



Legislation Details (With Text)

File #: AI 13-1409 **Version:** 2 **Name:** 2017 budget
Type: Action Item **Status:** Passed
File created: 10/4/2016 **In control:** Board of Directors
On agenda: 10/25/2016 **Final action:** 11/8/2016
Title: Consider recommendation from the Finance/Administrative Committee to adopt the annual budget for fiscal year 2017, and assessing aquifer management fee and program aquifer management fee rates for 2017.

Sponsors:

Indexes:

Code sections:

Attachments: 1. 2017 Proposed Budget Amendment 101716, 2. Formal Comment on EAA FY 2017 Budget Proposal v2, 3. 10-19-16 Luana Buckner - EAA - Andy Sansom TXU, 4. NWF.SC.comments.final - Myron Hess, 5. East Medina County Special Utility District - B Alexander, 6. SAWS Comments - R. Puente, 7. RO - Budget 2017

Date	Ver.	Action By	Action	Result
11/8/2016	2	Board of Directors	approved	Pass
10/25/2016	1	Finance/Administrative Committee		

Consider recommendation from the Finance/Administrative Committee to adopt the annual budget for fiscal year 2017, and assessing aquifer management fee and program aquifer management fee rates for 2017.

RECOMMENDED MOTION:

Move the board adopt Resolution and Order No. 11-16-862 of the Edwards Aquifer Authority Board of Directors adopting the annual budget for fiscal year 2017, incorporating the amendments discussed, and assessing aquifer management fee and program aquifer management fee rates for 2017, as follows:

Non-agricultural aquifer management fee (General Fund) -- \$44.00 per acre-foot

Agricultural aquifer management fee (General Fund) -- \$2.00 per acre-foot

Non-agricultural program aquifer management fee (EAHCP Fund) -- \$40.00 per acre-foot

SUMMARY:

The purpose of this agenda item is for the board to consider a Finance/Administrative Committee recommendation to adopt the proposed budget, and associated aquifer management fee (AMF) and program AMF rates for 2017. EAA staff presented the General Manager's 2017 Proposed Budget to the board on September 13. Following the recommendation of the Finance/Administrative Committee, the board at its October 11 meeting, authorized staff to conduct public meetings on the proposed budget, AMF rate, and program AMF rate. EAA staff held three public meetings on the 2017 proposed budget as summarized below:

- Wednesday, October 12, 2016, at 6:00 p.m., Edwards Aquifer Authority Board Room.
- Friday, October 14, 2016, at 10:00 a.m., New Braunfels Civic Center.
- Monday, October 17, 2016, at 2:00 p.m., Uvalde SSGT Willie de Leon Civic Center.

A total of seven individuals attended these public hearings. Staff answered general questions on the proposed budget, and the justification for increasing the non-agricultural aquifer management fee (General Fund) from \$40 to \$50 per acre-foot for 2017, and decreasing the non-agricultural program aquifer management fee (EAHCP Fund) from \$44 to \$34 per acre-foot for 2017. Attached are written comments submitted by the City of San Marcos, East Medina County Special Utility District, San Antonio Water System, Sierra Club, and Texas State University regarding their positions on the proposed rate changes.

The proposed 2017 Edwards Aquifer Habitat Conservation (EAHCP) Fund Operating Budget of \$17,295,747 was based on preliminary work plans received from each of the parties to the EAHCP. Since the presentation of the General Manager's proposed budget, staff has received the 2017 EAHCP funding applications considered earlier in this agenda. As is typical, these funding applications are slightly different from the amounts estimated in the preliminary work plans. If approved, these funding applications will result in a total increase of \$16,650 for a total EAHCP proposed budget of \$17,312,397, and will require approval of the appropriate amendments. These amendments are summarized in an attachment to this agenda item.

The proposed 2017 General Fund Budget totals \$16,423,890.

The proposed agricultural AMF rate of \$2.00 per acre-foot is set by statute in the EAA Act, and is limited to General Fund revenue. As discussed above, the originally proposed AMF rate for non-agricultural users to fund the operations of the General Fund was \$50 per acre-foot, per annum. The originally proposed program AMF rate to fund the EAHCP was \$34, per annum. This proposed "togglng" of these rates to increase the General Fund AMF was intended to restore the General Fund reserves and to build more capacity in the General Fund to accommodate general anticipated operational and programmatic resource needs, and to help ensure a stable aggregate AMF rate over the long term. The proposed decrease of the program AMF was made possible by prior years' savings that have accrued to establish a healthy reserve balance in the EAHCP fund. The ability to adjust these AMF rates has been a fundamental assumption of the EAA's budgeting process over the last five years.

At the October 25 meeting, the Finance/Administrative Committee voted to recommend the board adopt the 2017 budget, incorporating the amendments discussed and assessing aquifer management fee and program aquifer management fee rates not to exceed an aggregate rate of \$84 per acre-foot for non-agricultural use and \$2 per acre-foot for agricultural use. This recommendation did not address the specific AMF rate to be assessed for General Fund and EAHCP purposes. In response to public comments received, staff now proposes an AMF rate of \$44 to support General Fund activities of the EAA; and a program AMF rate of \$40 to fund the EAHCP for 2017. If approved, non-agricultural groundwater withdrawal permit holders would be billed a total of \$84 per acre-foot authorized for 2017, marking the sixth consecutive year the EAA has maintained the aggregate fees at this rate. And although a departure from staff's five-year forecast, these revised rates should enable the EAA to maintain the aggregate \$84 per acre-foot rate through 2019.

Also attached to this agenda item is the draft resolution and order adopting the annual operating

budget for fiscal year 2017 and assessing the aquifer management fees and program aquifer management fees for 2017. Legal counsel has reviewed the draft resolution and order.

STRATEGIC PLAN REFERENCE:

This agenda item does not relate to a specific goal within the Strategic Plan, but supports the general EAA mission.

FISCAL IMPACT:

The total proposed 2017 General Fund budget is \$16,423,890. The AMF required to fund the operations of the General Fund is \$44 per acre foot, per annum, for non-agricultural users. The agricultural AMF rate of \$2.00 is set by statute in the EAA Act, and is limited to General Fund revenue.

The total proposed 2017 Edwards Aquifer Habitat Conservation (EAHCP) Fund Operating Budget is \$17,312,397. The program aquifer management fee required to fund the operations of the EAHCP is \$40 per acre foot, per annum, for non-agricultural users.