

Minutes of the May 16, 2002 Meeting of the
Coastal Bend Regional Water Planning Group for the
Senate Bill 1 Regional Water Planning Program for Region "N"

The meeting of the Coastal Bend Regional Water Planning Group (Coastal Bend RWPG) was held in the auditorium at the TAMU Research and Extension Center, 10345 Agnes Street, Corpus Christi, Texas 78406.

Ms. Carola Serrato of the Coastal Bend RWPG called the meeting to order at 1:43 p.m.

Agenda Item VIII. Ms. Serrato decided to start with the reports section on the agenda while waiting on a quorum of the voting members.

2001 and 2002 Local Administrative Expense Budgets: Ms. Serrato stated that the calendar year 2002 allocation letters had been signed by her and that Mr. Jerry Kane would be signing them within the next few days. The letters were scheduled to be mailed the following week. Ms. Serrato stated that she had contacted the four entities who had not yet paid their 2001 allocations, and that three of them had paid. She said that she would be talking to the Water District in Benavides. She believes that the billing should have gone to the Water District as opposed to the City of Benavides.

Agenda Item II: A visual attendance was noted. Voting members of the Coastal Bend RWPG in attendance included Mr. Greg Carter, Dr. Patrick Hubert, Mr. Robert Kunkel, Judge Josephine Miller, Mr. Bernard Paulson, Mr. Mark Scott, and Ms. Serrato. Mr. Billy Dick supplied a proxy for Mr. Don Roach to be his designated alternate; Mr. Kane supplied a proxy for Mr. Ron Massey to be his designated alternate; and Dr. Jennifer Smith-Engle supplied a proxy for Mr. Vincente Guerra to be her designated alternate. Mr. Bernie DeLaune and Mr. Fausto Yturria had excused absences. A quorum was determined to be present.

Non-voting members in attendance included Mr. Ralph Boeker, Mr. Guerra, and Dr. Jim Tolan. Ms. Rocky Freund attended for the Nueces River Authority (NRA). Guests included Mr. Tom Ballou, Mr. Gary Bushell, Ms. Teresa Carrillo, Mr. Max Castaneda, Mr. James Dodson, Mr. Eduardo Garaña, Mr. Ron Massey, Mr. Jim Naismith, and Mr. Bob Warren.

Agenda Item III: Ms. Serrato asked for approval of the minutes of the April 18, 2002 meeting of the Coastal Bend RWPG for the Senate Bill 1 Regional Water Planning Program for Region N. There was a motion by Mr. Carter to approve the minutes as presented. It was seconded by Mr. Kunkel. There was no discussion and the minutes were approved by a unanimous voice vote.

Agenda Items IV. Ms. Serrato explained that since the subcommittee meeting to review the policy recommendations in the Infrastructure Financing Report (IFR) had not been posted, that she was going to review the results of the subcommittee's meeting, i.e., the changes they had made to the draft policy recommendations, in great detail so that everyone would have an opportunity to make any additional changes.

Ms. Serrato worked through the document, noting where any changes had been made and asking for comments. Ms. Serrato explained that Item 1, which addresses the goal of State assistance, recommends that the State act as a facilitator with respect to providing funding, assist with locating funding, in effect, making the process simpler for the entities to acquire funds. Mr. Carter requested that the phrase "regardless of entity size" be added to the end of the sentence.

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Regarding Item 1f, Mr. Carter noted that the Economically Distressed Area Program (EDAP) would not be needed if this option were in place.

Ms. Serrato explained the reasoning behind Item 2a. She explained that while large communities don't necessarily have all resources available to them, it is that small communities are more vulnerable and need more assistance. She explained that the two-tier process is based on community size. Dr. Hubert commented that while the smaller communities have the same needs as larger ones, they don't have the resources, or tax base, from which to derive funds.

Regarding Item 2c, Judge Miller asked about the reasoning behind the different interest rates. Ms. Serrato explained that the reason this recommendation is included is because it is the consumers who ultimately cover the cost and they were being penalized for being small. Mr. Scott and Mr. Ballou noted that smaller companies have higher risk when underwriting the loans. Judge Miller added that she would prefer that instead of the higher interest rates, that the money goes toward technology with respect to water quality and to the community's staff training.

On Item 3f, Ms. Serrato suggested changing "tax-free incentives" to "tax incentives."

On Item 3g, Ms. Serrato suggested changing "Failure to comply..." to "Entities that fail to comply..."

On Item 3h, Ms. Serrato explained that entities not only need to set affordable water rates, but that a portion of the water rate should be targeted for future maintenance and repairs. Mr. Scott pointed out that this item conflicts with Item 2e where entities with urgent needs are given higher priority. Mr. Ballou suggested that "consideration" may not be the appropriate word, but that a threshold requirement to show that the rate structure will handle all the items. Mr. Massey commented that there will always be emergency needs. Mr. Massey and Ms. Serrato discussed that there are usually two funds, one for emergencies and one that is prioritized for identified projects. Ms. Serrato suggested changing the wording from "recipients that adopt sufficient rates to not only repay the loan,..." to "recipients that exhibit a history of adopting sufficient rates to not only repay loans,..." Mr. Carter questioned whether or not to leave in grants, and Ms. Serrato and Judge Miller said that they would like to leave it in.

Regarding Item 4d, Mr. Carter suggested adding "for water infrastructure" to the end of the sentence. There was more discussion about what was the purpose behind this statement. Mr. Massey commented that there are already state laws that allow for impact fees, and therefore this statement refers to local funding. Ms. Serrato suggested that this item be completely removed.

On Item 4e, Mr. Carter suggested changing the wording from "tax on water rights..." to "tax or additional fees on water rights..."

