

TCEQ Interoffice Memorandum

To: Commissioners, TCEQ

Thru: Bridget Bohac, Chief Clerk

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

Date: August 19, 2016

Subject: Agenda Executive Summary for Approval of Fiscal Year (FY) 2017
Proposed Assessment for Annual Costs for Watermaster Operations in
the Brazos Watermaster Program Set for September 7, 2016 Agenda
Docket No. 2016-0973-BGT

Summary of Request:

The Brazos Watermaster Program seeks approval of its FY 2017 proposed assessment for annual costs of operations based on an operating budget that 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 Five Hundred Sixty-One Thousand Nine Hundred Thirty-Three Dollars and Sixty-Eight Cents (\$561,933.68) will generate revenue of Five Hundred Thirty-Three Thousand Eight Hundred Thirty-Seven Dollars and Zero Cents (\$533,837.00) for FY 2017.

Authority: Tex. Water Code §§ 11.329 and 11.455
30 Tex. Admin. Code §§ 12.1, 12.3, and 12.5

Staff Recommendation:

Approval of the Brazos Watermaster Program FY 2017 Assessment for Annual Cost of Operations.

Contact: Amy Settemeyer, (512) 239-2588
Stephen Kinal, (512) 239-4010

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

AGENDA REQUESTED: September 7, 2016

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

Amy Settemeyer, (512) 239-2588

Molly Mohler, (254) 761-3027

Stephen Kinal, (512) 239-4010

CONSIDERATION OF FISCAL YEAR 2017 ASSESSMENT OF ANNUAL COSTS FOR WATERMASTER OPERATIONS IN THE BRAZOS WATERMASTER PROGRAM.

Pursuant to Texas Water Code Sections 11.329 and 11.455 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, 2016, and ending August 31, 2017, for water right holders in the portion of the Brazos River Basin including and below Possum Kingdom Lake, and approve \$561,933.68 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 41 counties within the Brazos Watermaster's Jurisdiction (Austin, Bastrop, Bell, Bosque, Brazoria, Brazos, Brown, Burleson, Burnet, Callahan, Comanche, Coryell, Eastland, Erath, Falls, Fayette, Fort Bend, Freestone, Grimes, Hamilton, Hill, Hood, Jack, Johnson, Lampasas, Lee, Leon, Limestone, Madison, McLennan, Milam, Mills, Palo Pinto, Parker, Robertson, Somervell, Stephens, Travis, Waller, Washington, and Williamson)

DOCKET NUMBER: 2016-0973-BGT

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



AN ORDER

Assessing the Annual Cost of Operation for the Brazos Watermaster Program for the fiscal year beginning September 1, 2016, and ending August 31, 2017: Docket No. 2016-0973-BGT; Brazos Watermaster

On September 7, 2016, 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 Program for the fiscal year beginning September 1, 2016, and ending August 31, 2017. After reviewing the supporting documentation, the Commission finds as follows:

1. The Brazos Watermaster Program consists of the portion of the Brazos River Basin including and below Possum Kingdom Lake;
2. Pursuant to Texas Water Code §§ 11.329 and 11.455, 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 Brazos Watermaster Program;
4. The compensation and necessary expenses of a Watermaster and other necessary employees for the fiscal year beginning September 1, 2016 and ending August 31, 2017, will require the amount to be assessed in the sum of Five Hundred Sixty-One Thousand Nine Hundred Thirty-Three Dollars and Sixty-Eight Cents (\$561,933.68).
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 and 11.455;
6. All requirements of Texas Water Code § 11.329 and 11.455 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 Five Hundred Sixty-One Thousand Nine Hundred Thirty-Three Dollars and Sixty-Eight Cents (\$561,933.68) is approved as the total amount to be assessed for annual costs of operations of the Brazos Watermaster operations during the fiscal year beginning September 1, 2016 and ending August 31, 2017, and that such amount is assessed against the water rights holders in the Brazos Watermaster Program 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 19, 2016

Subject: Fiscal Year (FY) 2017 Proposed Assessment of Annual Costs of
Operations for the Brazos Watermaster Program

The Brazos Watermaster fund is required by Texas Water Code (TWC) §§ 11.329 and 11.455 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.

A copy of the document, "Brazos Watermaster Operations," was provided to the Brazos WAC members on June 13, 2016 and discussed during a public meeting on July 11, 2016, in Waco, Texas. The second column, "FY17 Operating Budget Needs" indicates the projected program needs within the FY17 appropriation. Also, attached to this memo is a copy of the public meeting notice for the July 11, 2016 Brazos WAC meeting. Notice of this WAC meeting was mailed to all water right holders in the Brazos Watermaster Program on June 10, 2016. An additional public meeting notice was mailed on August 8, 2016 to all affected water right holders regarding this budget item scheduled for the September 7, 2016 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 Brazos WAC members voted to approve staff's recommendation for the proposed "FY17 Operating Budget Needs" in the amount of \$533,837.00. A copy of the WAC meeting agenda is attached for your information.

