

Harris-Galveston Subsidence District

Proposed Draft 2026 Budget
Board Workshop

Agenda

- Call to Order
- Review the 2025 Financials vs. Budget
- Review the draft proposed 2026 Operational Budget

Budget Discussion – Review 2025 Financials v. Budget

Budget Discussion – 2026 Proposed Budget

2026 Budget Executive Summary

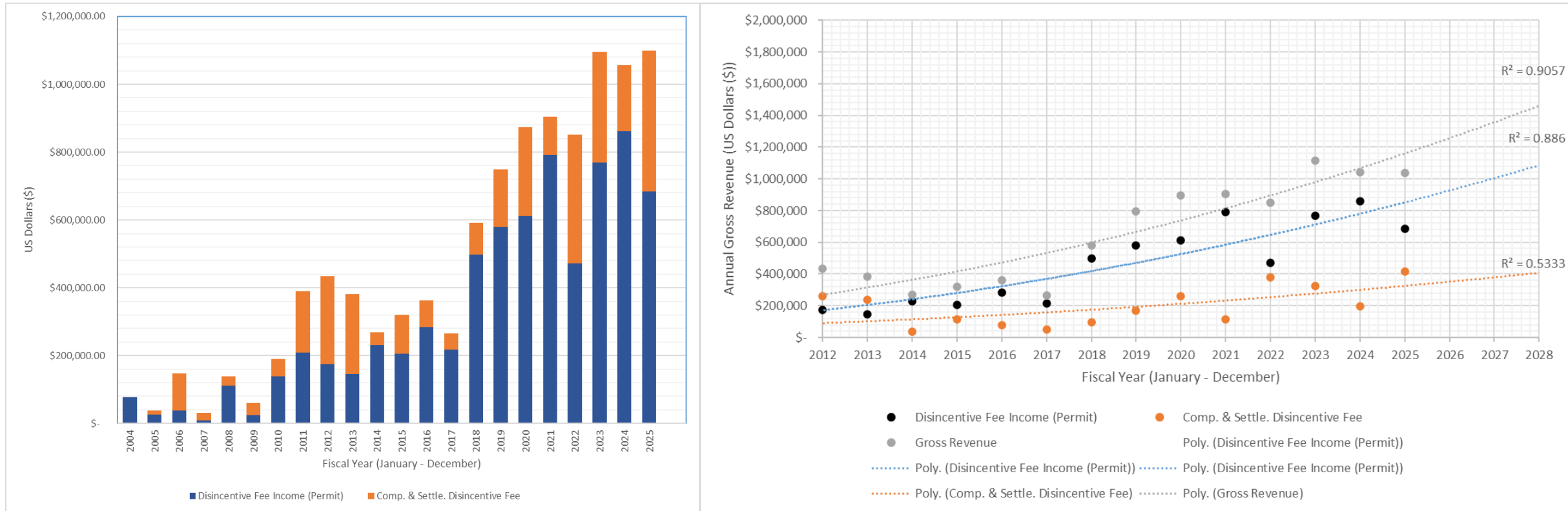
- The 2026 budget includes estimated revenue and expenses to support the general operational needs across all programs.
- The 2026 proposed budget includes:
 - 2.5% (provisional) cost of living adjustment for District staff.
 - Replacement of the Water Conservation Program Vehicle
 - Ongoing objectives of the Water Conservation and Science and Research Programs
 - Increase in the Disincentive Permit Fee Rate to \$12.52/1,000G (increase by \$0.40)
 - No change in any other fee

2026 Budget Executive Summary

- General Programs
 - Personnel – includes 2.5% COLA on salary, 35% adjustment in health insurance costs.
 - Increase in Disincentive Permit Fee Rate to \$12.52/1,000G
 - Capital Investment in vehicles and IT
 - Continuation of adjustments for 2025 regulatory conversion
 - Final year of \$26 regular permit fee, 2027 planned increase to \$28/MG
- Water Conservation Programs
 - Consistent call on grant program for applications (awarded on a case-by-case basis up to a limit (\$200k)
 - Water conservation Gulf Coast symposium
 - Other Water Conservation Program Priorities
- Science and Research Programs
 - Regional InSAR monitoring
 - Economic impacts of subsidence
 - Continuation of updating of GPS network from periodic to continuous (CORS)
 - Science Plan Considerations
 - Additional FTE (Project Chief)
 - Permitting Database evaluation and prep for tracking system software development

