

# LONE STAR GROUNDWATER CONSERVATION DISTRICT

**January 6, 2016**

## AMENDED MINUTES OF BOARD WORK SESSION

A “board work session” sponsored by the Budget and Finance Development Committee, open to the public, was held in the Lone Star GCD - James B. "Jim" Wesley Board Room located at 655 Conroe Park North Drive, Conroe, Texas, within the boundaries of the District at 9:00 AM on January 6, 2016.

### CALL TO ORDER:

Jim Stinson, Chair, called to order the Board Work Session at 9:08 a.m. and announced members of the committee. Jim Stinson, Chair; Richard J. Tramm, John D. Bleyl, and Roy McCoy

### ROLL CALL:

The roll was called of the members of the Board of Directors, to wit:

Sam Baker  
John D. Bleyl, PE  
Jace Houston  
Roy McCoy, Jr.  
Rick J. Moffatt  
Jim Stinson, PE  
Richard J. Tramm  
M. Scott Weisinger, PG  
W. B. Wood

All members of the Board were present, with the exception of President Tramm; Directors Weisinger; McCoy; Baker, thus constituting a quorum of the Board of Directors. Also, in attendance at said meeting were Kathy Turner Jones, General Manager; District staff; and members of the public. *Copies of the public sign-in sheets are attached hereto as Exhibit "A".*

Director Stinson stated that the purpose of this workshop was to receive and discuss the “Draft 2016 Budget”. He stated that the committee has met on two (2) separate occasions to review input on expenses and income and agreed to present the draft budget as provided to the board members for their review. Director Stinson stated that a \$600,000 reduction in revenue compared to 2015 is due to reduced permitted authorization effective 2016 resulting in a proposed negative budget with expenses are exceeding the income. The Board made a decision

in July to not increase water use fees for 2016 to offset loss in revenue, but to use reserve funds cover FY2016. *Copy of the draft 2016 Budget is attached hereto as Exhibit "B".*

Director Stinson opens the floor for questions and/or comments.

Ms. Jones presented a current balance sheet and statement of revenue and balance sheet as of December 31<sup>st</sup>, 2015. Most items proposed for 2016 reflect a decrease compared to 2015 similar budgeted items. The "Education/Public Awareness Coordination" department was decreased by \$100K. Science based programs were maintained consisted with contractual obligations for 2016 as authorized by the District. Remaining expenses, while reduced, are necessary and needed for the general operation and maintenance of the District.

Director Moffatt asked if all legal expenses were year to date; Kay Martin, bookkeeper for the District stated that the District was in receipt of all legal expenses with the exception of the December invoice. Director Stinson stated that James Stillwell, lead counsel for the District's lawsuit, was brought in to discuss expected costs associated with the suit and projected a \$150K defense cost for the fiscal year 2016. This is in addition to \$150K proposed, and reduced from FY2015, for general counsel services. Ms. Jones commented that Sledge Public Law & Strategies' lobbying fee is decreased in non-legislative years to \$3,000 per month. Director Bleyl commented he appreciated seeing legal expenses separated for FY2016 to allow a better understanding on where funds are allocated

Ms. Jones noted that monies budgeted for "Additional Legal Work" were historically for administrative legal matters involving local counsel. The District saw a significant increase in expenses in 2015 for this line item compared to actual budget. This was largely due to an unusual high volume of open record requests, employment matters, policy updates, and permittee law suits. Staff and Committee originally recommended budgeting \$60,000 for FY2016 based on 2015 actual. Following board discussion, it was recommended this item be reduced to \$30,000 for FY2016. Director Stinson requested that the information be included in the January 2016 board packets.

Director Stinson stated that monies budgeted for "Programs" were consistent with FY2016 contractual obligations. "These are largely science based and appropriate for the District to engage in." Ms. Jones commented the \$5K budgeted for "Well Spacing" is a place holder.

Director Moffatt asked about potential revenue earned from the sale or transfer of Early Conversion Credits (ECC). Ms. Jones stated the District currently charges administrative fees for transfer of existing credits. She added the proposed budget did not account for water use fees to be owed in the redemption of ECCs and recommended adding a revenue line item based on GRPs identified with a quantified number of early conversion credits expected to be redeemed in 2016 to meet their initial conversion obligation. The board was in agreement.

Director Bleyl exited the meeting at 10:10 a.m.

Ms. Jones stated that recommended changes to the 2016 budget today will be incorporated to include in the January 12th board meeting packets.

With there being no further comments to address, Director Stinson, Chair, adjourned the workshop at 10:18 A.M.

