

MINUTES OF THE MEETING
OF THE
BOARD OF DIRECTORS OPERATIONS COMMITTEE
OF THE
SAN ANTONIO RIVER AUTHORITY
MAY 12, 2008

The Operations Committee of the SAN ANTONIO RIVER AUTHORITY Board of Directors was called to order by H. B. Ruckman III, Chairman, at 2:13 p.m., Monday, May 12, 2008, in the Boardroom of the San Antonio River Authority, 100 E. Guenther, Bexar County, Texas.

H. B. Ruckman III, Chairman, called the roll and certified a quorum for the Operations Committee Meeting as follows:

Hector Morales	Present
Názirite Rubén Pérez	Present
H.B. Ruckman III	Present
Adair R. Sutherland	Absent
Thomas G. Weaver	Present

Staff members present were:

Suzanne B. Scott, General Manager
Steve Graham, Assistant General Manager
Steve Raabe, Director of Technical Services
John Chisolm, Director of Operations
Sharon McCoy-Huber, Finance Manager
Jim Blair, Watershed Operations Manager
Jim Boenig, Engineering Manager
Rudy Farias, Water Resources and Community Development Manager
Nefi Garza, Watershed Management Manager
Al Astran, Utilities Manager
Mike Gonzales, Environmental Sciences Manager
Claude Harding, Real Estate Manager
John Gomez, Utilities Engineer
Russell Persyn, Engineer
Tom Pardue, Engineer
Jim Doersam, Engineer
Steve Lusk, Environmental Sciences Department Superintendent

Others present were:

David Ross, Legal Counsel
Lupe Moreno, Temporary Administrative Assistant
Jeff Neathery, DNA Geosciences
Punch Humpherries, El Oso WSC

Mr. Ruckman called for **Agenda Item 5: Approval of the minutes of the Operations Committee Meeting held on April 7, 2008:** Tom Weaver moved to approve the minutes as written and, seconded by Hector Morales, the minutes were approved unanimously.

Regarding **Agenda Item 6: Introduction of Visitors:** Mrs. Moreno introduced Jeff Neathery of DNA Geosciences and Punch Humphries with El Oso WSC

Mr. Ruckman called for **Agenda Item 7: Citizens to be Heard:** Mrs. Moreno indicated there were none.

Mr. Ruckman called on Steve Raabe and Steve Lusk for **Agenda Item 8: Presentation, Discussion and Appropriate Action on the Estuary Response Project and an Interlocal Cost Sharing Agreement with the Guadalupe-Blanco River Authority**

Mr. Lusk explained that water and natural resource management strategies applied in the San Antonio River Basin can have an impact on the environmental flows needed to support sound ecological environments in the San Antonio River, the Guadalupe Estuary and San Antonio Bay. The Estuary Response Project (ERP) was designed to help determine the freshwater inflow requirements for San Antonio Bay. The components of the study include biology, hydrography and water quality.

The ERP will develop and apply models capable of depicting the large scale variations in key ecosystem parameters and their dependence on external factors. One of the most important is freshwater inflow to San Antonio Bay. A central element of the biological component of ERP consists of the development of a merged database of traditional harvest data to the extent records are available, and an analysis of that harvest data.

The Biological Data-Base Manager Software project (a sub-task of the biological component of the ERP) would develop a custom database to extract and manipulate specific biological density data from the Texas Parks and Wildlife Department (TPWD) Coastal Fisheries data file. Currently the TPWD database is so large that it cannot be opened by standard software.

Development of the custom database will be required to extract TPWD data for both the Estuary Response Project (ERP) and the Coastal Impact Assistance Program (CIAP). This custom database will help to assimilate the basic data needed to determine the environmental flows mandated in Senate Bill 3.

The estimated cost of the Biological Data-Base Manager Software task is \$55,000. The San Antonio River Authority and the Guadalupe-Blanco River Authority would split the cost of this task 50/50. The funds for SARA's share of the cost are included in the FY 2007/08 budget.

Mr. Lusk recommended a motion indicating Operations Committee support for presenting to the San Antonio River Authority Board a request for approval of the Biological Data-Base Manager Software Project and authorization for the General Manager to negotiate and execute a cost sharing agreement with the Guadalupe-Blanco River Authority was made.

