

Item 8 – FY 2024 District Water Production Fee Schedule | Budget Committee

Committee Members

Jayson Barfknecht – Chair

Jeff Kennedy

Chris Zeig

The Budget/Finance Committee met Wednesday, October 4, 2023 to discuss and develop a recommendation for the FY 2024 District Water Production Fee Schedule for board consideration and approval. The current fee schedule is:

Agricultural	\$0.1875/ac-ft
Steam Electric	\$0.2941/ac-ft
Municipal/PWS	\$0.04625/1000 gallons produced
All other non-exempt	\$0.04625/1000 gallons produced
Export	Export fee rate is \$0.17/1000 gallons exported minus the applicable production fee on all metered production

The Budget/Finance Committee members discussed the fact that the District will likely run a deficit budget this year and next with outflows exceeding fee collection. This is a direct result of expenses incurred from an unexpected surge in permit applications requiring hydrogeological reports, a future export project and the need to perform an unforeseen groundwater/surface water interaction study.

The members expressed a desire for the Board to consider a water production fee rate increase to close the gap between income and expenses. There is a period of time between water production from the UW Brazos Valley Farms LLC project coming on line and the collection of fees associated with project creating some of the shortfall. Once production begins, fees associated with the production should quickly offset the need for a continuation of the fee increase.

Table 1 serves as a guide to what the current adopted fee rates are and what the maximum that can be charged in FY 2024. The last column shows the amount of fee collection for each category in FY 2023.

Table 1

Fee Category	FY 2023 – Adopted Fees	FY 2024 – Maximum Fees Chargeable	Income by Category
Agricultural	\$0.1875/ac-ft	\$0.37/ac-ft produced or permitted	\$19,402.54
Steam Electric	\$0.2941/ac-ft	\$0.37/ac-ft produced	\$1,849.07
All Others (Municipal, RPWS/Ind./Comm.)	\$0.04625/1000 gals. produced	\$0.0629/1000 gals. produced	\$784,049.83
Export	\$0.12375/1000 gals. exported	\$0.20/1000 gals. exported	\$0.00
Total Water Fee Income			\$805,301.44
Total 2023 Budget Expenses (Est.)			\$872,864.64
2023 Estimated Deficit			\$67,563.20

Table 2 uses estimated water production for FY 2022 and compares three fee levels.

- Current fee rates (no increase)
- Increase of \$0.005/1000 gals.
- Increase of \$0.01/1000 gals.

Table 2

Estimated 2023 Production (gallons)	Est. 2024 Revenue		\$.005 increase \$0.05125	\$.01 increase \$0.05625
6,166,998,000	\$ 285,223.66		\$ 316,058.65	\$ 346,893.64
5,354,026,731	\$ 247,623.74		\$ 274,393.87	\$ 301,164.00
1,816,976,900	\$ 84,035.18		\$ 93,120.07	\$ 102,204.95
811,804,596	\$ 37,545.96		\$ 41,604.99	\$ 45,664.01
532,394,000	\$ 24,623.22		\$ 27,285.19	\$ 29,947.16
458,168,000	\$ 21,190.27		\$ 23,481.11	\$ 25,771.95
311,217,852	\$ 14,393.83		\$ 15,949.91	\$ 17,506.00
201,917,800	\$ 9,338.70		\$ 10,348.29	\$ 11,357.88
146,870,000	\$ 6,792.74		\$ 7,527.09	\$ 8,261.44
96,247,760	\$ 4,451.46		\$ 4,932.70	\$ 5,413.94
78,313,000	\$ 3,621.98		\$ 4,013.54	\$ 4,405.11
50,657,000	\$ 2,342.89		\$ 2,596.17	\$ 2,849.46
47,553,000	\$ 2,199.33		\$ 2,437.09	\$ 2,674.86
44,627,984	\$ 2,064.04		\$ 2,287.18	\$ 2,510.32
36,368,191	\$ 1,682.03		\$ 1,863.87	\$ 2,045.71
1,635,815,681	\$ 1,476.42		\$ 1,476.42	\$ 1,476.42
17,789,956,495	\$ 748,605.43		\$ 829,376.14	\$ 910,146.84
Above 16 Permittees	\$ 748,605.43		\$ 829,376.14	\$ 910,146.84
BRAA fees	\$ 17,792.11		\$ 17,792.11	\$ 17,792.11
Renewal fees	\$ 8,500.00		\$ 8,500.00	\$ 8,500.00
Metered Agr. Pumping	\$ 2,500.00		\$ 2,500.00	\$ 2,500.00
	\$ 777,397.54		\$ 858,168.25	\$ 938,938.95

There is no action item associated with this line item. The FY 2024 Fee Schedule will be placed on the November 9, 2023 agenda for adoption.