**PASSED, APPROVED, AND ADOPTED THIS 12<sup>th</sup> DAY OF JANUARY, 2016.**



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Rick Moffatt, Board Secretary



# SIGN IN SHEET

January 12, 2016  
Board Meeting

Do you wish to speak on an agenda item?	NAME	CITY, STATE, ZIP	E-Mail
	Melisa Montague	Hou TX 77046	
	Kandice Cabets	Magnolia Tx 77354	
	Rex CAMBERN	MONTGOMERY TX 77356	
	TIM HARRIN	HOUSTON TX 77095	
	Jim Seale	Conroe, TX 77303	
	LANCE STEHL	Tomball TX 77377	LRstahl@comcast.net
	Simon Seaman	Magnolia	
	Jackie W. Charico Sr	McWERTHER DISTRICTS WEST	JWCSTPI@aol.com
	Jill Savory	Willis TX 77318	jillsavory@aol.com
	Laura Hancock	Montgomery, TX 77356	
	TINA FELKAI	CONROE, TX	tfelkai@SURA.NET
	Kenny Eitelberg	City of Stenwood, TX	KEITCHEUBERG@STENWOODTX.CS



PO Box 2467, Conroe, Texas 77305  
Phone: (936) 494-3436 Metro: (936) 441 - 3437

## Public Comment Registration

*Please complete and submit this form if you would like to speak or have a question for the speaker or Board.*

Name: Jill Savory Date: 1-12-16

Address: Willis TX

Who you are representing: Self

Question: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

# LONE STAR GROUNDWATER CONSERVATION DISTRICT

## Resolution No. 16-001

### A RESOLUTION OF THE BOARD OF DIRECTORS OF THE LONE STAR GROUNDWATER CONSERVATION DISTRICT ADOPTING AN OPERATING AND CAPITAL OUTLAY BUDGET FOR 2016

**WHEREAS**, the Lone Star Groundwater Conservation District (the "District") was created by the Legislature of the State of Texas by the Act of May 17, 2001, 77th Leg., R.S., ch. 1321, 2001 Tex. Gen. Laws 3246, as amended (the "Enabling Act"), as a groundwater conservation district operating under Chapter 36, Texas Water Code, and the Enabling Act; and

**WHEREAS**, the District's Budget & Finance Committee has worked diligently to identify all reasonably anticipated District revenues, expenses, and activities for the January 1 through December 31, 2016 budget cycle, and, after giving much consideration to these important factors, has developed a proposed 2016 budget for the Board's consideration and deliberation (the "2016FY Budget");

**WHEREAS**, the District Board of Directors (Board) has reviewed and considered the 2016 Operating and Capital Budget;

**WHEREAS**, pursuant to Section 36.154 of the Texas Water Code, the District has prepared a budget that contains a complete financial statement, including a statement of the outstanding obligations of the District, the amount of cash on hand to the credit of each fund of the District, the amount of money received by the District from all sources during the previous year, the amount of money available to the District from all sources during the ensuing year, the amount of the balances expected at the end of the year in which the budget is being prepared, the estimated amount of revenues and balances available to cover the proposal budget, and the estimated fee revenues that will be required;

**WHEREAS**, the Board finds that the adoption of the 2016 Budget, attached hereto as Attachment A and incorporated herein by this reference for all purposes, is merited to support the District's activities and related expenses from January 1, 2016 through December 31, 2016 and that the attached budget will allow the District to carry out the District's objectives and responsibilities as prescribed by the Enabling Act and Chapter 36 of the Texas Water Code.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE LONE STAR GROUNDWATER CONSERVATION DISTRICT THAT:**

- I. The above recitals are true and correct.
- II. The Board of Directors of the Lone Star Groundwater Conservation District hereby adopts an operating and capital outlay budget for January 1, 2016 to December 31, 2016 as

provided in the budget appended hereto as "Attachment A," which is incorporated herein by this reference and is hereby approved and adopted.

- III. The Board of Directors, its officers, and the District employees are further authorized to take any and all actions necessary to implement this resolution.