Mr. Ruckman called for said Motion. Tom Weaver so moved and seconded by Hector Morales. Mr. Ruckman asked if there was discussion. Mr. Morales asked for clarification of SARA's

responsibility of the total estimated cost of the software. Mr. Lusk verified that SARA would pay 50% of the \$55,000. Mr. Weaver asked if Mr. Lusk had confidence that the software would work. Mr. Lusk responded, yes, and added that based on the results of previous projects using the same software he is confident in the software.

The motion then carried unanimously.

Mr. Ruckman stated that there was a visitor from out of town and if there were no objections he would like to call on Sharon McCoy-Huber and move forward to **Agenda Item 18: Motion authorizing the San Antonio River Authority Staff, Financial Advisor and Legal Counsel to prepare all documents relating to the issuance of Contract Revenue Bonds, Series 2008**

Ms. McCoy-Huber explained that over the past two years, it has come to staff's attention that the City of Kenedy and El Oso Water Supply Corporation need to fund improvements that the River Authority can help address through the issuance of debt. Contracts will be prepared with each of the entities guaranteeing the payment of this debt from the revenues they collect from customers.

Staff has reviewed with, and received assurances that contract revenue bonds would not affect the River Authority's bond ratings from, First Southwest, the River Authority's financial advisor, and McCall, Parkhurst & Horton, the River Authority's bond counsel.

The City of Kenedy is in need of improvements to their desalination plant and other water system improvements. The River Authority is actively managing this project. The City has received a grant from the Texas Water Development Board for improvements to the City's existing brackish groundwater desalination plant but is in need of the local match to see the project through construction. The River Authority will issue tax-exempt bonds in an amount not to exceed \$1.5 million. Payment terms will not exceed 30 years. The funds will be utilized for the completion of the engineering and construction associated with the TWDB brackish groundwater desalination plant demonstration project and the construction of a new elevated storage tank to replace two existing tanks on St. Mary's Street.

El Oso Water Supply Corporation is in need of improvements to its water distribution system. The River Authority will issue taxable bonds in an amount not to exceed \$3 million. Payment terms will not exceed 30 years. Funds will be used for water treatment plant improvements, line replacement, and upsizing.

The action to be considered by the Operations Committee will authorize the staff, financial advisor and bond counsel to proceed with preparing documents relating to and required for two Series of Bonds in amounts not to exceed the amounts previously noted for the purposes described in the preceding paragraphs. Each Series of Bonds will be secured by a first lien on the revenues received by SARA under the respective contracts. Payments under the contracts will constitute an operation and maintenance expenditure of such entity's waterworks system.

A Motion that the staff, financial advisor and bond counsel proceed in preparing all documents relating to the issuance of contract revenue bonds, series 2008 was made.

Mr. Ruckman called for said Motion. Tom Weaver so moved and seconded by Hector Morales. Mr. Ruckman called for any questions or comments. Mr. Weaver asked why taxable bonds are being requested, and he also wanted clarification as to whether El Oso is a municipal type entity or a private entity. Ms. McCoy-Huber explained that El Oso is a water supply corporation so it is considered a non-profit, which means that they do not qualify for tax-exempt bonds. Mr. Weaver asked how these contracts will be backed up. Ms. McCoy-Huber's response was contract revenue bonds. There will be an ILA with El Oso and another with the City of Kenedy and that agreement backs up the repayment to the River Authority. Mr. Weaver was pleased to help out the City.

Visitor, Mr. Humphries, was called upon by Mr. Ruckman. Mr. Humphries stated that El Oso serves four counties and offered to answer any questions from the Board but none were asked.

Motion was then carried unanimously.

Mr. Ruckman called on Rudy Farias for **Agenda Item 9: Presentation, Discussion and Appropriate Action regarding the Development of an Agreement for Reuse Water with Woodlake ERA Ltd**

Mr. Farias explained that the San Antonio River Authority (River Authority) has reuse agreements with Alamo Turf Farms for 186 acre-feet per year and the Woodlake Golf Course for 200 acre-feet per year. The reuse water is supplied by the Martinez I wastewater treatment plant. The River Authority has been approached by Woodlake ERA LTD, a neighboring development to the Woodlake Golf Course, requesting an extension of the reuse line to provide 15 acre-feet per year of reuse water for landscape irrigation on a 35 acre tract. The reuse water is available at the Martinez I wastewater treatment plant.

