity (MGY)</u>
1. HCMUD 33	235,274
2. HCMUD 150	280,659
3. Fallbrook UD	258,894
4. HCMUD 200	409,901

B. UTILITY FINANCIAL OPERATIONS INFORMATION

1. Water rate structures

Effective as of July 1, 2013 the Authority assesses a pumpage fee of \$1.56 per 1000 gallons for groundwater and \$1.90 per 1000 gallons for surface water to all Member Districts based on total water pumped. The fee is also assessed on imported groundwater.

2. Sources revenue:

Percent of Annual Revenues from water rates – 100% (assuming is importation fee revenue)

3. Annual Operating Costs

- a) Average Annual Operating Costs - \$500,000
- b) Percent of Average Annual Operating Cost that are Fixed Cost – 94%
- c) Percent of Average Annual Operating Costs that are Variable – 6%

C. OTHER APPLICABLE INFORMATION

1. Applicable local regulations relating to Water Conservation and Drought Contingency Planning.

- City of Houston Drought Contingency Plan
- Water Supply Contract by and among the Authority and the City of Houston.
- HGSD Water Wise Program - Eight of the Member Districts participate in the AWBD Water Smart Program.

2. Information on Member Districts: See TABLE No. 2

TABLE NO. 2

Member Districts

Fallbrook UD c/o Abraham Rubinsky Schwartz Page & Harding, LLP 1300 Post Oak Blvd., Suite 1400 Houston, TX 77056	Rankin Road West MUD c/o Taylor Goodall Smith, Murdaugh, Little & Bonham, LLP 2727 Allen Parkway, Suite 1100 Houston, TX 77019
Harris County MUD 150 c/o Kara Richardson Marks Richardson, PC 3700 Buffalo Speedway., Suite 830 Houston, TX 77098	Harris County MUD 215 c/o Spencer Creed Schwartz, Page & Harding, LLP 1300 Post Oak Blvd., Suite 1400 Houston, TX 77056
Harris County MUD 217 c/o Maria Salinas Parker Sanford & Kuhl 1980 Post oak Blvd., Suite 1380 Houston, TX 77056	Harris County MUD 200 c/o Spencer Creed Schwartz, Page & Harding, LLP 1300 Post Oak Blvd., Suite 1400 Houston, TX 77056
Harris County MUD 304 c/o Mitchell Page Schwartz, Page & Harding, LLP 1300 Post Oak Blvd., Suite 1400 Houston, TX 77056	Harris County MUD 205 c/o Spencer Creed Schwartz, Page & Harding, LLP 1300 Post Oak Blvd., Suite 1400 Houston, TX 77056

Harris County MUD 33 c/o Regina Adams Johnson, Radcliffe, Petrov & Bobbitt, PLLC 1001 McKinney St., Suite 1000 Houston, TX 77002	Harris County UD 16 c/o David M. Marks Marks Richardson, P.C. 3700 Buffalo Speedway., Suite 830 Houston, TX 77098
Harris County MUD 399 c/o Peter T. Harding Schwartz, Page & Harding, LLP 1300 Post Oak Blvd., Suite 1400 Houston, TX 77056	

III. PUBLIC INVOLVEMENT

A. Public at Large

The Authority holds regular board meetings once each month. Directors meet the first Wednesday of each month. These meetings are open to the public and anyone is free to speak to the Board of Directors.

IV. WATER CONSERVATION PLAN

A. EDUCATION AND INFORMATION

The Authority will promote water conservation by informing the public of ways to conserve water. The following methods will be used to inform water users.

1. The Authority will make its Member Districts aware that water conservation material is available from the TWDB and the HGSD.
2. The Authority will provide an annual water conservation message to its Member Districts.

Information obtained from various regulatory agencies will be used as the basis for public education as well as pre-printed brochures from:

Texas Water Development Board
P. O. Box 13231, Capital Station
Austin, Texas 78711-3231

B. PLUMBING CODE – NOT APPLICABLE

C. RETROFIT PROGRAM – NOT APPLICABLE

D. WATER RATE STRUCTURE

The rate structure will be based on a formula included in the rate order to be adopted by the Authority on or before completion of the System.

