

TCEQ Interoffice Memorandum

To: Commissioners

Thru: Bridget Bohac, Chief Clerk

From: Amy Settemeyer, Manager, Watermaster Section
Water Availability Division

Date: August 21, 2015

Subject: Agenda Executive Summary for Approval of Fiscal Year (FY) 2016 Proposed Assessment for Annual Costs for Watermaster Operations in the South Texas Water Division Set for September 9, 2015 Agenda Docket No. 2015-1090-BGT

Summary of Request:

The South Texas Watermaster Program seeks approval of its FY 2016 proposed assessment for annual costs of operations based on its operating budget which consists of a \$50.00 base fee applicable to each assessment account. A penalty of 5.0% of any delinquent fee due shall be imposed on a person who fails to pay the required fee when due and if the person fails to pay the fee within 30 days after the date the fee is due, an additional 5.0% penalty shall be imposed. Delinquent fees will accrue interest beginning on the 61st day after the due date. The yearly interest rate on all delinquent fees required under this title is the prime rate plus one percent, as published in the *Wall Street Journal* on the first day of each calendar year that is not a Saturday, Sunday, or a legal holiday. Penalties and/or interest fees may be waived by the Executive Director for good cause. The Executive Director estimates the proposed assessment of Six Hundred Eighty-Six Thousand Two Hundred Fifty-Five Dollars and Six Cents (\$686,255.06) will generate revenue of Six Hundred Sixty-Nine Thousand Ninety-Eight Dollars and Sixty-Nine Cents (\$669,098.69) for FY 2016.

Authority: Tex. Water Code §§ 11.329
30 Tex. Admin. Code §§ 12.1, 12.3, and 12.5

Staff Recommendation:

Approval of the South Texas Watermaster Program FY 2016 Assessment for Annual Cost of Operations.

Contact: Amy Settemeyer, (512) 239-2588
Cindy Hooper, (210) 403-4080

**TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
AGENDA ITEM REQUEST**

AGENDA REQUESTED: September 9, 2015

NAME & NUMBER OF PERSON TO CONTACT REGARDING CHANGES TO THIS REQUEST, IF NEEDED:

Steve Ramos, (210) 403-4040
Cindy Hooper, (210) 403-4080

CONSIDERATION OF FISCAL YEAR 2016 ASSESSMENT OF ANNUAL COSTS FOR WATERMASTER OPERATIONS IN THE SOUTH TEXAS WATERMASTER PROGRAM. Pursuant to Texas Water Code Section 11.329 and 30 Tex. Admin. Code Sections 12.1, 12.3, 12.5, and 304.61 of the Commission Rules, the Executive Director requests that the Commission consider Watermaster assessment of annual costs for the fiscal year beginning September 1, 2015, and ending August 31, 2016, for water right holders in the South Texas Water Division which consists of the Nueces, San Antonio, Guadalupe, and Lavaca River Basins, as well as the Lavaca-Guadalupe Coastal Basin, the San Antonio-Nueces Coastal Basin, and the Nueces-Rio Grande Coastal Basin, except that part in Hidalgo, Cameron, Willacy, and Starr Counties, and approve \$686,255.06 as the amount to be assessed for annual costs.

CHIEF CLERK MUST SEND NOTICE OF THE APPLICATION/HEARING: No

TYPE OF MATTER: Budget

COUNTY: The 50 counties within the South Texas Watermaster's Jurisdiction (Aransas, Atascosa, Bandera, Bastrop, Bee, Bexar, Blanco, Brooks, Caldwell, Calhoun, Colorado, Comal, DeWitt, Dimmit, Duval, Edwards, Fayette, Frio, Gillespie, Goliad, Gonzales, Guadalupe, Hays, Jackson, Jim Hogg, Jim Wells, Karnes, Kendall, Kenedy, Kerr, Kinney, Kleberg, La Salle, Lavaca, Live Oak, Maverick, McMullen, Medina, Nueces, Real, Refugio, San Patricio, Starr, Uvalde, Victoria, Webb, Wharton, Willacy, Wilson, and Zavala)

DOCKET NUMBER: 2015-1090-BGT

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



AN ORDER

Assessing the Annual Cost of Operation for the South Texas Water Division for the fiscal year beginning September 1, 2015, and ending August 31, 2016:
Docket No. 2015-1090-BGT; South Texas Water Division