2026 Budget – Science and Research Fund

Disincentive Fee Revenue by Category and Projection thru 2028



2026 Budget – Science and Research Fund

- Continuation of on-going programs
 - University of Houston – GPS processing and publication
 - TXAMU-CBI, SkyGeo – InSAR Research and Data Collection
 - Monitoring Network Upgrade to CORS (year 3 of 5)
 - NE Harris Regional Alternative Water Supply (year 2 of 2)
 - Primary Alternative River Sources Baseflow (Brazos) (year 2 of 2)
- Additional efforts planned
 - Economic Impact of Subsidence in Urban Area (RFQ)
 - Planning research focused on the development of seawater desal
 - Impact of large volume groundwater development on baseflow of Trinity River.
 - Evaluation of permitting database and development of scope for district case tracking system
 - Aquifer Storage and Recovery

2026 Budget – Science and Research Fund

Estimated Science and Research Fund Revenue and Expenses 2026-2030

Budget Category	Proposed 2026 Budget	Projected 2027 Budget	Projected 2028 Budget	Projected 2029 Budget	Projected 2030 Budget
Disincentive Fee Income (Permit)	\$ 821,500	\$ 846,200	\$ 871,600	\$ 897,800	\$ 924,800
Disincentive Fee Refunds (Permit)	\$ (76,900)	\$ (76,900)	\$ (76,900)	\$ (76,900)	\$ (76,900)
Interest	\$ 68,100	\$ 70,200	\$ 72,400	\$ 74,600	\$ 76,900
Comp. & Settlement Disincentive Fee	\$ 415,300	\$ 427,800	\$ 440,700	\$ 454,000	\$ 467,700
Total Revenue	\$ 1,228,000	\$ 1,267,300	\$ 1,307,800	\$ 1,349,500	\$ 1,392,500
Personnel Expenses	\$ 261,200	\$ 274,300	\$ 288,100	\$ 302,600	\$ 317,800
Contractual Services	\$ 1,525,000	\$ 1,500,000	\$ 1,335,000	\$ 935,000	\$ 1,335,000
Total Expenses	\$ 1,786,200	\$ 1,774,300	\$ 1,623,100	\$ 1,237,600	\$ 1,652,800
Total Net Income	\$ (558,200)	\$ (507,000)	\$ (315,300)	\$ 111,900	\$ (260,300)
Science and Research Fund Balance (BOY)	\$ 5,446,016	\$ 4,887,816	\$ 4,380,816	\$ 4,065,516	\$ 4,177,416
Science and Research Fund Balance (EOY)	\$ 4,887,816	\$ 4,380,816	\$ 4,065,516	\$ 4,177,416	\$ 3,917,116

2026 Budget – Water Conservation Program

- Continuation of on-going programs
 - WaterMyYard
 - Grant Program (open application)
 - School Program
- Support of the 2026 Gulf Coast Water Conservation Symposium (District Leading)
- Replacement of Vehicle
- Staff Support
- Increase in sponsor fee to \$40 from \$38

Budget Category	2026 Proposed Budget
WCP Income	1,100,000
WCP Interest	30,000
WCP Misc. Income	-
TOTAL REVENUES	1,130,000
WCP Educational Curriculum	852,500
WCP Office Supplies	4,000
WCP Public Information/Education	53,000
WCP Equipment	4,500
WCP Contracts	25,000
WCP Operating Supplies	1,000
WCP Maint. Of Vehicles	4,500
WCP Grant Program	200,000
WCP Vehicle (Capital)	75,000
Operating Transfer Out (GF payroll reimburse)	229,200
TOTAL EXPENSES \$	1,448,700
NET INCOME \$	(318,700)
ESTIMATED FUND BALANCE BOY	\$ 3,629,678
ESTIMATED FUND BALANCE EOY	\$ 3,310,978