E. METERING

The AUTHORITY will meter 100% of the water sold. Incorporated into the Water Conservation Plan, the Authority will set up the following meter testing schedule:

- Authority Delivery Meters – Calibrated annually.
- City of Houston Delivery Point Meters - Calibrated annually.
- Water well meters - Calibrated annually.

The Authority will engage the services of an operating company (the “Operator”) which will use a computer billing system handle all of the billing. The billing system will compare meter readings monthly and note dramatic changes.

F. WATER CONSERVATION LANDSCAPING – NOT APPLICABLE

G. LEAK DETECTION AND REPAIR

The Authority leak detection program includes:

- Electronic Surveillance – Monitor the quantity of water purchased from the City of Houston compared with the quantity sold to the Member Districts.
- Leak Detection and Location Program – visual inspection by Operator employees to watch for abnormal conditions indicating leaks (i.e. sink holes, flowing water, etc.).
- Maintain an adequate and qualified maintenance staff, which is available to repair leaks as they are located or perform corrective measures.
- Monthly water use accounting by the billing computer system, which identifies high water use for service meters indicating possible leaks or malfunction.
- Water Accountability – Achieve less than 5% water loss through application of the above steps.

H. RECYCLING AND REUSE

The Authority will have no means to recycle or reuse water. There are no customers at this time that would be able to recycle water.

I. IMPLEMENTATION AND ENFORCEMENT – NOT APPLICABLE

J. DISTRIBUTION SYSTEM AND/OR RESIDENTIAL PRESSURE CONTROLS
- NOT APPLICABLE

V. DROUGHT CONTINGENCY PLAN

A. INTERRUPTED SUPPLY STRATEGY

The rate order adopted by the Authority requires Member Districts to maintain water wells in operation to augment or provide water supply in the case of an interrupted supply from the System.

B. LIMITS ON WATER SUPPLY

1. If the City of Houston restricts the Authority to less than 100% of its contracted water supply the Authority has:
 - a) The right to limit water supply to each Member District directly proportional to the City restriction.
 - b) The right to limit water supply to each Member District considering Member District alternative sources of water supply, such as wells and interconnects.
2. If the water supply from the City is suspended each Member District is responsible to meet its own demands by alternative sources such as wells and/or interconnects.
3. See also Texas Water Code, Section 11.039.

C. EMERGENCY MANAGEMENT

Each Member District is required by TCEQ rules to adopt a Drought Contingency Plan. By implementing their plans the reduction of demand would be directly reflected in Authority demand in the event of drought conditions.

D. CONTRACTUAL SURCHARGES

If the City imposes a surcharge on water delivered to the Authority as a part of its Drought Contingency Plan, the Authority will limit its supply to Member Districts so as to avoid or minimize the impact of the surcharge.

E. DROUGHT CONTINGENCY PLAN - APPENDIX A

F. DROUGHT CONTINGENCY PLAN ADOPTION - APPENDIX B

APPENDIX A

APPENDIX A

DROUGHT CONTINGENCY PLAN

DROUGHT CONTINGENCY PLAN

Section 1: Purpose of the Plan. The board of Directors (the "Board") of Central Harris County Regional Water Authority (the "Authority"), has carefully considered the current water conditions in the Authority and has determined that the adoption of this Drought Contingency Plan (the "Plan") by the Authority is necessary to ensure that an adequate supply of water is maintained. The Board also desires to provide in the Plan for the possibility of a natural disaster or equipment failure.

Section 2: Water from the City; City Reductions. The Authority receives water from the City of Houston ("City"). The Authority shall consult with the City in order to respond appropriately to the City's Drought Contingency Plan for reductions in water supply. Also in such case, if the City implements drought response stages pursuant to its drought contingency plan, the Authority will evaluate implementing its drought response stages and evaluate the need to discourage excessive use of water in an effort to reduce the use of water.

