

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 345 AUG 22 2023  
1300 POST OAK BLVD., SUITE 2400  
HOUSTON, TEXAS 77056

August 8, 2023

Residents and Customers of  
Harris County Municipal Utility District No. 345 ("MUD345")

Re: Letter from your Board of Directors ("Board") of MUD345

Ladies and Gentlemen:

We are sending a letter to you to address some of the comments we have received in recent MUD345 Board meetings, including arsenic levels found in MUD345's water supply, the increase in the City of Houston's (the "City") Groundwater Reduction Plan ("GRP") fees, future planning, and communication with residents.

*District's Water Quality*

Due to recent comments received in connection with MUD345's water quality (specifically, the level of arsenic detected) and in an effort to keep residents informed, below are some facts we would like to share with you regarding the water supply in MUD345.

MUD345 has one ground water well that supplies residents with water from the Evangeline Aquifer. This well was constructed in the early 90s, and, per Texas Commission on Environmental Quality ("TCEQ") rules, is regularly tested for minerals and other constituents that may be present naturally, or otherwise, in groundwater, including arsenic. Arsenic is a naturally occurring metal commonly found in groundwater. MUD345's annual water quality report (also known as the Consumer Confidence Report) provides the minimum, maximum, and average level of these contaminants, as detected in MUD345's water supply. This report is provided to the residents by July 1<sup>st</sup> of each year. MUD345's 2022 Consumer Confidence Report was recently provided to residents and reflects MUD345 is in compliance with all contaminants listed therein. The TCEQ requires that it test the water supply. The TCEQ does not recognize test results by regulated entities, which includes MUD345. The Federal government through the Environmental Protection Agency (the "EPA"), and the State of Texas through the TCEQ, set the maximum levels of a contaminant that is allowed in drinking water, and MUD345 must abide by these levels.

The current maximum contaminant level set by the EPA and the TCEQ for arsenic is 10 parts per billion (PPB), being 0.00000001, or 0.01 milligrams per liter. In 2001, the maximum contaminant level set by the EPA for arsenic was reduced from 50 parts per billion (PPB) or 0.05 milligrams per liter to the current 10 parts per billion (PPB). Water systems, including MUD345's well, were required to meet such new standard by 2006. The table below shows the arsenic levels for MUD345 since 2002 as reported by the TCEQ. This table can be found at <https://dww2.tceq.texas.gov/DWW/> by entering "Harris County MUD 345" in Water System Name.

<b>Name</b>	<b>Collection Date</b>	<b>Concentration</b>	<b>Current Maximum Allowed</b>
ARSENIC	4/7/2023	0.0081 MG/L	0.01 MG/L
ARSENIC	1/18/2023	0.0077 MG/L	0.01 MG/L
ARSENIC	10/24/2022	0.0087 MG/L	0.01 MG/L
ARSENIC	8/1/2022	0.0107 MG/L	0.01 MG/L
ARSENIC	4/19/2021	0.0097 MG/L	0.01 MG/L
ARSENIC	5/4/2020	0.0088 MG/L	0.01 MG/L
ARSENIC	5/15/2019	0.0097 MG/L	0.01 MG/L
ARSENIC	10/8/2018	0.0090 MG/L	0.01 MG/L
ARSENIC	7/10/2017	0.0085 MG/L	0.01 MG/L
ARSENIC	7/10/2017	0.0077 MG/L	0.01 MG/L
ARSENIC	12/14/2016	0.0068 MG/L	0.01 MG/L
ARSENIC	9/8/2015	0.0078 MG/L	0.01 MG/L
ARSENIC	9/24/2014	0.0079 MG/L	0.01 MG/L
ARSENIC	9/24/2014	0.0063 MG/L	0.01 MG/L
ARSENIC	12/17/2013	0.0065 MG/L	0.01 MG/L
ARSENIC	1/23/2012	0.0095 MG/L	0.01 MG/L
ARSENIC	8/10/2011	0.0095 MG/L	0.01 MG/L
ARSENIC	2/23/2011	0.0100 MG/L	0.01 MG/L
ARSENIC	2/10/2010	0.0088 MG/L	0.01 MG/L
ARSENIC	1/26/2009	0.0090 MG/L	0.01 MG/L
ARSENIC	3/27/2008	0.0079 MG/L	0.01 MG/L
ARSENIC	12/21/2007	0.0053 MG/L	0.01 MG/L
ARSENIC	9/21/2007	0.0025 MG/L	0.01 MG/L
ARSENIC	6/13/2007	0.0076 MG/L	0.01 MG/L
ARSENIC	2/21/2007	0.0077 MG/L	0.01 MG/L
ARSENIC	2/7/2006	0.0084 MG/L	0.01 MG/L
ARSENIC	11/17/2005	0.0084 MG/L	0.01 MG/L
ARSENIC	8/24/2005	0.0082 MG/L	0.01 MG/L
ARSENIC	6/2/2005	0.0090 MG/L	0.01 MG/L
ARSENIC	3/2/2005	0.0074 MG/L	0.01 MG/L
ARSENIC	9/11/2002	0.0089 MG/L	0.01 MG/L

Compliance with the mandated maximum contaminant level is based on a running annual average of all TCEQ samples. According to MUD345's operator (Inframark), MUD345 **is in compliance** with the EPA's and TCEQ's maximum contaminant level and has been since 2002. In 2022, MUD345's water supply was tested twice, and, although MUD345 had one test result above the maximum contaminant level in August 2022, MUD345 remains in compliance, as determined per the aforementioned running annual average.