2026 Budget – General Fund

Estimated General Fund Revenue

Budget Category	2025 Approved Budget	2025 Projected Year End Totals	2026 Proposed Budget	\$ Variance 2025 Approved and 2026 Proposed Budget	% Variance 2025 Approved and 2026 Proposed Budget
Permit Fees	\$ 3,261,000	\$ 3,200,000	\$ 2,917,000	\$ (344,000)	-10.75%
Permit Fee Refunds	(40,000)	(35,000)	(40,000)	-	0.00%
Application Fees	545,000	515,000	515,000	(30,000)	-5.83%
Interest	129,000	114,000	120,000	(9,000)	-7.89%
Compromise and Settlement	162,000	130,000	130,000	(32,000)	-24.62%
FBSD Income	567,000	555,000	574,000	7,000	1.26%
Legal Recovery Fees	40,000	40,000	55,000	15,000	37.50%
Other Misc. Income	12,000	12,000	14,000	2,000	16.67%
TOTAL REVENUES	\$ 4,676,000	\$ 4,531,000	\$ 4,285,000	\$ (391,000)	-8.63%

2026 Budget – General Fund

Estimated General Fund Expenses

Budget Category	2025 Approved Budget	2025 Projected Year End Totals	2026 Proposed Budget	\$ Variance 2025 Approved and 2026 Proposed Budget	% Variance 2025 Approved and 2026 Proposed Budget
Personnel Expenses	\$ 2,806,950	\$ 2,567,955	\$ 2,857,150	\$ 50,200	1.79%
Board Expenses	175,900	173,998	171,000	(4,900)	-2.79%
Office Expenses	441,200	382,083	448,000	6,800	1.54%
Info and Education	83,500	85,107	97,000	13,500	16.17%
Building Operations	155,800	153,096	163,000	7,200	4.62%
Transportation Expenses	59,500	49,820	62,000	2,500	4.20%
Contractual Services	1,183,380	1,087,759	1,120,000	(63,380)	-5.36%
Capital Outlay	432,000	403,946	150,000	(282,000)	-65.28%
TOTAL EXPENSES	\$ 5,338,230	\$ 4,903,762	\$ 5,068,150	\$ (270,080)	-5.06%

2026 Budget – GF Personnel Expenses

- Includes 2.5% COLA – based on current expected SSA COLA of about 2.7% for 2025.
- Includes adjustments to Health Insurance costs based on expect increase in cost (35% of 2025). And adjustments based on employee plan designations.
- Additional FTE (project chief) will be funded solely by the Science and Research Fund

Object Class No.	Description	2025 Approved Budget	2026 Proposed Budget	Variance
511	Employee Salary and Allowances	\$ 2,085,000	\$ 2,066,000	\$ (19,000)
512	Group Health Insurance - District Contribution	\$ 280,550	\$ 360,150	\$ 79,600
513	Employee Retirement	\$ 312,800	\$ 309,900	\$ (2,900)
514	Group Life Insurance	\$ 15,000	\$ 14,200	\$ (800)
515	Disability Insurance	\$ 11,000	\$ 10,400	\$ (600)
516	Medicare - Employer	\$ 29,400	\$ 28,000	\$ (1,400)
517	Workers Compensation	\$ 18,000	\$ 16,700	\$ (1,300)
518	Retirement Health Savings	\$ 55,200	\$ 51,800	\$ (3,400)

NOTE: Employee Salary and Allowances includes cost of living adjustments, performance based salary adjustments, promotions, and allowances.

2026 Budget – GF NL Exp

- 521 – Adjustment based on 2025
- 541 – Adjustment for general increase in costs
- 542 – Adjustment for general increase in costs
- 574 – Expenses moved to SRF