Section 3: Education and Information. The Authority will engage in an educational program to promote the Plan which may include any of the following:

- A. Distribution of information regarding the plan to Member Districts of the Authority; and
- B. Direct distributions of educational and informational material regarding the Plan to customers of the Member Districts; and
- C. Additional educational activities consisting of (i) publishing articles in a newsletter of general circulation in the Authority's service area, providing tips or information on water saving techniques, or (ii) conducting an informational school program in a school attended by students within the Authority's service area, or (iii) conducting an educational program at a public place within accessible to residents of the Authority, or (iv) conducting or engaging in such other informational or educational activity designed to further the Plan as, in discretion of the Board, may be consistent with the purposes and policies of this Plan, or (v) any combination of the foregoing.

Section 4: Retrofit Educational Program. The Authority shall make information regarding the Plan available to Member Districts to provide to its customers

purchasing and installing various plumbing fixtures, lawn watering equipment, and other water-using appliances.

Section 5: The Drought Contingency Plan.

- A. Public Involvement. The Authority shall actively inform its Member Districts, and affirmatively provide the opportunity for input from them regarding the Plan.
- B. Trigger Conditions. For the purpose of this Plan, the Authority hereby adopts the trigger conditions (the "Trigger Conditions") set forth below, which are based on study and/or statistical analysis of the vulnerability of water sources under "drought of record" conditions. These Trigger Conditions are for the purpose of responding to, but not limited to, the following situations: (a) reduction in available water supply up to a repeat of the drought of record; (b) water production or distribution system limitations; (c) supply source contamination; or (d) water system outage due to the failure or damage of major water system components (e.g, pumps).
 - 1. Mild Drought. This condition (herein, "Mild Drought Conditions") exists when demand on the Authority's water supply facilities reaches or exceeds eighty percent of the production capacity of such facilities for 3 consecutive days, as determined by the Authority's operator.
 - 2. Moderate Drought. This condition (herein, "Moderate Drought Conditions") exists when demand on the Authority's water supply facilities reaches or exceeds ninety percent of the production capacity of such facilities for 3 consecutive days, as determined by the Authority's operator.
 - 3. Severe Drought. This condition (herein, "Severe Drought Conditions") exists when demand on the Authority's water supply facilities reaches or exceeds one hundred percent of the production capacity of such facilities for 24 hours, as determined by the Authority's operator.
- C. Notice. Once one of the above Trigger Conditions has occurred, Member Districts will be notified that such Trigger Condition has occurred and of the Drought Response Measures (as defined below) to be taken. The process of notifying Users may include any of the following:
 - 1. Mailing, at least 48 hours prior to the commencement of the required Drought Response Measures, a written notice to each Member District; and
 - 2. Posting notices at public places in the Authority.

Any notice issued shall contain (i) the date the Drought Response Measures will begin, (ii) the date the Drought Response Measures will terminate, if known, (iii) a list of Drought Response Measures to be implemented, and (iv) an explanation of penalties for violations of such Drought Response Measures.

D. Emergency Management Program. The Authority hereby establishes and adopts the following measures ("Drought Response Measures") for the respective Trigger Conditions. The Drought Response Measures related to each Trigger Condition shall automatically become effective and shall be implemented by the Authority when Trigger conditions occurs.

1. Mild Drought. In the event of Mild Drought Conditions, the following Drought Response Measures shall be taken:

- a. Member Districts will be asked to take actions to voluntarily reduce water use and will be informed of specific steps that can be taken to reduce water use.

2. Moderate Drought. In the event of Moderate Drought Conditions, the following Drought Response Measures shall be taken.

- a. The Drought Response Measures established for Mild Drought Conditions shall continue to be implemented.
- b. The Authority shall recommend that the following water use by any customers of its Member Districts not essential for public health and safety be curtailed:

- (1) Street washing;
- (2) Fire hydrant flushing; and
- (3) Filling of swimming pools.

3. Severe Drought. In the event of Severe Drought Conditions, the following Drought Response Measures shall be taken:

- a. The Drought Response Measures established for Mild Drought Conditions and Moderate Drought Conditions shall continue to be implemented.
- b. Consistent with the City of Houston's Drought Contingency measures, the Authority is authorized to ration water to Member Districts.