River Authority staff has evaluated the discharge amounts from Martinez I wastewater treatment plant and has concluded the discharge amounts are sufficient to provide 15 acre-feet per year of reuse water to the development. Staff has also estimated the amount of reuse water requested by Woodlake ERA LTD is not large enough to materially affect the flow in Martinez Creek. Instream flow studies to determine the environmental flow needs in Martinez Creek will not be complete until July 2008. Based upon the minimal request, staff recommended negotiating an agreement for 15 acre-feet per year of reuse water with the Woodlake ERA LTD developer.

A motion indicating Operation Committee support for continuing discussions and developing an agreement with the Woodlake ERA LTD to provide 15 acre-feet per year of reuse water was made.

Mr. Ruckman called for said Motion. Hector Morales so moved and seconded by Tom Weaver. Mr. Ruckman called for discussion. Mr. Ruckman wanted to clarify that if action is not taken, Woodlake ERA would take potable water from SAWS and use it. Mr. Farias confirmed Mr. Ruckman was correct and also stated that there would be an agreement presented at the next Operations Committee meeting and then presented to the Board next month.

Mr. Weaver asked what kind of capital outlay is the developer responsible for to connect to the system for the 15 acre feet. Melissa Bryant responded with a \$300,000 approximate capital outlay.

Mr. Ruckman called for more questions or comments. None were made. Motion carried unanimously.

Mr. Ruckman called on Nefi Garza for **Agenda Item 10: Presentation, Discussion and Appropriate Action regarding a Resolution of the Board of Directors of the San Antonio River Authority Authorizing the General Manager to Execute a Supplemental Agreement to the Updated Feasibility Cost Sharing Agreement for the Cibolo Creek Watershed Study Phase III**

Mr. Garza reported that the US Army Corps of Engineers Cibolo Creek Feasibility Study was authorized by the San Antonio River Authority on February 20, 2002. The objective of the study is to determine the level of federal interest in development of flood control and ecosystem restoration projects in the Cibolo Creek above IH-10. The San Antonio River Authority and its co-sponsors, the San Antonio Water System (SAWS) and Guadalupe-Blanco River Authority (GBRA), have contributed approximately \$895,000 to match the federal share of \$910,500 for a total of \$1,805,502 for the first two phases of the study.

During Phases 1 and 2, hydrology and hydraulic models have been developed, calibrated and analyzed. The scope of the study was increased to better define surface to groundwater interaction and its effect to the Edwards and Trinity Aquifers. This has drawn the interest of the Edward Aquifer Authority (EAA) as a potential participant.

The Corps of Engineers is ready to initiate the third phase of the feasibility study. The authorization to start Phase 3 will be a supplement to the original 2002 Feasibility Study. This will be the final phase before design and construction. The total cost for the feasibility study has increased due to the need for an integrated environmental impact statement and other price level inflation in engineering and design. Costs for all three phases are shown below and the new revised total and difference is shown below.

**Cibolo Watershed Study
Revised Study Costs**

	Original Total for all 3 phases	Revised Total	Difference
SAWS	\$ 419,688	\$650,572	\$ 230,884
GBRA	\$ 507,657	\$817,215	\$ 309,558 *
SARA	\$ 507,657	\$817,215	\$ 309,558
COE	\$ 1,450,500	\$2,300,500	\$ 850,000
	\$ 2,885,502	\$4,585,502	\$1,700,000

The Edwards Aquifer Authority will be participating in Phase 3 of the feasibility study through an interlocal agreement with GBRA.

Mr. Garza informed the Board of a correction that needed to be made with regards to an asterisk (*) needed to be placed next to “GBRA” in the above table AND in front of the previous paragraph – which is the sentence directly below the Cibolo Watershed Study table. Mr. Weaver then asked for clarification as to whether or not SARA will benefit or just GBRA. Mr. Garza stated that GBRA will be the only ones to benefit from EAA’s participation due to the fact that GBRA did not get approval for the increase in cost. Therefore, EAA offered to pay for the difference in cost.

Mr. Ruckman wanted to verify that the increase was in the budget. Mr. Garza confirmed that the increased cost was anticipated and accounted for in the budget.

A motion indicating Operations Committee support for presenting to the Board of Directors of the San Antonio River Authority a resolution authorizing the General Manager to execute a Supplemental Agreement to the Updated Feasibility Cost Sharing Agreement for the Cibolo Creek Watershed Study Phase III was made.

Mr. Ruckman called for said Motion. Názirite Pérez so moved and seconded by Hector Morales. Mr. Ruckman called for any questions or comments. Mr. Weaver wanted to know where the sites will be located for the recharged dams. Mr. Garza stated that the sites will be sensitive to the flood zones, bat caves and eminent domains.

