

MINUTES OF THE REGULAR MEETING
of the
REGIONAL WATER PLANNING GROUP "T"
Wednesday, August 11, 2010 – 10:00 a.m.
Nacogdoches Recreation Center
1112 North Street, Nacogdoches, Texas

1. Call to Order – Chair Kelley Holcomb called the regular meeting to order at 10:13 a.m.
2. Invocation & Pledge of Allegiance – Worth Whitehead gave the invocation and Kelley Holcomb led the group in the Pledge of Allegiance.
3. Roll Call and Determination of Quorum – The roll was called by Stacy Corley and a quorum was determined as follows:

Voting Members Present (14 of 22)

Kelley Holcomb
David Brock
Josh David
Mark Dunn
Scott Hall
Mike Harbordt
William Heugel
Bill Kimbrough
Joseph Holcomb
Glenda Kindle
Monty Shank
Darla Smith
Worth Whitehead
J. Leon Young

Voting Members Absent (8)

David Alders
Jeff Branick
George Campbell
Jerry Clark
Chris Davis
Duke Lyons
Dale R. Peddy
Hermon Reed

Proxies:

Kelley Holcomb for David Alders
Kelley Holcomb for Jerry Clark
Kelley Holcomb for Duke Lyons
Kelley Holcomb for George Campbell
Scott Hall for Jeff Branick
Bill Kimbrough for Hermon Reed

Non-Voting Members Present:

Adam Bradley, RWPG – Region D

Governmental Reporting Agencies Present:

Temple McKinnon, Texas Water Development Board

Lann Bookout, Texas Water Development Board

Terry D. Stelly, Texas Parks and Wildlife - CF

Other Guests Present:

Rex Hunt, Alan Plummer Associates, Project Consultant

Simone Kiel, Freese & Nichols

Bruce Drury, Big Thicket

Richard C. Harrell, Lamar University

Bill Tetley, Sierra Club

R. D. Griffin, G-M Water Supply Corporation

4. **Consideration and Approval of the Minutes for the June 30, 2010 meeting.** Chair
Kelley Holcomb referenced the minutes in the packet.

Glenda Kindle moved to approve the minutes as written. The motion was seconded by Marty Shank and unanimously passed.

5. **Report from City of Nacogdoches** – No Report.

6. **Reports from adjoining regions activity:**

A. **Region C** – Mike Harbordt stated Region C was about a month behind Region I with their regional water plan. He stated they will meet next Monday, August 16, 2010 and he hoped to attend.

B. **Region D** – Worth Whitehead deferred to Adam Bradley, Region D liaison. Mr. Bradley reported Region D adopted their plan yesterday, August 10, 2010.

C. **Region H** – David Alders absent. Temple McKinnon reported that Region H met last week and adopted their plan with Toledo Bend as alternative water source.

7. **Reports from Standing Committees:**

A. **Executive Committee** – No report.

B. **Finance Committee** – No report.

C. **Bylaws Committee** – David Alders absent - No report.

D. **Technical Committee** – Mike Harbordt commented the last Technical Committee meeting was a very thorough discussion of public comments and any changes or items to reconsider. The committee agreed to let the consultant team interpret into dialogue to present to the group at the July meeting. Technical Committee met this morning with the consultants, and reviewed the final proposed changes for the 2011 Plan to submit to TWDB. Mr. Harbordt commented the consultants did a very good job dealing with

very complex matters, and furthermore , he is proud to be associated with this consultant team.

E. **Nominations Committee** – George Campbell absent – no report.

8. **Reports from other state agencies:**

A. **Texas Parks & Wildlife Department** – Terry Stelly updated the status of the dead zone, which, he stated had been growing since April. He explained the dead zone is when oxygen levels in the Gulf are 2 parts per thousand (PPT) or lower, the first half of July oxygen levels were at 2 (PPT) and the first half of August the oxygen levels were up to 3-4 (PPT). Mr. Stelly stated July was pretty bad, the 5th largest on record in terms of square miles. He advised the only oil to affect Texas was contributed to a ship helping with the clean up may have dumped bilge or oil was on the hull. Mr. Stelly advised the shrimp in Texas marshes were not affected and the Gulf is open for fishing. He had no word on the status of oyster fishing, but he felt nothing from the oil spill would affect oyster beds in Texas.

B. **Texas Department of Agriculture** – No report given.

9. **Report from Texas Water Development Board Staff** – Lann Bookout stated the goal now is to have Plans adopted by September 1, 2010, the Planning Group to respond to TWDB's comments and to submit the final Plan to TWDB in October. TWDB will then do an extensive review of the Plan, focusing on RWPG's response to TWDB's comments to make sure each comment is addressed correctly. The Plan can be changed by errata sheets or an addendum between now and final approval by the Board, as opposed to after January 1, 2011, the Plan can only be changed by an amendment or restructure modification to production data.

