HTGCD Legislation Under Consideration 87R

The Legislature's Mandate

The Hays Trinity Groundwater Conservation District (HTGCD) serves one of the top-5 fastest growing counties in the US with a population supplied primarily by groundwater. HTGCD is mandated by the State Legislature to protect and plan for the long-term use and quality of the Trinity Aquifer within western Hays County.

To accomplish this mandate, the District is charged to ensure that groundwater is used efficiently and at sustainable rates, protecting well owners through permitting and other means, to gather data needed for sound decisions, and to provide that information to citizens and local agencies through education, outreach, and community participation in the State's long-range water planning processes.

As the population grows, the District's mandate becomes increasingly important. Resource protection through data-based policy requires a broad range of tools, and groundwater conservation districts must have access to those tools. These tools require careful budgeting and a sustainable revenue source. Currently, District funding is limited to growth-based fees. When growth levels, dips, or the economy slows, the District faces an untenable financial position unless it can diversify its revenue stream to include non-growth-oriented fees.

These tools can only be provided by the Legislature. The proposed legislative revisions will help the District more effectively fulfill its mission. They will increase available data, align the District's definition of a "Connection Fee" to conform with national utility standards, and protect the District's long-term budgetary stability and ability to fulfill its mission. See below for a short explanation of these proposed revisions.

The Stakeholder Process

The District continues to engage a variety of stakeholders including water utilities, County Commissioners, commercial permittees, Legislators, and exempt well owners in formal and informal consultations. These ongoing meetings informed the creation of a list of legislative requests that the HTGCD Board of Directors considered for inclusion in proposed legislation at the January HTGCD Board Meeting. As always, the meeting was open to the public, and public comment was heard.

These notes reflect 2021 HTGCD DRAFT legislation being considered and are intended for reference and discussion only.

Proposed Legislative Updates for Consideration

The proposed legislative revisions presented below are offered as possible solutions, incorporate regional feedback from three public meetings and a stakeholder process, and work toward establishing regional consensus on these issues. Some, all, or none of these changes may be submitted in a legislative request to help fulfil the District's mandate. The rest of the District's enabling legislation would remain unchanged.

1. Connection Fees:

The conversion of the District's existing Connection Fee authorization to language based on the American Water Works Association (AWWA) utility meter-size computation was requested by a large utility within the District to standardize the District's fee schedule with the industry standard. The legislated maximum charge will not change.

Legislative Proposal Option Under Consideration:

Water utility service connection fees shall be assessed according to the following schedule based on the size of the meter to be installed:

Maximum base fee equals $1,000		
Meter Size	Multiplier	Total Fee
5/8"	1.0	$
3/4"	1.5	$
1"	2.5	$
1.5"	5.0	$
2"	8.0	$
3"	16.0	$
4"	25.0	$

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2. Production Fee:

This option represents a sustainable system that does not depend on an expanding population to sustain District operations. The District recognizes that its current growth-based revenue system (fees on new well construction and new utility connections) is suitable in times of growth, but as long-term planners, we recognize that growth is not perpetual. Additionally, several of our large permittees have proposed some combination of this system to more equitably spread the costs across permittees.

This section defines a revenue alternative based on production fees for all exempt wells. It is a common tool that Districts across the state use to generate stable revenue streams. Production Fees would only apply to permitted (not exempt) wells, and the District is considering a maximum of $0.25/1000 gallons.

If a Production Fee system can be incorporated, our Connection Fees would decrease proportionally**.**

The District would balance any new fees to approved budgets and has no interest in building financial reserves above reasonable and documented budgetary needs.

Legislative Proposal Under Consideration:

The district may assess production fees *as authorized by Section 36.205, Water Code.*

The district may not charge for an annual period a production fee greater than 25 cents per 1,000 gallons authorized to be withdrawn under a permit issued by the district.

The District may not impose a tax

- No change: The District has no authority or desire to impose ad-valorem taxes.

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3. **Exempt use:**

This language is NOT designed to act as a regulatory or revenue tool. It is designed to aid the District's science staff in understanding how commercial agricultural irrigators are using water. Currently the District has no way of determining or quantifying that use -- and thus no way of incorporating that important data into the methods used to estimate use and protect existing users' water availability. HTGCD is looking into ways to offset the cost of meter installation.

Legislative Proposal Under Consideration:

A well owner of a well used for commercial agricultural use shall register the well with the district, install a meter that meets district standards for accuracy, and annually report the total amount of groundwater production from the well on a form approved by the district.

Items Under Review for Repeal:

***REPEAL** prohibition on District's ability to establish well construction standards for residential wells*

- The State Legislature has requested that all Groundwater Districts in the State attempt (to the extent possible) to create rules that are "in common." This language allows the District to protect water quality within the Trinity Aquifer AND satisfies the Legislature's request.

***REPEAL** duplicative uniform election date requirement that already exists in current election law*

- This language is an edit that recognizes uniform election dates are already covered in election law and need not be defined in District Enabling Legislation. Additionally, it will have no effect on actual District elections procedures or dates.

***REPEAL** the requirement for County Commissioners to delegate new District Directors in the event of a vacated position*

- This language comes at the request of the District's two County Commissioners and would transfer that responsibility to the District Board of Directors. This also aligns with most other GCDs.

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