Account	Description	2025		2026	
		Approved Budget	Proposed Budget	Variance	
521	Member Per Diem	\$ 62,500	\$ 65,500	\$ 3,000	
522	Member Travel Expense	\$ 19,300	\$ 19,300	\$ -	
523	Officer and Director Liability	\$ 8,000	\$ 8,000	\$ -	
524	Member Retirement	\$ 9,500	\$ 10,000	\$ 500	
525	Medicare - Board Members	\$ 1,100	\$ 1,100	\$ -	
529	Other Board Expenditures	\$ 75,500	\$ 67,000	\$ (8,500)	
531	Office Supplies	\$ 18,000	\$ 18,000	\$ -	
532	Mail and Postage	\$ 36,500	\$ 40,000	\$ 3,500	
533	IT Equipment (non-cap)	\$ 35,000	\$ 36,500	\$ 1,500	
534	IT Software	\$ 130,200	\$ 131,700	\$ 1,500	
535	Telephone	\$ 51,000	\$ 51,000	\$ -	
536	Legal Notice	\$ 90,000	\$ 90,000	\$ -	
537	Surety Bonds	\$ 500	\$ 500	\$ -	
538	Rental of Equipment	\$ 48,000	\$ 48,000	\$ -	
539	Miscellaneous Supplies and Equipment	\$ 32,000	\$ 32,000	\$ -	
541	Membership Dues and Subscriptions	\$ 20,000	\$ 25,500	\$ 5,500	
542	Conferences and meetings	\$ 19,000	\$ 24,000	\$ 5,000	
543	Employee Travel Expense	\$ 32,000	\$ 34,500	\$ 2,500	
547	Employee Training	\$ 12,500	\$ 12,500	\$ -	
551	Utilities	\$ 45,500	\$ 45,500	\$ -	
552	Insurance	\$ 17,000	\$ 20,000	\$ 3,000	
553	Janitorial Services	\$ 16,000	\$ 16,000	\$ -	
554	Building Maintenance	\$ 56,000	\$ 60,000	\$ 4,000	
555	Grounds Maintenance	\$ 21,300	\$ 21,300	\$ -	
561	Operating Supplies	\$ 17,000	\$ 17,000	\$ -	
562	Maintenance of Vehicles	\$ 10,000	\$ 10,000	\$ -	
563	Tolls, Parking	\$ 8,500	\$ 8,500	\$ -	
564	Insurance of Vehicles	\$ 10,000	\$ 11,000	\$ 1,000	
565	Mileage Allowance	\$ 14,000	\$ 15,000	\$ 1,000	
571	Audit Expense	\$ 25,000	\$ 26,250	\$ 1,250	
572	USGS Cooperative Agreement	\$ 321,900	\$ 321,900	\$ -	
573	Legal Expense	\$ 406,000	\$ 416,000	\$ 10,000	
574	Consulting Expense	\$ 346,000	\$ 271,000	\$ (75,000)	
575	Management Services	\$ 60,000	\$ 60,000	\$ -	
576	Hearing Examiner	\$ 24,480	\$ 24,480	\$ -	
577	GPS Systems/Releveling	\$ -	\$ -	\$ -	
591	Office Equipment (Cap)	\$ -	\$ -	\$ -	
592	IT Equipment (Cap)	\$ 105,000	\$ 105,000	\$ -	
593	Motor Vehicles (Cap)	\$ 80,000	\$ -	\$ (80,000)	
594	GPS Equipment (Cap)	\$ -	\$ -	\$ -	
596	Building Improvements	\$ 247,000	\$ 45,000	\$ (202,000)	