- E. Termination of Trigger Conditions Notification. When a Trigger Condition occurs, the Authority shall enforce the Drought Response Measures applicable to such Trigger Conditions for a minimum of five (5) days after the last day the demand on the Authority's water supply facilities reaches or exceeds the limits of such Trigger Conditions. After such five (5) day period, the Drought Response Measures prescribed may, in the discretion of the Board, be continued for an additional five (5) day period. After the expiration of ten (10) days, and assuming no other Trigger Conditions have occurred, the Drought Response Measures prescribed shall terminate and the Authority shall cease implementation and enforcement of such measures. The Authority will notify Member Districts of the termination of the particular Drought Response Measures and may utilize the same manner of notification used to inform Member Districts of the Occurrence of the Trigger Condition and implementation of the Drought Response Measures.

Section 6: Emergency Contingency Plan. In the event of a fire, flood hurricane, lighting strike, tornado, windstorm, or any other act of God, riot, terrorist act, or any other act of civil disobedience, or any other similar occurrence which results in the inability of the Authority to provide potable water to Member Districts (or the likelihood thereof), the Board, in its discretion, may, without prior notice, invoke all or any of the Drought Response Measures set forth in this Plan as "Emergency Response Measures". The Board may establish any of the penalties set forth in Section 8 for violations of the Emergency Response Measures.

Section 7: Implementation. Without limitation to specific actions stated in this Plan to be taken by the Authority's operator, the Authority's operator will administer and enforce this Plan, and will oversee and be responsible for the execution and implementation of all elements of this Plan. The operator shall keep adequate records for plan verification. The Authority's operator shall report to the Board of the Authority, at meetings of the Board, regarding actions taken and which need to be taken under this Plan. Without limiting the foregoing, the Authority's operator shall advise the President of the Board (or if the President is unavailable to receive notification, another member of the Board) as soon as reasonably practicable when a particular Trigger Condition has been reached under this Plan and when a particular drought condition no longer exists.

Section 8: Variances.

- A. Policy: The Authority may, in writing, grant a temporary variance to rationing or pro rata water allocation policies adopted pursuant to this Plan, or a temporary variance to a provision in the Plan, if it is determined that failure to grant such variance would cause an emergency condition adversely affecting the public health, welfare, or safety and if one or more of the following conditions are met:

1. Compliance with this Plan cannot be technically accomplished during the duration of water supply shortage or other condition for which the Plan is in effect.
 2. Alternative methods can be implemented which will achieve the same level of reduction in water use.
- B. Petition: Persons requesting an exemption from the provisions of this plan shall file a petition for variance with the Authority within 5 days allocation has been invoked. All petitions for variances shall be reviewed by the Authority and shall include the following:
1. Name and address of the petitioner(s).
 2. For Authority residents and other users of water within the Authority, a detailed statement as to how the specific provision of the Plan adversely affects the petitioner or what damage or harm will occur to the petitioner or others if petitioners complies with this Plan or rationing of water adopted by the Authority pursuant to this Plan.
 3. For wholesale water customers, if any, a detailed statement with supporting data and information as to how the pro rata allocation of water under the policies and procedures established in the Plan adversely affects the petitioner or what damage or harm will occur to the petitioner or others if petitioner complies with this plan.
 4. Description of the relief requested.
 5. Period of time for which the variance is sought.
 6. Alternative measures the petitioner is taking or proposes to take to meet the intent of this Plan and compliance date.
 7. Other pertinent information.
- C. Conditions: Variances granted by the Authority shall be subject to the following conditions unless waived or modified by the Authority or its designee:
1. Variances granted shall include a timetable for compliance.
 2. Variances granted shall expire when the Plan is no longer in effect, unless the petitioner has failed to meet specified requirements.

No Variance shall be retroactive or otherwise justify any violation of this Plan occurring prior to the issuance of the variance.

Section 10: Remedies Cumulative. All rights, remedies, sanctions, penalties and enforcement procedures provided for in this Order are cumulative. In addition, the Authority shall have and may exercise and enforce any and all rights and remedies provided by law or in equity.

Section 11: Notice to TCEQ. The Authority shall notify the executive director of the TCEQ within five (5) business days of the implementation of any mandatory provisions of this Plan.