On September 9, 2015, after proper notice and public hearing as provided in Texas Water Code § 11.329, came to be considered by the Texas Commission on Environmental Quality ("Commission") the matter of cost for the Watermaster operations in the said Division for the fiscal year beginning September 1, 2015, and ending August 31, 2016. After reviewing the supporting documentation, the Commission finds as follows:

1. The South Texas Water Division consists of the Nueces, San Antonio, Guadalupe, and Lavaca River Basins, as well as the Lavaca-Guadalupe Coastal Basin, the San Antonio-Nueces Coastal Basin, and the Nueces-Rio Grande Coastal Basin, except that part in Hidalgo, Cameron, Willacy, and Starr Counties;
2. Pursuant to Texas Water Code § 11.329, the holders of water rights which are to be administered by the Watermaster may be assessed the compensation and necessary expenses of a Watermaster, assistant Watermasters, and other necessary employees;
3. 30 Texas Administrative Code (TAC) §§ 304.61-304.63 set forth formulas and procedures for the assessment of costs of the Watermaster operations in the South Texas Water Division;
4. The compensation and necessary expenses of a Watermaster and other necessary employees for the fiscal year beginning September 1, 2015 and ending August 31, 2016, will require the amount to be assessed in the sum of Six Hundred Eighty-Six Thousand Two Hundred Fifty-Five Dollars and Six Cents (\$686,255.06).
5. The charges, fees, formulas for assessment rates, and method for assessing and levying costs approved below constitute an equitable apportionment of costs, as required by Texas Water Code § 11.329;
6. All requirements of Texas Water Code § 11.329 and 30 TAC §§ 304.61-304.63 have been met.

NOW, THEREFORE, BE IT ORDERED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY:

1. That the amount of Six Hundred Eighty-Six Thousand Two Hundred Fifty-Five Dollars and Six Cents (\$686,255.06) is approved as the total amount to be assessed for annual costs of operations of the South Texas Watermaster operations during the fiscal year beginning September 1, 2015 and ending August 31, 2016, and that such amount is assessed against the water rights holders in the South Texas Water Division in the manner described in this order and pursuant to 30 TAC §§ 304.61-304.63;
2. That the following charges, rates, fees, formulas for assessment rates and method for assessing and levying costs are approved and shall be implemented by the Executive Director:
 - a. A base charge for each assessment account of Fifty Dollars (\$50.00);
 - b. Assessment rates for each assessment account to be calculated by the Executive Director in accordance with the procedures set forth in 30 TAC § 304.63;
 - c. Assessment of costs and levy of assessments for each account in accordance with procedures set forth in 30 TAC § 304.63;
 - d. A penalty of 5.0% of the fee due shall be imposed when the assessment is not paid on time. If the assessment is not paid within 30 days after the day on which the fee is due, an additional 5.0% penalty shall be imposed pursuant to 30 TAC Chapter 12;
 - e. Delinquent fees accrue interest beginning on the 61st day after their due date;
 - f. Penalties and/or interest under this section may be waived by the Executive Director for good cause; and
3. That the Executive Director shall specify dates by which payments assessed pursuant to this order shall be paid or postmarked.

Issued This Date: _____

Texas Commission on
Environmental Quality

For the Commission

TCEQ Interoffice Memorandum

To: Commissioners, TCEQ

Thru: L'Oreal W. Stepney, P.E., Deputy Director
Office of Water

From: Kim Wilson, Director
Water Availability Division

Date: August 21, 2015

Subject: Fiscal Year (FY) 2016 Proposed Assessment of Annual Costs of Operations for the South Texas Watermaster Program

The South Texas Watermaster fund is required by Texas Water Code (TWC) § 11.329 to pay the compensation and necessary expenses of the Watermaster and to pay expenditures for equipment, facilities, and capital expenditures necessary for Watermaster operations when recommended by the Watermaster Advisory Committee (WAC) and the Executive Director and approved by the Commission.

The attached document, titled "South Texas Watermaster Operations," was provided to the South Texas WAC members on May 29, 2015 and during a public meeting on July 7, 2015, in San Antonio, Texas. The second column, "FY16 Operating Budget Needs," indicates the projected program needs within the FY16 appropriation. Also attached to this memo is a copy of the public meeting notice for the July 7, 2015 South Texas WAC meeting. Notice of this WAC meeting was mailed to all water right holders in the South Texas Water Division on June 5, 2015. An additional public meeting notice was mailed on August 6, 2015 to all affected water right holders regarding this budget item scheduled for the September 9, 2015 commission agenda. A copy of that notice and the mailing affidavit from the Chief Clerk's office are also attached. As required by the TWC, this notice provides thirty (30) days notice of the budget hearing.