2026 Budget – General Fund

General Fund Contractual Services

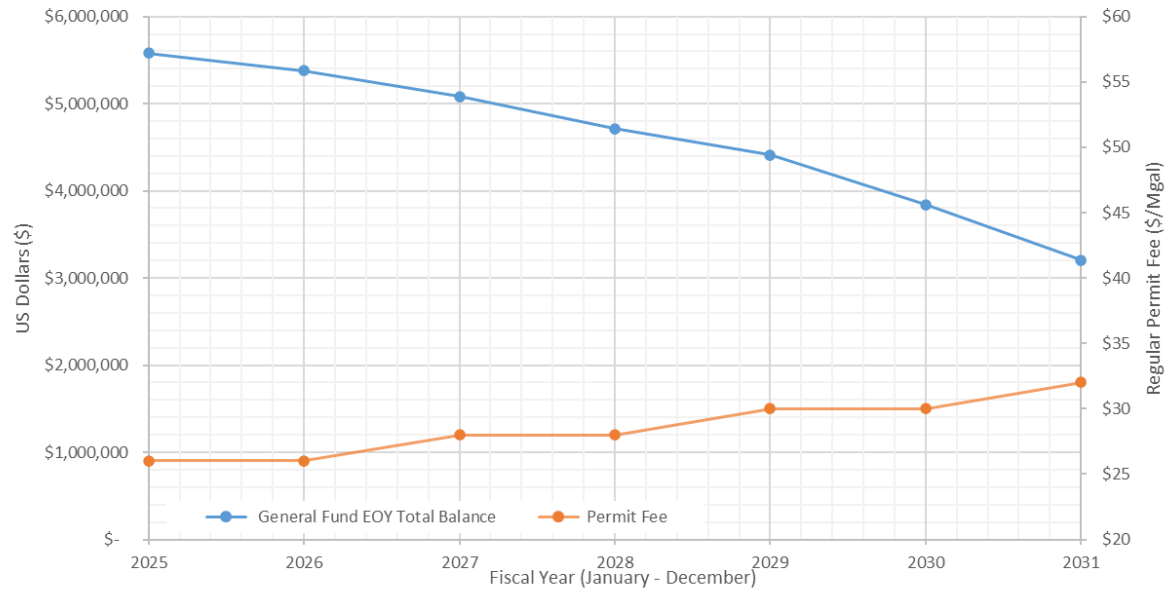
Account Name	Vendor	Task	FY	Budget Amount
Audit Expense	Whitley Penn	Annual Financial Audit Services	2026	\$ 26,250.00
USGS Cooperative Agreement	USGS	Data Collection, Dissemination, and Archival	2026	\$ 321,900.00
Legal Expense	Greg Ellis Esq.	District General Counsel - Retainer	2026	\$ 96,000.00
Legal Expense	Multiple Firms	General Legal Support (HR, Contested Case, Misc.)	2026	\$ 50,000.00
Legal Expense	Greg Ellis Esq.	Paralegal and Court Expenses	2026	\$ 135,000.00
Legal Expense	Greg Ellis Esq. (sub)	Enforcement and Litigation Recovery	2026	\$ 135,000.00
Consulting Services	Averitt/Wilson	Legislative Affairs	2026	\$ 96,000.00
Consulting Services	TBD	Technical Services	2026	\$ 100,000.00
Consulting Services	New Edge Consulting	Cityworks Implementation, Updates, and Revisions	2026	\$ 75,000.00
Management Services	TBD	General	2026	\$ 60,000.00
Hearing Examiner	Helen Truscott	Hearing Examiner Services	2026	\$ 24,480.00

2026 Budget – General Fund

Estimated 5-year projection of General Fund Revenue and Expenses

Budget Category	2026	2027	2028	2029	2030
Permit Fees	\$ 2,877,000	\$ 2,760,706	\$ 2,793,225	\$ 3,033,937	\$ 2,874,932
Application Fees	\$ 515,000	\$ 516,533	\$ 506,437	\$ 513,242	\$ 512,803
Interest	\$ 120,000	\$ 147,246	\$ 152,053	\$ 134,825	\$ 138,531
Compromise and Settlement	\$ 130,000	\$ 126,657	\$ 118,539	\$ 126,299	\$ 125,374
FBSD Income	\$ 574,000	\$ 591,220	\$ 608,957	\$ 615,046	\$ 621,197
Legal Recovery Fees	\$ 55,000	\$ 61,020	\$ 61,856	\$ 54,469	\$ 58,086
Other Misc. Income	\$ 14,000	\$ 14,634	\$ 16,057	\$ 14,173	\$ 14,716
TOTAL REVENUE	\$ 4,285,000	\$ 4,218,015	\$ 4,257,124	\$ 4,491,991	\$ 4,345,639
Personnel Expenses	\$ 2,857,150	\$ 2,957,150	\$ 3,060,651	\$ 3,167,773	\$ 3,278,645
Board Expenses	\$ 171,000	\$ 171,000	\$ 171,000	\$ 171,000	\$ 171,000
Office Expenses	\$ 448,000	\$ 452,480	\$ 457,005	\$ 461,575	\$ 466,191
Info and Education	\$ 97,000	\$ 99,910	\$ 102,907	\$ 105,995	\$ 109,174
Building Operations	\$ 163,000	\$ 163,815	\$ 164,634	\$ 165,457	\$ 166,285
Transportation Expenses	\$ 62,000	\$ 62,620	\$ 63,246	\$ 63,879	\$ 64,517
Contractual Services	\$ 1,120,000	\$ 1,131,200	\$ 1,142,512	\$ 1,153,937	\$ 1,165,476
Capital Outlay	\$ 150,000	\$ 75,000	\$ 75,000	\$ 135,000	\$ 135,000
TOTAL EXPENSES	\$ 5,068,150	\$ 5,113,175	\$ 5,236,955	\$ 5,424,616	\$ 5,556,289
Transfer IN from other fund	\$ 536,900	\$ 558,591	\$ 569,763	\$ 581,158	\$ 592,781
NET INCOME	\$ (246,250)	\$ (336,569)	\$ (410,069)	\$ (351,466)	\$ (617,869)
General Fund Balance at BOY	\$ 5,336,726	\$ 5,090,476	\$ 4,753,906	\$ 4,343,838	\$ 3,992,371
General Fund Balance at EOY	\$ 5,090,476	\$ 4,753,906	\$ 4,343,838	\$ 3,992,371	\$ 3,374,502