**AND IT IS SO ORDERED.**

**PASSED AND ADOPTED on this 12<sup>th</sup> day of January, 2016**

**LONE STAR GROUNDWATER CONSERVATION DISTRICT**

By:   
~~Richard J. Tramm, Board President~~  
Rick J. Moffatt, Board Secretary

ATTEST:

  
~~Sam W. Baker, Board Secretary~~  
Samantha Reiter, Asst. Board Secretary

**2016 Draft  
Proposed  
Budget**

**Income**

**ADMINISTRATIVE FEES**

**Application Fees**

AWS Production Permit	\$ 3,000.00
AWS Groundwater Test Wells	\$ 1,000.00
Early Conversion Credit/Transfer of Early Conversion Credits	\$ 800.00
Existing Well Application	\$ 3,000.00
Emergency Permit	\$ 1,500.00
Operating Permit	\$ 20,000.00
Transfer of Permitted Authorization	\$ 3,000.00
GRP Amendment Application	\$ 4,000.00
Application Fee- Other	\$ 3,000.00

**Total Application Fees** \$ 39,300.00

Change in Ownership \$ 3,000.00

Open Records Request \$ 2,000.00

Publications Fees \$ 6,000.00

Returned Check Fee / Other Admin fees \$ 200.00

Well Re-inspection Fee \$ 500.00

**Total ADMINISTRATIVE FEES** \$ 51,000.00

**INTEREST INCOME** \$ 4,000.00

**RESERVE FUNDS - income** \$ 705,000.00

**LONE STAR GCD WATER USE FEES**

Early Conversion Credit Water Use Fee \$ 56,000.00

Export Water Use Fee \$ 3,000.00

Historical Use \$ 928,745.00

Ag Permits \$ 1,676.00

Operating Permit - (2016) \$ 290,492.00

Operating Permit - (Prior 2015) \$ 2,000.00

Operating Permit - 2015 \$ -

AWS Production Fees -2015 \$ 149,655.00

Over Pumpage Fee \$ 15,000.00

Penalty/Interest \$ 15,000.00

**Total LSGCD WATER USE FEES** \$ 1,461,568.00

**Total Income** \$ 2,221,568.00



**Expense**

**ADVERTISING/PUBLIC NOTICES** \$ 10,000.00

**ATTORNEY FEES**

General Counsel Work \$ 150,000.00

Legal - Lawsuit \$ 150,000.00

Additional Legal Work \$ 30,000.00

**Total ATTORNEY FEES** \$ 330,000.00

**AUDIT FEES** \$ 8,000.00

**BOARD EXPENSE**

Equipment \$ 20,000.00

Per Diem \$ 52,000.00

Payroll Tax Liability \$ 4,000.00

Travel/Edu/Training/Other \$ 12,000.00

**Total BOARD EXPENSE** \$ 88,000.00

**BUILDING EXPENSE**

Building Maintenance \$ 15,000.00

Utilities/Custodial/Phone/Cable \$ 30,000.00

**Total BUILDING EXPENSE** \$ 45,000.00

**COMPUTER SUPPORT**

Hosting/Internet/Backup \$ 12,000.00

Software \$ 6,000.00

Supplies \$ 2,000.00

Computer Repair & Support \$ 15,000.00

**Total COMPUTER SUPPORT** \$ 35,000.00

**EDUCATION/PUBLIC AWARENESS COORDINATION**

**PAYROLL EXPENSE**

*Salary* \$ 50,629.05

*Medical/Life* \$ 3,680.00

*Payroll Tax Liability* \$ 3,902.00

*Unemployment Tax* \$ 138.60

*Retirement* \$ 3,037.74

*Vehicle Allowance/Mileage* \$ 1,500.00

*Workers Comp* \$ 150.00

**Total PAYROLL EXPENSE** \$ 63,037.39

**COMMUNITY AWARENESS/PUBLIC RELATIONS**

<i>Mobile Lab (Save Water Texas)</i>	\$	15,000.00
<i>Educational Curriculum in Schools</i>	\$	30,000.00
<i>Educational (BK covers, etc...)</i>	\$	-
<i>National Cinemania</i>	\$	20,970.00
<i>Media - video loops, etc...</i>	\$	10,000.00
<i>ET Weather Station Network</i>	\$	12,500.00
<i>Communication, Public Awareness</i>	\$	15,000.00
<i>Water Efficiency Network</i>	\$	3,000.00
<i>Website Modification</i>	\$	7,500.00
<i>Rainwater Collection Expansion Project</i>	\$	4,000.00
<i>Conservation products</i>	\$	7,000.00
<b>Total COMMUNITY AWARENESS/PUBLIC RELATIONS</b>	\$	124,970.00
Printing	\$	5,000.00
Phone	\$	2,600.00
Edu/Training	\$	2,500.00
Signage	\$	-
Office supplies	\$	2,500.00
Membership Dues & Subscriptions	\$	1,500.00
Presentation Equipment	\$	2,000.00
Mobile Lab - Insurance	\$	1,250.00
Mobile Lab - Supplies and Repairs	\$	3,000.00
Shipping/Freight	\$	1,500.00
<b>Total EDUCATION/PUBLIC AWARENESS COORDINATION</b>	\$	209,857.39
<b>ENGINEERING CONSULTANT SERVICES</b>		
Engineering Consultant Services	\$	35,000.00
District Engineer	\$	55,000.00
Well Permitting Database Management	\$	57,500.00
GMA 14 Planning	\$	15,000.00
<b>Total ENG/CONSULTANT SERVICES</b>	\$	162,500.00
<b>* FIELD/TECHNICAL EXPENSE</b>		
Field Supplies	\$	2,000.00
Fuel Expense	\$	7,000.00
Vehicle (Capital)	\$	-
Vehicle Repair and Maintenance	\$	2,500.00
<b>Total FIELD/TECH EXPENSE</b>	\$	11,500.00
<b>INSURANCE EXPENSE</b>		
Bonds	\$	2,000.00