The South Texas WAC members voted to approve staff's recommendation for the proposed "FY16 Operating Budget Needs" in the amount of \$669,098.69. A copy of the WAC meeting agenda is attached for your information.

Staff recommends approval of the "FY16 Operating Budget Needs" in the amount of \$669,098.69. Using this budget amount, the program calculates its assessment based on a 97.5% collection rate; therefore, the total assessment amount is \$686,255.06 with a municipal rate of \$0.2178. This staff proposal represents an increase of \$0.0088 from the previous year's municipal rate of \$0.2090. The calculated rate for FY 2016 is expected to generate revenue in excess of the Comptroller's Biennial Revenue Estimate (BRE) when combined with the revenue estimates for the Rio Grande Watermaster

TCEQ Interoffice Memorandum

Program, the Brazos Watermaster Program, and the Concho River Watermaster Program. This combined excess revenue collection will provide access to the contingency Watermaster appropriations as authorized in Rider 21 of the General Appropriations Act.

This memorandum requests Commission approval of the South Texas Watermaster Program operating budget and assessment for FY 2016. If I can be of further assistance, or should you have any questions regarding this matter, please contact me at (512) 239-4612, Amy Settemeyer, Watermaster Section Manager at (512) 239-2588, or Steve Ramos, South Texas Watermaster at (210) 403-4040.

South Texas Watermaster Operations

FY15 Approved Budget Compared to FY16 Budget Needs

Budget Categories	FY15 Approved Budget	FY16 Operating Budget Needs	Difference from FY15 to FY16 Budget
Salaries	\$353,615.20	\$377,145.00	\$23,529.80
Longevity	\$8,660.00	\$10,172.00	\$1,512.00
Salary Enhancements (1)	\$8,430.55	\$9,617.20	\$1,186.65
Fringe (2)	\$68,496.14	\$73,342.00	\$4,845.86
SORM (3)	\$915.00	\$915.00	\$0.00
SWCAP (4)	\$2,991.60	\$5,415.49	\$2,423.89
LAR Capital (5)	\$28,000.00	\$28,000.00	\$0.00
Professional/Temp Services (6)	\$80,155.61	\$81,578.00	\$1,422.39
Travel In-State (7)	\$3,050.00	\$3,050.00	\$0.00
Travel Out-of-State	\$0.00	\$0.00	\$0.00
Training	\$1,825.00	\$1,705.00	(\$120.00)
Rent - Building (8)	\$30,000.00	\$30,000.00	\$0.00
Postage	\$3,000.00	\$3,000.00	\$0.00
Phone/Utilities	\$10,976.80	\$9,888.00	(\$1,088.80)
Supplies - Consumables	\$965.00	\$770.00	(\$195.00)
Other Operating Expenses (9)	\$5,870.26	\$1,813.00	(\$4,057.26)
Fuels/Lubricants	\$27,000.00	\$24,000.00	(\$3,000.00)
Rent - Machine & Other	\$3,188.00	\$3,188.00	\$0.00
Facilities, Furniture & Equip (10)	\$7,121.40	\$5,500.00	(\$1,621.40)
Capital Equipment - Non LAR (11)	\$0.00	\$0.00	\$0.00
TOTAL	\$644,260.56	\$669,098.69	\$24,838.13

FY16 Proposed Assessment Calculation:

FY16 Operating Budget Needs:	\$669,098.69
Assessment Needed Based on 97.5% Collection Rate:	\$686,255.06

Historical Assessment Comparison

	FY14	FY15	FY16
Total Assessment:	\$656,668.53	\$660,780.06	\$ 686,255.06
Municipal Rate (per A-F):	\$0.1945	\$0.2090	\$ 0.2178

Notes:

- (1) Salary Enhancements are calculated based on 3.4% of 75% of total Salaries. These are projections only; actual expenditures will vary based on salary actions approved by management.
- (2) Fringe includes employee benefits such as health insurance, social security insurance, and retirement.
- (3) State Office of Risk Management (SORM) is a fee that is charged annually to the TCEQ. The amount is estimated during budget development and actual expenditure may vary.
- (4) Statewide Cost Allocation Plan (SWCAP) is a fee that is charged annually to the TCEQ for central services. The amount is estimated during budget development and actual expenditure may vary.
- (5) Legislative Appropriation Request (LAR) Capital includes all items exceeding \$100,000 in total agency cost (for example: vehicles, computers, monitoring equipment), and must have legislative approval.
- (6) Professional/Temp Services includes but is not limited to software development costs, summer interns, and temporary employees.
- (7) Travel In-State maximum amounts are established at an agency level; an increase in WM travel funding cannot be accommodated without a corresponding decrease in travel funding in another agency program.
- (8) A proportionate share of the annual TCEQ Regional Office building rent is charged to the Watermaster Program.
- (9) Other Operating Expenses includes items designated by the Texas Comptroller's Office that do not fall into any remaining budget category (for example: annual vehicle inspection fees, vehicle decals, etc.).
- (10) Facilities, Furniture & Equipment (FFE) includes but is not limited to non-LAR equipment less than \$5,000 in cost, non-consumable supplies, vehicle maintenance and repairs, etc.
- (11) Capital Equipment - Non LAR includes capital items with a cost between \$5,000 and \$24,999.

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



STATE OF TEXAS §

COUNTY OF TRAVIS §

I, Bridget C. Bohac, Chief Clerk of the Texas Commission on Environmental Quality, do hereby certify that the Notice of Consideration of Proposed Assessment of Annual Costs for the South Texas Watermaster Program was mailed on August 6, 2015. Given under my hand and the seal of the Texas Commission on Environmental Quality, this the 6th day of August, 2015.

Bridget C Bohac

Bridget C. Bohac, Chief Clerk
Texas Commission on Environmental Quality

SEAL

Bryan W. Shaw, Ph.D., P.E., *Chairman*
Toby Baker, *Commissioner*
Richard A. Hyde, P.E., *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

NOTICE OF CONSIDERATION OF PROPOSED ASSESSMENT OF ANNUAL COSTS FOR THE SOUTH TEXAS WATERMASTER PROGRAM

The Commissioners of the Texas Commission on Environmental Quality will consider the South Texas Watermaster Operation's budget and proposed assessment for costs for September 1, 2015 through August 31, 2016 (TCEQ Fiscal Year 2016), during a public meeting at:

**9:30 A.M. in Building E, Room 201S
Located at 12100 Park 35 Circle
In Austin, Texas on
September 9, 2015**

This item is Docket No. 2015-1090-BGT, Consideration of an Order assessing costs of Watermaster operations in the South Texas Water Division, which consists of the Nueces, San Antonio, Guadalupe, and Lavaca River Basins, as well as the Lavaca-Guadalupe Coastal Basin, the San Antonio-Nueces Coastal Basin, and the Nueces-Rio Grande Coastal Basin, except that part in Hidalgo, Cameron, Willacy, and Starr Counties.

The compensation and necessary expenses of the South Texas Watermaster Operations for the 2016 fiscal year is Six Hundred Sixty-Nine Thousand Ninety-Eight Dollars and Sixty-Nine Cents (**\$669,098.69**). Of this amount, Four Hundred Seventy Thousand Two Hundred Seventy-Six Dollars and Twenty Cents (**\$470,276.20**) are needed for program staff base salaries and benefits (including longevity, salary enhancements, and fringe) and the remaining One Hundred Ninety-Eight Thousand Eight Hundred Twenty-Two Dollars and Forty-Nine Cents (**\$198,822.49**) are needed for program operating costs. Based on a 97.5% collection rate, these necessary expenses require a total assessment of Six Hundred Eighty-Six Thousand Two Hundred Fifty-Five Dollars and Six Cents (**\$686,255.06**) with a municipal rate of **\$0.2178**.

This notice is provided to all holders of water rights as required by the Texas Water Code Section 11.329. You may attend this meeting and provide comments to the Commission concerning this item. Persons with disabilities who have special communication or other accommodation needs who are planning to attend this meeting should contact the Office of Administrative Services Facilities Liaison at (512) 239-0080. Requests should be made as far in advance as possible.

The South Texas Watermaster Advisory Committee (WAC) was provided the proposed assessment and budget and on July 7, 2015 a public meeting was held in San Antonio, Texas. The public was invited to attend this WAC meeting via mailed notice dated June 5, 2015.