2026 Budget – Estimated General Fund Balance and Proposed Regular Permit Fee



Description	Units	2025	2026
New Well Application Fee ⁴	per well	\$ 240.00	\$ 240.00
Emergency Well Application Fee	per well	\$ 500.00	\$ 500.00
Temporary Well Application Fee	per well	\$ 100.00	\$ 100.00
Renewal Well Application Fee	per well	\$ 60.00	\$ 60.00
Previously Permitted Well Application Fee	per well	\$ 85.00	\$ 85.00
Existing Active Well Application Fee ⁴	per well	\$ 240.00	\$ 240.00
Amendment in Allocation Fee	per well	\$ 75.00	\$ 75.00
Rebate Application Fee (Fee and/or Credit)	per well	\$ 75.00	\$ 75.00
WCP Sponsorship Fee	per sponsorship	\$ 38.00	\$ 40.00
Regular Permit Fee Rate ¹	per million gallons	\$ 26.00	\$ 26.00
Agricultural Permit Fee Rate ²	per million gallons	\$ 10.00	\$ 10.00
Disincentive Permit Fee Rate ³	per thousand gallons	\$ 12.12	\$ 12.42

2026 Budget – All Funds Summary

- GF and WCF will use/commit reserve funds to accomplish planned objectives.
- Capital purchases focused on IT and Vehicles
- Planned Science and Research activities include:
 - Cypress Creek Subsidence and Flooding
 - Seawater Desal Feasibility and other Science Plan directed studies
 - Monitoring Network Upgrade
 - InSAR integration
 - External Risk Assessment
- Water Conservation Program includes the grant program, ongoing projects, and the Gulf Coast Symposium.
- The District is in a strong financial position as we transition into the next phase of conversion in regulatory area 3.

	General Fund	Water Conservation Fund	Science and Research Fund
Revenues			
Permit Fees, net	\$ 2,877,000	\$ -	\$ -
Disincentive Fees, net	-	-	744,600
Application Fees, net	515,000	-	-
C&S Fees	130,000	-	-
C&S Disincentive Fees	-	-	415,300
Interlocal Agreement	574,000	-	-
Water Conservation Program	-	1,130,000	-
Interest	120,000	-	68,100
Legal Recovery Fees	55,000	-	-
Other Misc. Income	14,000	-	-
Total Revenues	\$ 4,285,000	\$ 1,130,000	\$ 1,228,000
Expenses			
Personnel	\$ 2,857,150	\$ 229,200	\$ 308,000
Board of Directors	171,000	-	-
Office Supplies	448,000	5,000	-
Information and Education	97,000	53,000	-
Building Operations	163,000	4,500	-
Transportation	62,000	4,500	-
Contractual Services	1,120,000	25,000	1,525,000
Contractual Services - Elem. School Prg.	-	852,500	-
WCP Grant Program	-	200,000	-
Capital Outlay	150,000	75,000	-
Total Expenses	\$ 5,068,150	\$ 1,448,700	\$ 1,833,000
Revenues Over (Under) Expenditures	\$ (783,150)	\$ (318,700)	\$ (605,000)
Transfer OUT to other fund	-	229,200	307,700
Transfer IN from other fund	536,900	-	-
Fund Balances - BOY	\$ 5,336,726	\$ 3,629,678	\$ 5,446,016
Fund Balances - EOY	\$ 5,090,476	\$ 3,310,978	\$ 4,841,016
Total Change in Fund Balance	\$ (246,250)	\$ (318,700)	\$ (605,000)