Section 12: Rate Order Provisions. The rate order to be adopted by the Authority shall be included a provision that in case of a shortage of water resulting from drought, the water to be distributed shall be divided in accordance with Texas Water Code, Section 11.039.

APPENDIX B

WATER CONSERVATION AND DROUGHT **CONTINGENCY PLAN ADOPTION**

RESOLUTION REGARDING REVIEW
WATER CONSERVATION AND DROUGHT CONTINGENCY PLAN

WHEREAS, the Central Harris County Regional Water Authority ("Authority") adopted its Water Conservation and Drought Contingency Plan, dated May 7, 2008 (the "Plan") pursuant to Chapter 288, Texas Administrative Code; and

WHEREAS, Chapter 288, Texas Administrative Code, requires the District to perform a review of the Plan on an established five (5) year schedule, and a review is required on or before May 1, 2014; and

WHEREAS, the Authority has, on the date hereof, performed said review;

NOW, THEREFORE, IT IS HEREBY RESOLVED by the Board of Directors of the Central Harris County Regional Water Authority that the policies, procedures, and provisions set forth in the Plan are hereby amended pursuant to the attached Water Conservation and Drought Contingency Plan which shall remain in effect until amended by further action of the District and the Plan is hereby revoked effective as of the effective date of this Resolution.

PASSED AND ADOPTED ON THIS 7th day of May, 2014 to be effective as of the 1st day of May, 2014.

CENTRAL HARRIS COUNTY
REGIONAL WATER AUTHORITY

ATTEST:

By: /s/ Judge Caston
Secretary
Board of Directors

By: /s/ Margaret Cox
President
Board of Directors



CERTIFICATE FOR RESOLUTION

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

I, the undersigned officer of the Board of Directors of the Central Harris County Regional Water Authority, do hereby certify as follows:

1. The Board of Directors of the Central Harris County Regional Water Authority convened in regular session on the 7th day of May, 2014, and the roll was called of the duly constituted officers and members of the Board, to-wit:

Margaret L. Cox	President
Julian F. Boddy	Vice President
Judge Caston	Secretary
Tom Gower	Assistant Secretary
Richard C. Meek	Assistant Secretary

and all of said persons were present, thus constituting a quorum. Whereupon, among other business, the following was transacted at the meeting: a written

RESOLUTION ADOPTING WATER CONSERVATION AND DROUGHT
CONTINGENCY PLAN, AND REGULATIONS PERTAINING TO THE
ADOPTION OF WATER CONSERVATION PLANS BY MEMBER
DISTRICTS OF THE
CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY

was introduced for the consideration of the Board. It was then duly moved and seconded that the Resolution be adopted; and, after due discussion, the motion, carrying with it the adoption of the Resolution, prevailed and carried unanimously.

2. That a true, full and correct copy of the aforesaid Resolution adopted at the meeting described in the above and foregoing paragraph is attached to and follows this certificate; that the Resolution has been duly recorded in the Board's minutes of the meeting; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of the Board as indicated therein; that each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid meeting, and that the Resolution would be introduced and considered for adoption at the meeting, and each of the officers and members consented, in advance, to the holding of the meeting for such purpose; that the meeting was open to the public as required by law; and that public notice of the time, place and subject of the meeting was given as required by Chapter 551, Texas Government Code, and Section 49.063, Texas Water Code.

SIGNED AND SEALED the 7th day of May, 2014.



Judge Caston
Secretary, Board of Directors

CERTIFICATE FOR RESOLUTION

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public as required by law; and that public notice of the time, place and subject of the meeting was given as required by Chapter 551, Texas Government Code, and Section 49.063, Texas Water Code.

SIGNED AND SEALED the 7th day of May, 2008.