If you have any questions or would like a copy of the proposed budget, please contact the South Texas Watermaster's Office at (800) 733-2733, via fax at (210) 545-4329, or via email at Steve.Ramos@tceq.texas.gov.

Bryan W. Shaw, Ph.D., P.E., *Chairman*
Toby Baker, *Commissioner*
Zak Covar, *Commissioner*
Richard A. Hyde, P.E., *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

May 29, 2015

Re: Preliminary Budget for Fiscal Year 2016 for the South Texas Watermaster

Dear South Texas Watermaster Advisory Committee Members:

Enclosed for your review is a preliminary Proposed Budget for Fiscal Year 2016 (FY16) for the South Texas Watermaster Program (STWM). This notice is required by the Texas Water Code to be submitted at least 60 days before the Texas Commission on Environmental Quality (Commission, or TCEQ) meets to consider a proposed order establishing the final assessment amount (Texas Water Code, Section 11.557).

The Watermaster will present a detailed proposed budget to the Watermaster Advisory Committee (WAC) during a meeting at the TCEQ's San Antonio regional office, located at 14250 Judson Road in San Antonio, on Tuesday, July 7, 2015 at 1:30 p.m. Staff will mail a notification of this meeting to all water right holders and will provide an opportunity for the public to provide comments at the meeting.

The following list includes the pending time frames for budget approval:

- **July 7:** The WAC will meet to discuss the preliminary budget.
- **July:** TCEQ management will review the proposed budget
- **By August 10:** TCEQ will mail notice of Commission meeting to all water right holders.
- **September 9:** The Commission will meet to consider approval of the FY16 budget.
- **October:** TCEQ will mail FY16 invoices to water right holders.

The proposed assessment provides funding needed to support the Watermaster Program without additional TCEQ subsidy. Preliminary calculations indicate that the total amount to be assessed for FY16 would be \$686,255.06. See the attached draft budget for details.

If you have any questions or comments, please do not hesitate to contact me at (512) 239-2588 or Esteban (Steve) Ramos, South Texas/Concho River Watermaster at (210) 403-4040.

Sincerely,

A handwritten signature in black ink, appearing to read "Amy Settemeyer".

Amy Settemeyer
Manager, Watermaster Section (MC-160)
Water Availability Division

Enclosure

PUBLIC MEETING NOTICE

SOUTH TEXAS WATERMASTER ADVISORY COMMITTEE

DATE: Tuesday, July 7, 2015
TIME: 1:30 P.M.

LOCATION: Texas Commission on Environmental Quality
San Antonio Regional Office
14250 Judson Road; San Antonio, Texas 78233-4480

Section 11.3261(e) of the Texas Water Code requires the Watermaster Advisory Committee (WAC) to review and provide comments to the executive director of the TCEQ on the annual budget for watermaster operations. The South Texas WAC will hold a meeting at the TCEQ's San Antonio Regional Office on **July 7, 2015 at 1:30 p.m.** to discuss the proposed South Texas Watermaster budget for fiscal year 2016. **The public, including all water right holders in the watermaster area, are invited to attend and participate in this meeting as well as to provide comments.**

You will also receive another notice after the WAC meeting is held. Section 11.329(b) of the Water Code requires the executive director to provide notice to water right holders at least 30 days prior to the Commission holding a public hearing on the proposed fiscal year budget. That public notice will be mailed following the completion of the WAC meeting and at least 30 days before the date of the proposed budget being considered during a Commission agenda meeting.

Notice Date: June 5, 2015

Esteban (Steve) Ramos, South Texas Watermaster

For questions or for a copy of the South Texas Watermaster proposed budget for fiscal year 2016, please feel free to contact the South Texas Watermaster at (210) 490-3096 or via email at Steve.Ramos@tceq.texas.gov.

South Texas Watermaster Advisory Committee Meeting

TCEQ Region 13 Office
14250 Judson Road
San Antonio, Texas

Tuesday, July 7, 2015
1:30 p.m.

Agenda:

- Sign-In
- Welcome and Call to Order
- Introductions
 - TCEQ Staff
- Review/Approval of Minutes from July 8, 2014
- Agenda Topics
 - Watermaster Program Update
 - FY2016 Budget
 - Update on WAC membership
 - Terms Expiring August 31, 2015
 - Review and Discussion of By-Laws
 - Old Business
- Future Meetings
- Adjourn