

Item 4 – Discussion of Water Production/Export Fee Structure

With mitigation of Simsboro wells on the near horizon, there exists increased budgetary needs for office space, staffing, legal expenses and hydrogeological work. The board will need to explore avenues to fill the budget gap that will exist if budget suggestions are approved.

Estimated 2025 revenue from water production fees is projected to be approximately \$784,000, down from FY2024. The proposed budget is slightly more than \$1.4 million. Staff was asked to compare different fee structure scenarios to address and raise the revenue to cover the shortfall.

Current Export Fee Structure

The current fee rate for water exported from the District is \$0.20/1000 gallons exported. This is the statutory maximum allowable in 2024. Each year the rate can be increased by 3% following a public hearing. The 2025 maximum allowable export fee rate is \$0.206/1000 gallons exported. Fees can only be assessed on quantities exported.

NO FEES WILL BE COLLECTED USING THIS FEE STRUCTURE FOR THE FORESEEABLE FUTURE

Export Fee Structure Prior to 2024

The District Enabling Act provides the Board the latitude to charge no more than \$0.17/1000 gallons combining both water production and export fees. It also allows the Board to assess the fees based on actual production or authorized (permitted) amounts. Brazos River Alluvium Aquifer wells are currently charged fees based on authorized amounts. All other aquifer wells are charged fees based on actual metered production.

The current water production fee rate for municipal, rural water supply, industrial, and commercial uses is \$0.04875/1000 produced. Under this fee structure, export fees can then be set to a maximum of \$0.12125/1000 gallons. Fee collection can be set on either water transported or authorized.

THIS FEE STRUCTURE ALLOWS FOR IMMEDIATE COLLECTION OF FEES FROM TRANSPORT PERMITS IF THE BOARD WERE TO SET FEES BASED ON AUTHORIZED AMOUNTS.

Hybrid Fee Structure

Water production fees on all meter wells based on actual amount produced.

Export fees would be based on total authorized permit amount and set at the highest rate of permitted beneficial uses.

Export fees would revert to state maximum, Rule 9.1(c)(2), once production and transport of water begins. Export fees based on authorized amounts are only applicable to transport permits that are permitted but not transporting water.

FY 2024 Fee ScheduleAgricultural **\$0.1975/ac-ft**Steam Electric **\$0.31/ac-ft**Municipal/RPWS **\$0.04875/1000 gallons produced**Industrial/Comm. **\$0.04875/1000 gallons produced**Export **\$0.20/1000 gallons exported****FY 2025 Maximum Rate Allowable**

Max. Rate \$0.3775/ac-ft

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Max. Rate \$0.064175/1000 gallons produced

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Max. Rate \$0.206/1000 gallons transported **(Rule 9.1(c)(2))**Max. Rate \$0.12125/1000 gallons authorized **(Enabling Act)**

