

Office of the City Manager

City of Richland Hills, Texas

Memorandum

To: Honorable Mayor Bill Agan and members of the Richland Hills City Council
From: Michael Barnes, Public Works Director
Date: March 27, 2013
Subject: Northern Trinity Groundwater Conservation District Payment

City Council Action Requested:

Consider the payment of \$12,857.84 to Northern Trinity Groundwater Conservation District from 2012 -2013 Water Production and Distribution Budget Account #58170 and amend the 2012-2013 Water Budget by the same amount.

Background Information:

In 2007 the state legislature approved a law that provided for the establishment of groundwater conservation districts. The purpose of the districts is to promote awareness and conservation efforts of the ground water in their respective district. Richland Hills is part of the Northern Trinity Groundwater Conservation District (NTGCD).

The law that was passed in 2007 allows for Groundwater Conservation Districts to assess a production fee on every well within the District. Richland Hills has four active wells and one inactive well. The NTGCD started assessing fees in 2010, however they never invoiced the city or communicated with us how we were to go about reporting the production levels or pay the required amounts. In the last several months, we have obtained the correct forms and information we need to begin our semi-annual reporting and make the necessary payments.

The initial fee that we were to pay was three cents for every thousand gallons pumped. In October 2011, the fee was raised to ten cents per thousand gallons. Finally, in October 2012, the fee was raised to twelve and a half cents per thousand gallons.

To date, we have not paid any of the required fees nor have we reported our usage to the NTGCD. We have prepared the paperwork to submit to them and have calculated the fees we owe, which are listed below:

1. October 1, 2010 – December 31, 2010	\$ 324.06
2. January 1, 2011 – June 30, 2011	\$ 754.48
3. July 1, 2011 – December 31, 2011	\$2,507.71
4. January 1, 2012 – June 30, 2012	\$3,403.89
5. July 1, 2012 – December 31, 2012	<u>\$5,867.70</u>
Total	\$12,857.84

The dramatic increase in cost over time is not a result of additional production, but rather a result of the cost per thousand increases that we have seen.

For your information only, I have attached one reporting form from one of our wells. We will submit five of these (one per each well), every six months. If you would like to see the entirety of the reports we have generated to date, I can provide those to you as well. The funds necessary for payment were not designated in the 2012-2013 Water Budget due to the previous lack of invoices and communication. My recommendation is to pay the fees from the 2012-2013 Water Production and Distribution Budget (Water Budget) account # 58170 – Water Purchased. We have sufficient funds to pay the fees, however it is not an item that we budgeted for. Therefore, staff recommends that council consider approving an amendment to the 2012-2013 Water Budget Account #58170 in the amount of \$12,857.84 and pay the fees to the NTGCD.

In the 2013-2014 Water Budget we will add a new account number, #58160, entitled Water Well Fees in the estimated amount of \$10,000.00.

Board/Citizen Input:

N/A

Financial Impact:

\$12, 857.54 from the 2012 -2013 Water Production and Distribution Budget Account
#58170

Staff Contacts:

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