When we were notified that the sample taken by the TCEQ in August of 2022 reflected that MUD345's water exceeded the maximum contaminant level for arsenic, we asked the MUD345 operator to pull a fresh sample and send it to an independent lab. This sample and all samples taken since August of 2022 by both the TCEQ and MUD345 have reported arsenic levels below the maximum contaminant level for arsenic.

To ensure that MUD345 continues to meet EPA and TCEQ standards for safe drinking water, we are sampling MUD345's water every three months. To ensure that the tests are accurate, we are sending the water samples to two separate labs.

At some point in the future (unless the City determines otherwise), MUD345 will be required to convert to a surface water supply. Once MUD345 has converted to a surface water supply, it will receive water supplied by the City of Houston from Lake Houston.

#### *City of Houston's GRP Fee*

Due to recent concerns regarding the increase in water bills, specifically related to GRP fees, below are some facts concerning the GRP fees charged by MUD345.

In 1975, the Texas Legislature created the Harris-Galveston Subsidence District ("HGSD") to regulate groundwater withdrawal in Harris and Galveston Counties to prevent subsidence. To reduce subsidence, HGSD implemented a regulatory plan requiring conversion of the Greater Houston region from groundwater to surface water as the primary source of potable (drinking) water. Groundwater users, such as MUD345, were required to create and implement a groundwater reduction plan. In order to mitigate subsidence, HGSD has mandated conversion from groundwater to surface water in west Harris County as follows: (1) overall 30 percent surface water usage by 2010; (2) overall 60 percent surface water usage by 2025; and (3) overall 80 percent surface water usage by 2035. Failure to meet these deadlines will trigger an HGSD penalty of \$10.78 per 1,000 gallons pumped.

It is prohibitively expensive for a single municipal utility district to bear the cost of converting from ground water to surface water. For this reason, many municipal utility districts band together to share the costs and lessen the burden on each individual municipal utility district. This is why in 2002, to satisfy HGSD's groundwater reduction requirements, MUD345 decided to join the City's GRP. While the land within the boundaries of MUD345 is not within the boundaries of the City, in order to comply with the regulatory requirements, MUD345 contracted with the City to participate in the City's GRP. The City's GRP had already been reviewed and approved by HGSD as in compliance with the regulatory requirements. MUD345 only had the option to join the City's GRP or the West Harris County Regional Water Authority's ("WHCRWA") GRP, and

fortunately, after much deliberation, the Board of Directors of MUD345 (the "Board") at that time chose the City's (as the WHCRWA rates are much higher than the City's rates).

The City is responsible for constructing the necessary water infrastructure to deliver surface water to the areas within its own GRP. In order to design, construct, and operate such necessary infrastructure, the City assesses fees to the well owners for water pumped and to municipal utility districts for the amount of surface water delivered by the City. The City charges MUD345 a fee for every 1,000 gallons of water withdrawn by MUD345's well (the "GRP Fee"), and the GRP Fee may be changed by the City from time to time. On April 1, 2022, the City announced that on April 1 of each year beginning 2022 and through 2026, it plans to progressively increase the GRP Fee. MUD345 included notices on its May 2022 and May 2023 water bills in the notice section of your water bill to make sure residents were aware of the increase in the GRP Fees.

The current GRP Fee charged to MUD345 is \$2.51 per 1,000 gallons pumped for groundwater. MUD345 has no control over the amount of the GRP Fee established by the City. For reference, the WHCRWA's GRP Fee for groundwater is currently \$4.35 per 1,000 gallons.

MUD345 is charged GRP Fees based upon the amount of water pumped from the well. MUD345 passes the GRP Fees through to MUD345's users based on the amount of water they use and for water loss. In addition to MUD345's water rates, each user is billed a separate amount for each 1,000 gallons of water delivered in a billing cycle for the GRP Fee charged to MUD345 by the City.

To mitigate the effects on resident water bills that result from rising GRP Fees, the Board has not adjusted its water rates since 2002. The Board has also made a concerted effort to lower its ad valorem tax rate to the greatest extent financially feasible each year. Over the past 20 years, the Board has decreased MUD345's ad valorem tax rate by nearly 59% (from \$0.425 per \$100 of assessed valuation to only \$0.175).

As your Board, and more importantly as your neighbors, we understand that rising water bills are an unwelcome change and we continue to work hard to implement policies that will offset these increases. We will continue to monitor MUD345's rates very closely. Like you, we are residents and property owners whose goal is to ensure the value and financial stability of our community for years to come.

#### *Future Planning*

We are constantly planning for the future of MUD345 so we can maintain the continuity of water service and wastewater treatment service provided to MUD345 customers. For example, due to the age of MUD345's water well, we are actively negotiating the purchase of a site for a second water well. We have also authorized the purchase of generators for MUD345's wastewater treatment plant and various lift stations.

*Communication with Residents*

We would also like to encourage you all to opt-in to receive MUD345's text and email notifications. We will use this form of communication to distribute important information regarding MUD345. If you choose to opt-in, you will receive all text and email notifications informing residents of non-emergency situations, such as planned maintenance or repair that may result in low water pressure or periodical water shutoff. However, if there is an actual emergency, such as a boil water notice, you will receive an emergency notification based on the contact information you have provided to MUD345's operator, Inframark, regardless of whether or not you have opted-in to the notification system. Therefore, please make sure your contact information is up to date in Inframark's system. To opt in, please visit <https://hcmud345.classicmessaging.com/>.

We want to stress to each of you that we are your neighbors and 4 of the 5 of us have lived within MUD345 for over 24 years. Providing residents with clean water and planning for MUD345's future is of the utmost importance to us.

If you have questions regarding your water bill or your service, please call MUD345's operator, Inframark, at (281) 398-8211 or at <https://www.inframark.com/>.

Sincerely,

The Board of Directors of  
Harris County Municipal Utility District No. 345