Motion carried unanimously.

Mr. Ruckman called on Suzanne Scott and David Ross for **Agenda Item 11: Discussion and Appropriate Action regarding a Memorandum of Understanding between Bexar County, the City of San Antonio and the San Antonio River Authority regarding the Use and Management of Potential Revenue from the Visitors Tax to Support and Enhance the San Antonio River Improvements Project**

Ms. Scott reported that Bexar County is sponsoring a referendum on May 10, 2008, to seek voter approval of an increase to the visitor tax to fund four propositions supporting various tourism related programs. Proposition 1 would provide \$125 million to fund river improvements including \$70 million to offset federal funding shortfalls on the Mission Reach project, \$42.5 million enhancements to the Eagleland Reach and Mission Reach and \$12.5 million to fund hike and bike trails and other improvements in the Museum Reach Park Segment.

Bexar County has requested that the San Antonio River Authority serve as project manager for the visitor tax funded projects, should the referendum receive voter approval. The River Authority role would be an extension of its current role and responsibilities on the San Antonio River Improvements Project as detailed in the Interlocal Agreement between the parties executed December 5, 2006. Bexar County has prepared the attached Memorandum of Understanding (MOU) for the purpose of describing the roles and responsibilities pertaining to the provision of the additional funding for the River Improvement Project specifically detailing the approval

process for the allocation of visitor tax funding for approved projects. The City of San Antonio is also a party in the agreement.

The MOU is non-binding and expands the River Authority's current project management responsibilities for design and construction of the visitor tax funded elements. The MOU is seeking a commitment from the River Authority and the City of San Antonio to assume project operations and maintenance responsibilities for the visitor tax funded components. The River Authority and the City are continuing discussions to define the specific river-related operations and maintenance responsibilities. With each of the four visitor tax-funded propositions, the County is securing commitments for operations and maintenance from project sponsors. Bexar County is aware of the River Authority's funding limitations.

The Bexar County Commissioners Court considered the MOU on May 6, 2008.

According to Mr. Ross, it is crucial that the agreement reallocate funds among all available sources to make sure that the project can be completed.

Mr. Weaver asked if the River Authority could enter into a binding agreement if the funds were not available. Ms. Scott reported that any binding agreement is only as good as the subsequent board's decision to fund or not fund a project.

Mr. Ross indicated there is nothing in the current agreement that pledges annual appropriations in future years. It does require the agreement of the River Authority to the actions required, including the Maintenance Plan and the Capital Budget, based upon the Committee's and the Board's commitment to fund them.

Ms. Scott explained that if this MOU is approved, staff can go back in and make the necessary modifications to the overall ILA and reflect the changes, requirements, and obligations. Ms. Scott also explained that the County is very reluctant to cover SARIP maintenance with the visitor tax, as that would open the door to maintenance on all other propositions that passed.

Staff recommended a motion indicating Operations Committee support for presenting to the San Antonio River Authority Board of Directors the Memorandum of Understanding between Bexar County, the City of San Antonio and the San Antonio River Authority relating to the river improvements that would be funded by the visitor tax.

Mr. Ruckman called for said Motion. Tom Weaver so moved and seconded by Hector Morales. Mr. Ruckman asked for discussion. Mr. Ruckman asked if there were any ongoing discussions of future visitor tax that could address the maintenance issue. Ms. Scott stated she would research that opportunity.

Motion carried unanimously.

Mr. Ruckman called on Mike Gonzales for **Agenda Item 12: Presentation, Discussion, and Appropriate action regarding an Ordinance approving Fiscal Year 2008/09 Environmental Sciences Department Regional Water And Wastewater Laboratory Analytical Fee Schedule**

According to Mr. Gonzales, on June 20, 2007, the San Antonio River Authority (SARA) Board of Directors passed and approved Ordinance No. O 1289 adopting and promulgating the SARA Environmental Sciences Department (ESD) Regional Water and Wastewater Laboratory analysis fee schedules for FY 2007/08. The ordinance continues the policy for the review and adoption of changes to future laboratory analysis fee schedules by ordinance approved by the SARA Board of Directors

SARA Environmental Sciences Department personnel have evaluated the fiscal year 2007/08 Laboratory Analysis fee schedule in comparison with other area laboratories. Staff has also considered newly adopted analytical methodologies, equipment and resulting laboratory efficiencies. The Laboratory has had an increase in the number of samples submitted over the last year, and is recommending no fee adjustments for fiscal year 2008/09. However, the ESD laboratory has added new capabilities and is now able to analyze for chlorophyll a, and a suite of heavy metals. The fees for chlorophyll a and heavy metals parameters are additions to the fee schedule.