Judge Caston
Secretary, Board of Directors

RESOLUTION ADOPTING WATER CONSERVATION AND DROUGHT
CONTINGENCY PLAN, AND REGULATIONS PERTAINING TO THE
ADOPTION OF WATER CONSERVATION PLANS BY MEMBER DISTRICTS
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CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY

* * *

WHEREAS, the Central Harris County Regional Water Authority (the "Authority") is a regional water authority located within Harris County, Texas, a body politic and corporate, and a governmental agency of the State of Texas created and operating under the provisions of Chapter 656, Acts of the 79th Texas Legislature, Regular Session, 2005 (codified in Chapter 8815, Texas Special District Local Laws Code), enacted pursuant to the provisions of Section 59 of Article XVI of the Texas Constitution, such being hereinafter referred to as the "Code" and with all references thereto being made to the codification; and

WHEREAS, the Authority was created to provide for the conservation, preservation, protection, recharge, and prevention of waste of groundwater, and for the reduction of groundwater withdrawals as necessary to develop, implement, or enforce a groundwater reduction plan in a manner consistent with the purposes of Section 59, Article XVI, Texas Constitution, and facilitate compliance with rules, orders, regulations, or requirements of the Harris-Galveston Subsidence District ("Subsidence District"); and

WHEREAS, the Code authorizes the Authority to acquire or develop surface water and groundwater supplies from sources inside or outside the boundaries of the Authority, conserve, store, transport, treat, purify, distribute, sell, and deliver water to or among persons inside and outside the boundaries of the Authority, and allocate water among persons participating in the Authority's groundwater reduction plan whether they are located inside or outside the Authority's boundaries; enter into contracts with persons inside or outside the Authority on terms and conditions the board considers desirable, fair, and advantageous for the performance of the rights, powers, and authority conferred under the Act; coordinate water services provided inside, outside, or into the Authority; and to otherwise administer and enforce the Act; and

WHEREAS, the Authority has contracted to purchase certain rights to capacity in treated surface water production and transmission facilities constructed by the City of Houston, Texas, under that certain Water Supply Contract, dated December 5, 2003, by and among Authority (as successor to the Central Harris County Water Users Consortium) and the City of Houston (the "City of Houston Contract"), and by the North Harris County Regional Water

Authority under that certain Agreement For Joint Financing, Design, Construction, Operation And Maintenance Of Surface Water Transmission Facilities, dated November 3, 2003, by and among the Authority (as successor to the Central Harris County Water Users Consortium) and the North Harris County Regional Water Authority; and

WHEREAS, the Authority is in the process of the sale, issuance and delivery of its revenue bonds to the Texas Water Development Board ("TWDB Bonds") in order to finance the design and construction of, and acquisition of real property rights needed for, the first phase of the Authority's treated surface water distribution system, which system is deemed necessary and convenient to achieve the objectives of the Authority's ground water reduction plan relative to the supply of treated surface water to certain Member Districts on or before January 1, 2010, in accordance with the requirements of the Subsidence District; and

WHEREAS, the City of Houston Contract provides that, as a condition to the delivery of water pursuant to the terms and provisions set forth therein, the Authority shall adopt and implement a water conservation program consistent with the applicable requirements of the Texas Commission on Environmental Quality ("TCEQ") set forth in Subchapter A of Chapter 288, Title 30, Texas Administrative Code ("30 TAC § 288"), as amended from time to time; and

WHEREAS, as a condition to the acceptance of delivery of the TWDB Bonds by the Texas Water Development Board ("TWDB"), the rules of the TWDB in Chapter 363 of Title 30, Texas Administrative Code, as amended, provide that the Authority shall adopt and implement a water conservation program, which may be satisfied through the adoption of a water conservation program meeting the applicable requirements of the TCEQ set forth in Subchapter A of 30 TAC § 288, as amended from time to time; and

WHEREAS, in order to conserve the available water supply and protect the integrity of water supply facilities, with particular regard for domestic water use, sanitation, and fire protection, and to protect and preserve public health, welfare, and safety and minimize the adverse impacts of water supply shortage or other water supply emergency conditions, has additionally considered the adoption of a drought contingency plan consistent with the applicable requirements of the TCEQ set forth in Subchapter B of 30 TAC § 288, as amended from time to time; and