Year	Transport (ac-ft)	DWAF Paid to Acct	Credits Credit Acct	Cash Flow - DWAF Rule 9.1 with credits		Export Fee Enabling Act Hybrid Rule 9.1	Cash Flow Export Fees - Enabling Act Hybrid Rule 9.1	Fee Rate/1000	Fee Rate/ac-ft (\$)
2023	0	\$ 200,000.00		\$ 200,000.00		\$ -	\$ -		
2024	0	\$ -		\$ 200,000.00		\$ -	\$ -	\$0.2000	\$65.17
2025	0	\$ 30,000.00		\$ 230,000.00		\$ 1,975,430.00	Enabling Act \$ 1,975,430.00	\$0.2060	\$67.13
2026	0	\$ 95,000.00		\$ 325,000.00		\$ 1,975,430.00	Enabling Act \$ 3,950,860.00	\$0.2122	\$69.14
2027	0	\$ 3,500,000.00		\$ 3,825,000.00		\$ 1,975,430.00	Enabling Act \$ 5,926,290.00	\$0.2185	\$71.21
2028	0	\$ 1,750,000.00		\$ 5,575,000.00		\$ 1,975,430.00	Enabling Act \$ 7,901,720.00	\$0.2251	\$73.35
2029	0	\$ 1,750,000.00		\$ 7,325,000.00	Rule 9.1	\$ 1,737,650.00	Rule 9.1 \$ 9,639,370.00	\$0.2319	\$75.55
2030	23000	\$ 1,737,650.00	\$868,825.00	\$ 8,193,825.00	Rule 9.1	\$ 1,789,860.00	Rule 9.1 \$ 11,429,230.00	\$0.2388	\$77.82
2031	23000	\$ 1,789,860.00	\$894,930.00	\$ 9,088,755.00	Rule 9.1	\$ 1,843,450.00	Rule 9.1 \$ 13,272,680.00	\$0.2460	\$80.15
2032	23000	\$ 1,843,450.00	\$921,725.00	\$ 10,010,480.00	Rule 9.1	\$ 1,898,880.00	Rule 9.1 \$ 15,171,560.00	\$0.2534	\$82.56
2033	23000	\$ 1,898,880.00	\$814,520.00	\$ 11,094,840.00	Rule 9.1	\$ 1,955,690.00	Rule 9.1 \$ 17,127,250.00	\$0.2610	\$85.03
2034	23000	\$ 1,955,690.00		\$ 13,050,530.00	Rule 9.1	\$ 3,415,620.00	Rule 9.1 \$ 20,542,870.00	\$0.2688	\$87.58
2035	39000	\$ 3,415,620.00		\$ 16,466,150.00	Rule 9.1	\$ 3,518,190.00	Rule 9.1 \$ 24,061,060.00	\$0.2768	\$90.21
2036	39000	\$ 3,518,190.00		\$ 19,984,340.00	Rule 9.1	\$ 3,623,880.00	Rule 9.1 \$ 27,684,940.00	\$0.2852	\$92.92
2037	39000	\$ 3,623,880.00		\$ 23,608,220.00	Rule 9.1	\$ 3,732,300.00	Rule 9.1 \$ 31,417,240.00	\$0.2937	\$95.70
2038	39000	\$ 3,732,300.00		\$ 27,340,520.00	Rule 9.1	\$ 3,844,620.00	Rule 9.1 \$ 35,261,860.00	\$0.3025	\$98.58
2039	39000	\$ 3,844,620.00		\$ 31,185,140.00	Rule 9.1	\$ 5,482,620.00	Rule 9.1 \$ 40,744,480.00	\$0.3116	\$101.53
2040	54000	\$ 5,482,620.00		\$ 36,667,760.00	Rule 9.1	\$ 5,647,320.00	Rule 9.1 \$ 46,391,800.00	\$0.3209	\$104.58
2041	54000	\$ 5,647,320.00		\$ 42,315,080.00	Rule 9.1	\$ 5,816,880.00	Rule 9.1 \$ 52,208,680.00	\$0.3306	\$107.72
2042	54000	\$ 5,816,880.00		\$ 48,131,960.00	Rule 9.1	\$ 5,991,300.00	Rule 9.1 \$ 58,199,980.00	\$0.3405	\$110.95
2043	54000	\$ 5,991,386.40		\$ 54,123,346.40	Rule 9.1				

Assumes 23,000 ac-ft transported 2029-2032

Column G = Export Under Enabling Act; currently \$0.12125/1000 gallons authorized = \$39.51/ac-ft

UW credited 50% of owed transport fees up to \$3,500,000

Enabling Act/Hybrid - Collect full fee in January 2029 credit back any fees not used

Permits Producing 2023 (103,639.62 permitted)

	Budget Amount	Budget Amount	Budget Amount	Budget Amount	Budget Amount	Producing	NP	%	
	\$ 1,000,000.00	\$ 1,100,000.00	\$ 1,200,000.00	\$ 1,250,000.00	\$ 1,400,000.00				
Budget %						\$ 900,000.00	\$ 100,000.00	90/10	
	Rate/ac-ft (\$)	Rate/ac-ft (\$)	Rate/ac-ft (\$)	Rate/ac-ft (\$)	Rate/ac-ft (\$)	\$ 800,000.00	\$ 200,000.00	80/20	
90%	8.68	9.55	10.42	10.85	12.16	\$ 700,000.00	\$ 300,000.00	70/30	
80%	7.72	8.49	9.26	9.65	10.81	\$ 600,000.00	\$ 400,000.00	60/40	
70%	6.75	7.43	8.11	8.44	9.46	\$ 500,000.00	\$ 500,000.00	50/50	\$ 1,000,000.00
60%	5.79	6.37	6.95	7.24	8.11				
50%	4.82	5.31	5.79	6.03	6.75	\$ 990,000.00	\$ 110,000.00	90/10	