Building Insurance	\$ 3,500.00
Errors & Omissions	\$ 2,500.00
Liability	\$ 1,100.00
Vehicle Insurance	\$ 2,200.00
<b>Total INSURANCE</b>	<b>\$ 11,300.00</b>
<b>MANAGER</b>	
Travel/Edu/Training	\$ 10,000.00
Vehicle Allowance	\$ 12,000.00
<b>Total MANAGER</b>	<b>\$ 22,000.00</b>
<b>MEMBERSHIPS DUES/SUBSCRIPTIONS</b>	<b>\$ 5,000.00</b>
<b>MISCELLANEOUS</b>	<b>\$ 3,000.00</b>
<b>OFFICE</b>	
Office Equipment	\$ 7,000.00
Equipment Lease - Copier	\$ 4,000.00
Supplies	\$ 6,000.00
<b>Total OFFICE</b>	<b>\$ 17,000.00</b>
<b>PAYROLL EXPENSES (Employee)</b>	
Salaries	\$ 566,341.36
Medical/Life	\$ 95,000.00
Payroll Tax Liability	\$ 43,325.00
Unemployment Tax	\$ 2,000.00
Retirement	\$ 22,635.41
Payroll Service Fees	\$ 5,000.00
Tuition Assistance	\$ 2,500.00
Temporary	\$ 2,000.00
Workman's Comp	\$ 2,000.00
<b>Total PAYROLL EXPENSES</b>	<b>\$ 740,801.77</b>
<b>POST CONSTRUCTION MODIFICATIONS</b>	
Detention Pond Improvements	\$ 50,000.00
<b>Total POST CONSTRUCTION MODIFICATIONS</b>	<b>\$ 50,000.00</b>
<b>POSTAGE EXPENSE</b>	
Postage/Shipping/Delivery Service	\$ 4,500.00
Postage Meter and Supplies	\$ 750.00
<b>Total POSTAGE EXPENSE</b>	<b>\$ 5,250.00</b>
<b>PRINTING (Non-PR...Envelopes, Letterhead...)</b>	<b>\$ 8,000.00</b>
<b>PROGRAMS</b>	
Hydrogeological Modeling/Protection	\$ 2,000.00

<b>Strategic Planning Comprehensive Study</b>	
<b>LBG - Guyton &amp; Associates</b>	\$ 115,000.00
<b>Mullican &amp; Associates</b>	\$ 35,000.00
<b>Well Spacing -</b>	\$ 5,000.00
<b>Shallow Well Observation Program</b>	\$ 10,700.00
<b>USGS JOINT FUNDING AGREEMENT</b>	
<i>USGS - Tech Assistance &amp; Special Projects</i>	\$ 20,000.00
<i>USGS - Groundwater Level Data</i>	\$ 73,500.00
<i>USGS - Water Level change/subsidence</i>	\$ 78,000.00
<i>USGS - Water Quality Recon/Catahoula</i>	\$ 79,875.00
<b>Total USGS JOINT FUNDING AGREEMENT</b>	<b>\$ 251,375.00</b>
<b>Total PROGRAMS</b>	<b>\$ 419,075.00</b>
<b>REBATE WATER USE FEES</b>	\$ 30,000.00
<b>RESERVE FUNDS - Expense</b>	\$ -
<b>TRAVEL/TRAINING STAFF</b>	\$ 10,000.00
<b>Total Expense</b>	<b>\$ 2,221,284.16</b>
<b>Other Income</b>	
<b>Other Income-Miscellaneous (reserve/lawsuit)</b>	
<b>Other Expense-Bldg &amp; Impro</b>	
<b>Gain/Loss Sale of Assets</b>	\$ -
<b>Bad Debts</b>	
<b>NET INCOME</b>	<b>\$ 283.84</b>