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Kathy Turner Jones
General Manager

July 15, 2016

Board of
Directors

Re: NOTICE OF WATER USE FEE RATES FOR CALENDAR YEAR 1017

Richard J. Tramm
President

Dear Water Well Permit Holder:

James M. Stinson, PE
Vice -President

At its July 12, 2016, board meeting, the Board of Directors of the Lone Star Groundwater Conservation District ("District") approved a 7.5 cents per 1,000 gallons Water Use Fee rate for 2017, which applies to the total amount of groundwater you are authorized by permit to produce in calendar year 2017. While the District Rules do not call for adoption of the rate until later in the year, the Board wanted to adopt the rate earlier so that water permit holders, especially public water systems that have to prepare budgets during the remainder of 2016, would have additional notice of the fee rate. The \$0.075/1,000 gallons rate goes into effect on January 1, 2017, and applies to all uses other than "agricultural use" as that term is defined in the District Rules.

Rick J. Moffatt
Secretary

W. B. Wood
Treasurer

The rate represents a penny-and-a-half increase over the 2016 rate. Because of the 2016 groundwater pumping reductions under the District Regulatory Plan, the District's revenues to fund its operations have been reduced by over 30 percent. While there was some discussion of increasing the rate to an amount necessary to equalize the District's revenue to pre-reduction levels, the District's Board instead decided to make budget cuts and utilize reserve funds to bridge the budget gaps in 2016 and 2017, along with this smaller rate increase for 2017. After conducting a five-year forecast of budget and revenue estimates, the District's Budget and Finance Committee recommended the change to the Board. The District will continue to critically examine financial variations in the years to come and adjust the Water Use Fee rate appropriately.

John D. Bleyl, PE

Gregg Hope

Jace A. Houston

Roy McCoy, Jr.

M. Scott Weisinger, PG

The Water Use Fee rate for agricultural use (\$1.00 per acre-foot) remains unchanged for 2017. The Groundwater Transport Fee for transportation of groundwater out of the District remains a fifty percent (50%) surcharge in addition to the District's water use fee for in-District use. The Minimum Regulatory Water Use Fee remains at \$10.00.

If you have any questions about the 2017 Water Use Fee rates, please feel free to contact the District staff by telephone at (936) 494-3436.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kathy Jones", is written over a light blue rectangular background.

Kathy Turner Jones
General Manager

KTJ:ktj