Staff recommends approval of the "FY17 Operating Budget Needs" in the amount of \$533,837.00. Using this budget amount, the program calculates its assessment based on a 95% collection rate for this year of assessments; therefore, the total assessment amount is \$561,933.68 with a municipal rate of \$0.1154. This staff proposal represents a decrease of \$0.0852 from the previous year's municipal rate of \$0.2006.

TCEQ Interoffice Memorandum

This memorandum requests Commission approval of the Brazos Watermaster Program operating budget and assessment for FY 2017. If I can be of further assistance, or should you have any questions regarding this matter, please contact me at (512) 239-4644, or Amy Settemeyer, Watermaster Section Manager at (512) 239-2588.

Brazos Watermaster Operations

Preliminary First Year / FY17 Budget Needs

Budget Categories	FY16 Approved Budget	FY17 Operating Budget Needs	Difference from FY16 to FY17 Budget
Salaries	\$275,304.00	\$295,332.00	\$20,028.00
Longevity	\$4,720.00	\$6,020.00	\$1,300.00
Salary Enhancements (1)	\$7,020.25	\$7,020.00	(\$0.25)
Fringe (2)	\$52,816.00	\$63,267.00	\$10,451.00
SORM (3)	\$900.00	\$915.00	\$15.00
SWCAP (4)	\$3,915.31	\$2,868.00	(\$1,047.31)
LAR Capital (5)	\$168,000.00	\$0.00	(\$168,000.00)
Professional/Temp Services (6)	\$122,072.00	\$65,114.00	(\$56,958.00)
Travel In-State (7)	\$20,000.00	\$15,000.00	(\$5,000.00)
Travel Out-of-State	\$0.00	\$0.00	\$0.00
Training	\$5,500.00	\$3,000.00	(\$2,500.00)
Rent - Building (8)	\$30,000.00	\$10,700.00	(\$19,300.00)
Postage	\$3,241.00	\$3,241.00	\$0.00
Phone/Utilities	\$13,125.00	\$3,600.00	(\$9,525.00)
Supplies - Consumables	\$3,500.00	\$3,500.00	\$0.00
Other Operating Expenses (9)	\$4,000.00	\$2,000.00	(\$2,000.00)
Fuels/Lubricants	\$30,000.00	\$25,000.00	(\$5,000.00)
Rent - Machine & Other	\$3,500.00	\$260.00	(\$3,240.00)
Facilities, Furniture & Equip (10)	\$53,837.00	\$27,000.00	(\$26,837.00)
Capital Equipment - Non LAR (11)	\$0.00	\$0.00	\$0.00
TOTAL	\$801,450.56	\$533,837.00	(\$267,613.56)

FY17 Proposed Assessment Calculation:

FY17 Operating Budget Needs:	\$533,837.00
Assessment Needed Based on 95% Collection Rate:	\$561,933.68

Historical Assessment Comparison

	FY15	FY16	FY17
Total Assessment:	n/a	\$942,883.01	\$ 561,933.68
Municipal Rate (per A-F):	n/a	\$0.2004	\$ 0.1154

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 Brazos Watermaster Program was mailed on August 8, 2016. Given under my hand and the seal of the Texas Commission on Environmental Quality, this the 8th day of August, 2016.

Bridget C. Bohac

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

Bryan W. Shaw, Ph.D., P.E., *Chairman*
Toby Baker, *Commissioner*
Jon Niermann, *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 BRAZOS WATERMASTER PROGRAM

The Commissioners of the Texas Commission on Environmental Quality will consider the Brazos Watermaster Operation's budget and proposed assessment for costs for September 1, 2016 through August 31, 2017 (TCEQ Fiscal Year 2017), 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 7, 2016**

This item is Docket No. 2016-0973-BGT, Consideration of an Order assessing costs of Watermaster operations in the Brazos Watermaster Program which consists of the portion of the Brazos River Basin including and below Possum Kingdom Lake. The compensation and necessary expenses of the Brazos Watermaster Operations for the 2017 fiscal year is Five Hundred Thirty-Three Thousand Eight Hundred Thirty-Seven Dollars and Zero Cents (**\$533,837.00**). Of this amount, Three Hundred Seventy-One Thousand Six Hundred Thirty-Nine Dollars and Zero Cents (**\$371,639.00**) are needed for program staff base salaries and benefits (including longevity, salary enhancements, and fringe) and the remaining One Hundred Sixty-Two Thousand One Hundred Ninety-Eight Dollars and Zero Cents (**\$162,198.00**) are needed for program operating costs. Based on an estimated 95% collection rate, these necessary expenses require a total assessment of Five Hundred Sixty-One Thousand Nine Hundred Thirty-Three Dollars and Sixty-Eight Cents (**\$561,933.68**) with a municipal rate of **\$0.1154**.