Data base issues will focus on unmet needs; the Plan must document any reason for unmet needs. The Board does not want any over allocated supply, but may be fixed *after* adopted by the RWPG and *before* Plan goes to the Board for final approval. Plans will be submitted in three (3) groups starting in October and ending in December. Mr. Bookout advised CDs will be accepted by the Board and other recipients as long as they agree; but hard copies must go to state agencies, libraries and courthouses by January 5, 2011. He advised it's best to wait until the Board approves the final Plan before distribution.

As an FYI, the Planning Area Boundaries go to the Board on October 14, 2010. A couple of the regions have comments, Region I has none. Temple McKinnon advised she is not aware of any boundary changes.

Mr. Bookout advised Chairman Holcomb participated in a conference call with the Conservation Advisory Council and a Conservation Study Research project had been approved by the Board to examine current methods of data reported by the water providers, but no scope of work yet. Chairman Holcomb asked that an electronic copy of the solicitation be made available to the planning group, because water conservation is not easy, but rather a complicated issue.

Chairman Holcomb stated one other concern stemming from the conference call, is the possibility the water planning groups might be asked to monitor and maintain reporting data. He stated that water planning groups do not do this now, nor do they have regulating

authority to do such, TCEQ has the enforcement role, and it is not feasible for water planning groups have this role.

Mr. Bookout stated that Round 4, the next five (5) year cycle, is unclear as to the allocation of funds. In the past, contracts were issued by January 31st, but due to the 2011 Legislative Session in May, the amount of allocation is unknown. The allocation will only cover two years of the five year cycle; and TWDB has not determined a method for allocation of funds. Contracts will not be executed prior to September 1, 2011.

Chairman Holcomb stated this was the reason he asked Mr. Bookout to report on this issue, because as of January 1, 2011, Round three (3) funding is over, meaning no more money available for the consultants. All money for consultants and required activities would come from the Administration funding collected locally from the counties in Region I. The role of the planning group may change somewhat in that the consultants will have very limited activity.

Mr. Bookout advised the Board is requiring consultants be obtained. Request for Qualifications (RFQ) will be developed by the City of Nacogdoches according to its procurement policy.

Chairman Holcomb stated two (2) years ago Region I followed the procurement process and the City of Nacogdoches would utilize the same procedure.

Mr. Bookout stated for the Round four (4) cycle the new Census figures are required to calculate population figures which will determine new water demands. The new Census figure should be available in June of 2011.

10. Report from Consultant Team – Rex Hunt/Alan Plummer Associates, Inc.
Rex presented the following milestones:

- September 1 – Final 2011 Plan submitted to TWDB
- Final changes may be necessary depending on final review of the TWDB during the fall
- Final adoption by the TWDB expected by the end of the year

Temple McKinnon discussed rule changes, legislation requires TWDB's staff every five years to review the rules and coordinate with stakeholders, Texas Parks & Wildlife, TCEQ and Texas Dept of Agriculture in executing the public comment period before adopting changes. Temple stated the review should streamline the notification process hoping to make it less confusing.

Leon Young asked about how the next legislative session would affect the timeline for the next round of planning studies, because the Round 4 plan must be based on 2010 Census figures which will not be available until June of 2011. Mr. Bookout advised in Round 4, the Plan must be submitted by September 1, 2016, making the next Final Plan adopted available January 5, 2017.

11. Educational presentation – None.

12. Public Comment – None.

13. Unfinished Businesses – None.

11:00 a.m. break

11:20 a.m. re-convened

14. New Business

A. Consideration and Possible Approval of the inclusion of the Infrastructure Finance Report in the 2011 Regional Water Plan – Rex Hunt.

Rex Hunt explained the Infrastructure Finance Report with the following points:

