



**PUBLIC HEARING**  
**Receive Public Testimony Regarding a Proposed Change in**  
**the Regular Permit Fee Rate from \$24 to \$26 per Million**  
**Gallons of Groundwater Allocation**  
**9/15/2022**

---

## **SUMMARY**

The purpose of hearing is to receive public comments on the proposed change in the District's Regular permit fee. Staff has recommended a \$2 increase to the regular permit fee, from \$24 to \$26 per million gallons of groundwater allocation. The District Finance Committee met on July 26 to discuss the proposed rate change and voted unanimously to recommend to the Board of Directors that hearing be held regarding the proposed change. The hearing was called by a unanimous vote at the Regular Board Meeting held on August 10, 2022, to be held on September 15, 2022, at 10am at the District office at 1660 West Bay Area Blvd., Friendswood, TX. The record will be held open until October 12<sup>th</sup> at 10:00 am to receive additional comments. The Board of Directors will be considering only the 2023 rate change at a future 2022 Regular Board Meeting held on the second Wednesday of each month at 10AM at the District office.

## **BACKGROUND**

The District generates income from the assessment of fees on groundwater users based on the amount of groundwater allocated within their annual permit. The regular permit fee is the largest annual source of revenue for the District. The largest area of groundwater use (Area 3) will be reducing their groundwater, due to the District's regulatory mandate, by 30 percent in 2025 and an additional 20 percent in 2035. Regulatory Areas 1 and 2 have completed their conversion and have permitted allocations that are generally consistent from year to year and account for about 20% of the total allocation groundwater annually with most of that use in area 2. The allocation in Area 3 accounts for about 80 percent of the total groundwater used in the District. An increase to the District's regular permit fee is needed to offset the reduction in revenue. This will assure that the District can maintain its level of service to the community through and beyond the conversion timeline.

The incremental increase in permit fee was first discussed with the Board of Directors in 2016 following meetings with large permittees. It was determined, that with the visibility available for the inevitable reduction in revenue with the next two conversions, multiple small increases in the regular permit fee would be the best approach to address the District needs while allowing entities to plan for the change over the long term.

Currently the District's regular permit fee is the second lowest groundwater use permit fee in the region (Table 1). The timing and amount of the proposed permit fee increases has been determined based on the goal to maintain a general fund reserve balance level near expected annual expenses in 2035 (Figure 1). Although there is considerable uncertainty in future expenses, this plan allows the District to slowly implement the rate increase over time.

The Board of Directors will be considering only the 2023 rate change at a future Board of Directors Regular Meeting in 2022.

Table 1. 2022 base permit fee for groundwater regulatory agencies in the Houston region.

Agency	Base Permit Fee (\$ per Million Gallons)
Bluebonnet GCD	\$50.00
Brazoria County GCD	\$30.00
Lone Star GCD	\$85.00
Fort Bend Subsidence District	\$20.00
Harris Galveston Subsidence District	\$24.00

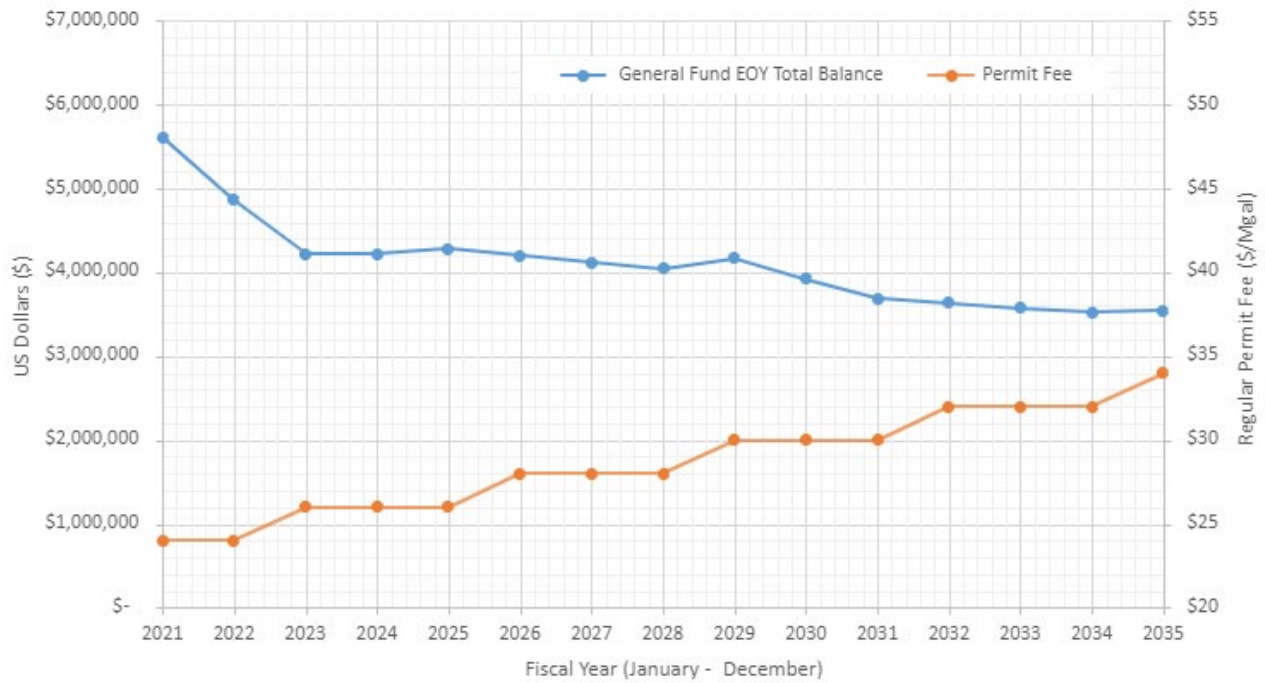


Figure 1. Estimated General Fund End of Year Balance and Projected Regular Permit Fee (2021-2035).