On Item 4c, Mr. Massey suggested changing the wording from "a tax on bottled..." to "a sales tax on bottled..." The question was raised as to whether or not it is possible to designate the sales tax on bottled water to be designated to a water infrastructure fund. Mr. Bushell noted that he had spoken to Kevin Ward with TWDB, and that they have offered to provide assistance on this issue.

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Mr. Carter noted that a sales tax on bottled water had been a part of SB 2, but had been killed. The recommendation was changed to read "Impose a sales tax on bottled water to provide a source of revenue for the water infrastructure fund."

Agenda Items V. Ms. Serrato asked for a motion for the group to accept the revised list as the final policy recommendations for the Infrastructure Financing Report. Dr. Hubert moved to accept the revised list and it was seconded by Mr. Carter. There was no discussion and the motion was approved by a unanimous voice vote.

Agenda Item VI: Judge Miller made a motion to authorize NRA, on behalf of the Coastal Bend RWPG, to execute a contract with TWDB for a Regional Water Planning Grant to the revise the Coastal Bend Regional Water Plan contingent on the co-chairs approval of the changes to the scope of work as suggested by TWDB. Dr. Hubert seconded the motion. There was no discussion and the motion was approved by a unanimous voice vote.

Agenda Item VII: Judge Miller made a motion to authorize NRA, on behalf of the Coastal Bend RWPG, to execute a contract with HDR Engineering, Inc. to serve as a subcontractor for the contract described in Item VI. Mr. Scott seconded the motion. There was no discussion and the motion was approved by a unanimous voice vote.

Agenda Item VIII (continued): Planning Group Vacancies: Ms. Serrato stated that the Executive Committee met prior the regular meeting to accept the resignations of Dr. Smith-Engle and Mr. Garica. She also noted that Mr. Figuero has stated that he would like to continue to serve on the planning group. Therefore, it is the recommendation of the Executive Committee to advertise for the environmental and river authority slots.

Economically Distressed Area Program: Mr. Boeker explained that the program was passed in 1989 to provide financial assistance, through loans and grants, to economically distressed areas to bring water and wastewater infrastructures up to state standards. There was initially \$549 million available. TWDB has committed to 74 projects for \$506 million. The projects have served 243,000 people identified in the 1996 colonia needs survey. There are 19 additional projects identified for \$82.5 million. Judge Miller asked if he knew how much of the money was going towards Region N. She asked if he could find out the total number of TWDB dollars that are being spent in Region N, and the breakout EDAP and other programs. Mr. Carter said the EDAP website shows that most of the projects are in the valley. Ms. Serrato asked Mr. Boeker if he could also find out what legislative changes have taken place since the program was put into place. Judge Miller noted that San Patricio is an EDAP county, and that the requirements have been tightened. She is concerned that the systems that are put in with this program will not be properly maintained, then the entities will again look to the state for funding to fix the systems.

Totals Dissolved Solids (TDS) Choke Canyon Reservoir: Ms. Freund explained that the reservoir is currently on the 305(b) list which could mean that it will be on the 303(d) list, therefore requiring a Total Maximum Daily Load (TMDL) to be preformed. She explained that this is a naturally occurring event, i.e., as the lake level drops, the solids are concentrated and therefore the TDS levels are going up. During the last two years of the assessment period, the lake fell ~5.5 feet, or 12.5% of its volume. There is a possibility that it won't be put on the 303(d) list since the TDS levels are not that far above the criteria, and it is considered a low

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priority. NRA samples the lake quarterly, and is now taking additional samples for TNRCC. These additional studies may show that the criteria for the segment may need to be changed to more accurately reflect the natural process. Mr. Ballou agreed that "this is a perfectly naturally condition for a perfectly unnatural lake." He suggested that this is a candidate situation to petition the TNRCC to consider a site-specific criteria. Mr. Naismith asked if there was any TDS modeling done as part of the reservoir planning. Judge Miller asked if this would add fuel to the concept of a pipeline from Lake Corpus Christi to Choke Canyon Reservoir, and Mr. Paulson added that this also includes the Cotulla diversion project. Mr. Dodson said that HDR can include TDS modeling into the reservoir model. Ms. Serrato asked if the group wanted to request that the city, as an agenda item at the next meeting, to petition TNRCC for a site-specific criteria for TDS. The group agreed. Mr. Dodson reminded the group a TDS study had originally been included as part of the optional scope of work, but had been cut. Mr. Naismith commented that the water is still the best we can get. Mr. Ballou explained to Mr. Warren what dissolved solids are included in TDS figures.

Mr. Garaña discussed the preliminary results of the Lake Corpus Christi survey. He explained that the City of Corpus Christi wanted to look at the difference between the results of the 1987 survey and the recent one. Mr. Massey and Mr. Garaña explained the new result shows a higher capacity, 257,463 AF, than is currently being used, 241,241 AF. The first survey was done by USGS and adjusted by HDR. The second survey was done by TWDB. There was discussion about how the new number affects the firm yield. Mr. Dodson stated that the 1987 survey was controversial. Judge Miller commented that the newer survey with better technology may be more accurate. The final report should be out in 30-45 days.

Agenda Item IX: Ms. Serrato asked for any public comment. There was none. She announced that there is going to be a public hearing the next day at Corpus Christi City Hall, sponsored by TNRCC and Representative Jaime Capelo, on the passthru to the bays and estuaries.

Agenda Item X: The next meeting date was set for 1:30 pm on July 18, 2002 at the same location provided the facilities are available.

Agenda Item XI: Dr. Hubert made a motion to adjourn the meeting and Mr. Kunkel seconded the motion. Ms. Serrato adjourned the meeting at 3:20 pm.

Minutes prepared by: Ms. Rocky Freund and Ms. Carola Serrato

Minutes Submitted by: _____

Patrick Hubert, DVM
Secretary, Coastal Bend RWPG

_____ Date