- Primary purpose – to identify funding needed to implement water management strategies
- Secondary purpose – make funding recommendations for implementation of water management strategies to the TWDB
- IFR prepared by use of a survey to ETRWPA WUGs with identified water shortages
- Survey initially sent in early June
- 17 municipal water user groups (WUGs)
- And 7 wholesale water providers (WWPs) received the survey
- Non-municipal water providers were not surveyed
- Re-sent to non-respondents twice
- Responses through August 10, 2010:
 - 10 of 17 municipal WUGs
 - 6 of 7 WWPs
- Overall response summary:
 - Over \$1.3 billion estimated costs for new water supply and infrastructure
 - \$1.2 billion in surface water supply projects
 - \$112 million in groundwater supply projects
- Municipal WUG responses:
 - Six respondents anticipate using state or federal funding sources
 - Four respondents plan on using utility revenues and/or bank loans
 - Total revenue estimates are still being sorted out from the responses
- Wholesale water provider responses:
 - Respondents indicated recommended strategies would be implemented
 - Total funding needed from TWDB through 2060 = \$1,164,838,000
 - Total funding needed from other sources through 2060 = \$85,790,050
- Policy Recommendations:
 - Water users should pay for required infrastructure
 - State should participate in large water supply projects (costs to be recouped)
 - Regionalization should be considered where necessary to enable users to pay for infrastructure
 - State should provide a safety net funds to be used where other alternatives are not available
- Financial Assistance Program Recommendations:
 - Continued support of:
 - State Participation Programs
 - State Revolving Fund
 - USDA Rural Utilities Service
 - Regional Water Supply and Wastewater Facilities Planning Program

- Regulatory changes needed to enable USACE to increase water supply storage in their reservoirs
- New Funding Sources Recommendation:
 - State should enact a tax on bottled beverages, including bottled water
 - Legislative Budget Board has previously estimated that a 5 cent tax on bottled water could raise > \$65 million
- Approval of the Infrastructure Financing Report requested:
 - Finalized cost estimates, based on final tally of respondents, to be completed prior to September 1, 2010

Mike Harbordt made motion to approve the inclusion of the Infrastructure Finance Report in the 2011 Regional Water Plan. Glenda Kindle seconded the motion and passed unanimously.

B. Consideration and Adoption of the 2011 Regional Water Plan – Rex Hunt

Rex Hunt explained adoption of the 2011 Regional Water Plan with the following points:

- Changes from the Initially Prepared Plan are minor, for the most part
- Comments from the public, entities, and agencies were discussed at the June 30 meeting
- TWDB comments:
- Two levels of comments were provided
 - Level 1 – Required revisions because of statutory, agency rule and/or contract requirements
 - Level 2 – Suggested revisions
- Comments are generally straightforward
- Entergy Texas, Inc., comment regarding Groundwater Conservation Districts was addressed by revising language as the RWPG agreed to at June 30 meeting
- Woodville request to add a well to the plan for their future development was incorporated into the plan
- Nacogdoches request to modify their recommended water management strategy will be addressed fully in the next round of planning
- The City of Dallas comments on Lake Fastrill were incorporated into the final plan:
 - Region I to use same approach to Lake Fastrill as Region C Plan:
 - Remove Lake Fastrill as a recommended water management strategy (WMS)
 - Add Lake Fastrill Replacement project as an alternative WMS
 - Provide updated information regarding Lake Murval
- Texas Parks and Wildlife Department comments:
 - Additional species of concern included
 - Noted fish consumption advisories (mercury)
 - Recognized the value of Lake Columbia
 - Off-channel reservoirs can minimize wildlife impacts if inundation of habitat and impacts to environmental flows are minimized
- Adoption of the Final 2011 Plan by the ETRWPG requested

Mike Harbordt moved to adopt the 2011 Regional Water Plan and authorize the Executive Committee to review and make any necessary changes prior to submittal. Monty Shank seconded the motion and passed unanimously.

C. Consideration and Approval of the FY 2011 Annual Budget – Darla Smith.

Finance Chairman Darla Smith presented the proposed annual budget for September 1, 2010 thru August 31, 2011 in the amount of \$27,400. She stated last year's budget was \$20,715, but she is allowing \$7,000 extra for the additional expenses the City of Nacogdoches is incurring because of printing expenses for the newsletters. The budget reflects \$18,000 to be collected from the counties, which is a 10% reduction to each county; the balance will be met with surplus funds.

Glenda Kindle made motion to approve the FY 2011 Budget as presented. Worth Whitehead seconded the motion and passed unanimously.

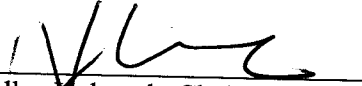
15. Chairman's Report – No report.

16. General discussion – Chairman Holcomb stated the next meeting was set for November 10, 2010.

17. Adjourn –

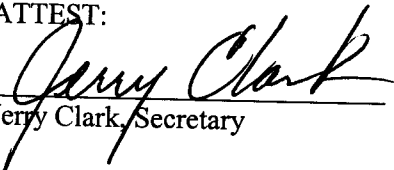
Glenda Kindle moved to adjourn at 12:10 p.m. The motion was seconded by Josh David and unanimously passed.

APPROVED THIS 8TH DAY OF DECEMBER 2010.



Kelley Holcomb, Chair
ETR WPD – Region I

ATTEST:



Jerry Clark, Secretary