WHEREAS, the Board of Directors of the Authority ("Board") wishes to adopt (a) a water conservation program consistent with the applicable requirements of the TCEQ set forth in Subchapter A of 30 TAC § 288, as amended from time to time, (b) a drought

contingency plan consistent with the requirements of the TCEQ set forth in Subchapter B of 30 TAC § 288, and (c) regulations providing that each Member District of the Authority shall similarly adopt and implement a water conservation program consistent with the applicable requirements of the TCEQ set forth in Subchapter A of 30 TAC § 288, as amended from time to time;

NOW THEREFORE, BE IT RESOLVED AND ORDERED BY THE BOARD OF DIRECTORS OF THE CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY THAT:

ARTICLE I.
FINDINGS; AUTHORIZATION

Section 1.01: Findings. Each of the recitals stated in this Resolution Adopting Groundwater Conservation and Drought Contingency Plan, and Setting Forth Regulations Pertaining to the Adoption of Water Conservation Plans by Member Districts of the Central Harris County Regional Water Authority ("Resolution") are hereby adopted as findings of the Board. All statutory requirements and conditions have been met for the adoption of this Resolution by the Board, including but not limited to the Open Meetings Law, Chapter 551, Texas Government Code, as amended, and Section 49.063 of the Texas Water Code, as amended.

Section 1.02: Authorization. The adoption of this Resolution is authorized by Sections 8815.102 and 8815.108 of the Code.

ARTICLE II.
DEFINITIONS

Section 2.01: Unless otherwise expressly provided or unless the context clearly requires otherwise, the following definitions, together with any supplemental definitions contained herein, shall apply with equal force herein and in any amendment or supplement hereto:

Member Districts.

The term "Member Districts" shall have the meaning set forth in § 8815.001(8) of the Code.

Water Conservation Plan.

The term "Water Conservation Plan" shall mean a plan setting forth a water conservation program consistent with the applicable requirements of the TCEQ set forth in Subchapter A of 30 TAC § 288, as amended from time to time.

ARTICLE III.
ADOPTION OF AUTHORITY WATER CONSERVATION
AND DROUGHT CONTINGENCY PLAN;
ADOPTION OF WATER CONSERVATION PLANS BY MEMBER DISTRICTS

Section 3.01: Authority Plan. The Authority hereby adopts that certain Water Conservation and Drought Contingency Plan of even date herewith, prepared by Pate Engineers, Inc. (the "Authority Plan"). In particular, and without limiting the foregoing, the Authority adopts the Drought Contingency Plan set forth in Appendix A to the Authority Plan as if same was set forth fully herein.

Section 3.02: Member District Plans. Not later than December 31, 2009, each Member District shall adopt and implement a Water Conservation Plan. To the extent that a Member District provides wholesale water service within or without the Authority, and water so provided is comprised in whole or in part of treated surface water derived from the Authority's water distribution system, such Member District shall require its wholesale customer, to the greatest extent practicable, to implement the water conservation measures adopted in such Member District's Water Conservation Plan.

Section 3.03: Incorporation of Resolution in Authority Plan. A certified copy of this Resolution shall be included as Appendix B to the Authority Plan.

ARTICLE IV
CIVIL PENALTIES; INJUNCTION

Section 4.01: Civil Penalty. A person or entity that violates a rule or order of the Authority is subject to a civil penalty of not more than \$5,000, as determined by the Board, for each violation or each day of a continuing violation. The Board may set the penalty based on the severity of the offense; whether such violation was willful, knowing, reckless or inadvertent; the history of offenses by such person or entity; and the damages sustained by the Authority. The Authority may bring an action to recover the penalty in a district court in Harris County, Texas. The penalty shall be paid to the Authority.

Section 4.02: Injunction. The Authority may bring an action for injunctive relief in a district court in Harris County, Texas. The Authority may bring an action for a civil penalty and injunctive relief in the same proceeding.

PASSED AND ADOPTED this the 7th day of May, 2008.

CENTRAL HARRIS COUNTY
REGIONAL WATER AUTHORITY

By: /s/ Margaret L. Cox
President, Board of Directors

ATTEST:

By: /s/ Judge Caston
Secretary, Board of Directors

(SEAL)

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APPENDIX C

AUTHORITY MAP