This notice is provided to all holders of water rights as required by the Texas Water Code Sections 11.329 and 11.455. 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 Brazos Watermaster Advisory Committee (WAC) was provided the proposed assessment and budget, and on July 11, 2016, a public meeting was held in Waco, Texas. The public was invited to attend this WAC meeting via mailed notice dated June 10, 2016.

If you have any questions or would like a copy of the proposed budget, please contact the Brazos Watermaster's Office at (254) 761-3027, via fax at (254) 772-9241, or via email at Molly.Mohler@tceq.texas.gov.

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



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

June 13, 2016

Re: Preliminary Budget for Fiscal Year 2017 for the Brazos Watermaster

Dear Brazos Watermaster Advisory Committee Members:

Enclosed for your review is a preliminary Proposed Budget for Fiscal Year 2017 (FY17) for the Brazos Watermaster Program (BWM). This notice is required by the Texas Water Code to be submitted at least 30 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 11.329(b)).

The Watermaster will present a detailed proposed budget to the Watermaster Advisory Committee (WAC) during a meeting at the Brazos River Authority Central Office, 4600 Cobbs Drive Waco, Texas 76710 on Monday, July 11, 2016 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 11:** The WAC will meet to discuss the preliminary budget.
- **July 12-31:** TCEQ management will review the proposed budget.
- **By August 08:** TCEQ will mail notice of Commission meeting to all water right holders.
- **September 7:** The Commission will meet to consider approval of the FY17 budget.
- **October:** TCEQ will mail FY17 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 FY17 would be \$561,933.68. 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 Molly Mohler, Brazos Watermaster, at (254) 761-3027.

Sincerely,

A handwritten signature in cursive script that reads "Amy Settemeyer".

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

Enclosure

Brazos Watermaster Operations

Preliminary First Year / FY17 Budget Needs

Budget Categories		FY16 Approved Budget	FY17 Operating Budget Needs	Difference from FY16 to FY17 Budget
Salaries		\$275,304.00	\$295,332.00	\$20,028.00
Longevity		\$4,720.00	\$6,020.00	\$1,300.00
Salary Enhancements	(1)	\$7,020.25	\$7,020.00	(\$0.25)
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Other Operating Expenses	(9)	\$4,000.00	\$2,000.00	(\$2,000.00)
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Facilities, Furniture & Equip	(10)	\$53,837.00	\$27,000.00	(\$26,837.00)
Capital Equipment - Non LAR	(11)	\$0.00	\$0.00	\$0.00
TOTAL		\$801,450.56	\$533,837.00	(\$267,613.56)

FY17 Proposed Assessment Calculation:

FY17 Operating Budget Needs:	\$533,837.00
Assessment Needed Based on 95% Collection Rate:	\$561,933.68

Historical Assessment Comparison

	FY15	FY16	FY17
Total Assessment:	n/a	\$843,632.17	\$ 561,933.68
Municipal Rate (per A-F):	n/a	\$0.2006	\$ 0.1154

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



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

PUBLIC MEETING NOTICE

BRAZOS WATERMASTER ADVISORY COMMITTEE

DATE: Monday, July 11, 2016

TIME: 1:30 p.m.

LOCATION: Brazos River Authority Central Office
4600 Cobbs Drive Waco, Texas 76710

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 Brazos WAC will hold a meeting at the Brazos River Authority Central Office, 4600 Cobbs Drive Waco, Texas 76710 on **July 11, 2016 at 1:30 p.m.** to discuss the proposed Brazos Watermaster budget for fiscal year 2017. **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 10, 2016

Molly Mohler, Brazos Watermaster

For questions or for a copy of the Brazos Watermaster proposed budget for fiscal year 2017, please feel free to contact the Brazos Watermaster at (254) 761-3027 or via email at Molly.Mohler@tceq.texas.gov.

Brazos Watermaster Advisory Committee

Meeting Agenda

Date: July 11, 2016

Time: 1:30 pm

Location: Brazos River Authority Offices, 4600 Cobbs Drive, Waco, Texas, 76710.

1. Call to Order
2. Welcome and introductions (BWAC, staff, public)
3. Review and approve minutes from the March 30, 2016 meeting
4. Update from Staff
5. New BWAC Leadership Elections
6. Fiscal Year 2017 Budget And Assessment Review
7. Brazos River Watermaster Operation Model Demo
8. New Business
9. Next Meeting
10. Adjournment