Permits Not Producing 2023 (29,445.14 permitted)

	Budget Amount	Budget Amount	Budget Amount	Budget Amount	Budget Amount	Producing	NP	%	
	\$ 1,000,000.00	\$ 1,100,000.00	\$ 1,200,000.00	\$ 1,250,000.00	\$ 1,400,000.00				
Budget %						\$ 1,080,000.00	\$ 120,000.00	90/10	
	Rate/ac-ft (\$)	Rate/ac-ft (\$)	Rate/ac-ft (\$)	Rate/ac-ft (\$)	Rate/ac-ft (\$)	\$ 960,000.00	\$ 240,000.00	80/20	
10%	3.40	3.74	4.08	4.25	4.75	\$ 840,000.00	\$ 360,000.00	70/30	
20%	6.79	7.47	8.15	8.49	9.51	\$ 720,000.00	\$ 480,000.00	60/40	
30%	10.19	11.21	12.23	12.74	14.26	\$ 600,000.00	\$ 600,000.00	50/50	\$ 1,200,000.00
40%	13.58	14.94	16.30	16.98	19.02	\$ 1,125,000.00	\$ 125,000.00	90/10	
50%	16.98	18.68	20.38	21.23	23.77	\$ 1,000,000.00	\$ 250,000.00	80/20	

103,639.62 ac-ft x 8.6839 = \$900,000

29,445.14 ac-ft x 3.3961 = \$100,000

103,639.62 ac-ft x 7.7191 = \$800,000

29,445.14 ac-ft x 6.7923 = \$200,000

\$ 625,000.00	\$ 625,000.00	50/50	\$ 1,250,000.00
\$ 1,260,000.00	\$ 140,000.00	90/10	
\$ 1,120,000.00	\$ 280,000.00	80/20	
\$ 980,000.00	\$ 420,000.00	70/30	
\$ 840,000.00	\$ 560,000.00	60/40	
\$ 700,000.00	\$ 700,000.00	50/50	\$ 1,400,000.00

\$0.0025 increase \$0.05125	\$0.005 increase \$0.05375	\$0.01 increase \$0.05875
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\$ 305,848.44	\$ 320,767.88	\$ 350,606.75
\$ 255,908.31	\$ 268,391.64	\$ 293,358.31
\$ 94,547.91	\$ 99,160.00	\$ 108,384.18
\$ 38,716.89	\$ 40,605.52	\$ 44,382.78
\$ 25,099.53	\$ 26,323.90	\$ 28,772.64
\$ 23,007.30	\$ 24,129.61	\$ 26,374.23
\$ 19,344.63	\$ 20,288.27	\$ 22,175.55
\$ 8,976.10	\$ 9,413.96	\$ 10,289.67
\$ 7,574.27	\$ 7,943.75	\$ 8,682.70
\$ 4,407.20	\$ 4,622.18	\$ 5,052.15
\$ 3,495.56	\$ 3,666.07	\$ 4,007.10
\$ 2,457.13	\$ 2,576.99	\$ 2,816.71
\$ 2,256.69	\$ 2,366.77	\$ 2,586.94
\$ 1,767.57	\$ 1,853.79	\$ 2,026.24
\$ 1,437.63	\$ 1,507.76	\$ 1,648.02
\$ 1,351.75	\$ 1,351.75	\$ 1,351.75

\$ 796,196.91 \$ 834,969.85 \$ 912,515.72

\$ 796,196.91	\$ 834,969.85	\$ 912,515.72
\$ 17,792.11	\$ 17,792.11	\$ 17,792.11
\$ 8,500.00	\$ 8,500.00	\$ 8,500.00
\$ 2,500.00	\$ 2,500.00	\$ 2,500.00

\$ 824,989.02 \$ 863,761.96 \$ 941,307.83