The proposed 2008/09 Environmental Sciences Department Regional Water and Wastewater Laboratory Fee Schedule was provided to the SARA Board of Directors Operations Committee for review and discussion in advance of presentation to the SARA Board of Directors.

A motion indicating Operations Committee support for presenting to the San Antonio River Authority Board of Directors an Ordinance approving the Environmental Sciences Department Regional Water and Wastewater Laboratory Fee Schedule was made.

Mr. Ruckman called for said Motion. Tom Weaver so moved and seconded by Hector Morales. Mr. Ruckman called for discussion.

Mr. Kollodziej expressed concern regarding the additional fees and wanted clarification as to how the fees would be labeled on the customer's bill. Mr. Gonzales responded that each parameter has its own price and assured him that all of the fees reflect analytical fees which are indicated in a fee schedule. Mr. Weaver asked for a rough estimate of what the lab's expected revenue for the forthcoming fiscal year would be. Mr. Gonzales responded with an estimate of \$90,000. Mr. Gonzales added that it does not include what the lab supports in projects; there has been an increase in customers as well as upgrades to some equipment.

Motion carried unanimously.

At the request of Sharon McCoy-Huber to take Item 14 prior to Item 13, Mr. Ruckman called on Sharon McCoy-Huber & Al Astran for **Agenda Item 14: Presentation, Discussion, and Appropriate Action Regarding an Ordinance of The Board of Directors of The San Antonio River Authority authorizing and directing the General Manager to execute and the Assistant Secretary to attest, respectively, Amendment No. 39 to Sewage Transportation, Treatment And Disposal Contract for the fiscal year beginning July 1, 2008**

Ms. McCoy-Huber reported that the rate formula required by the contracts with the cities of Universal City, Converse and Live Oak, the capital replacement and debt service rate and the operation and maintenance rate for fiscal year 2008/09 are \$1.19 fixed charge and \$1.41 per

1,000 gallons per month, respectively. The rate for commercial customers is \$1.61 per 1,000 gallons of actual monthly-metered water consumption. Impact fees will remain the same at \$1,350 per residential equivalent connection.

Using the 2007/08 winter average water use for each of the cities and the San Antonio River Authority Retail System to calculate the monthly rates as required by the contracts with the cities, the River Authority wholesale bill to the “average” residential customer in each system is as follows:

<u>Served Group</u>	<u>Wholesale Monthly Charge</u>		<u>Winter Average Water Consumption</u>	
	<u>Current</u>	<u>Proposed</u>	<u>Current</u>	<u>Proposed</u>
	<u>2007/08</u>	<u>2008/09</u>	<u>Gal/Mo</u>	<u>Gal/Mo</u>
Universal City	8.24	8.73	5,169	5,339
Converse	9.07	10.24	5,776	6,414
Live Oak	9.20	8.94	5,868	5,491
SARA Retail	9.41	9.83	6,019	6,121
Average	9.06	9.59	5,767	5,949

Contract Amendment No. 39 incorporates the necessary changes in wholesale rates and continues the impact fees unchanged from fiscal year 2007/08. The City Council of Live Oak will meet on May 13, 2007; the City Councils of Universal City and Converse met on May 6, 2007 to consider Contract Amendment No. 39. The River Authority staff was present at these meetings to give presentations and to answer questions.

All parties need to approve Contract Amendment No. 39 by the end of May to allow the River Authority the required 30 days written notice of rate changes to the water purveyors who, by contract, must bill the new River Authority charges beginning on July 1.

Mr. Weaver addressed a question to Steve Graham as to whether or not there were any complaints made at the City Council meeting in Converse and wanted to know the reaction of Sam Hughes regarding the increase. Mr. Graham responded that Mr. Hughes was supportive of our operation and acknowledged that the winter average was the main factor for the increase. Mr. Morales was interested to know when the last time the rate was increased and does it increase every year? Ms. McCoy-Huber stated that Finance brings the rate forward to the Board of Directors every year in May and that the cost may increase or maintain. Mr. Weaver added that the city will get money back if the budget shows an excess of money in that system. SARA apportions that money amongst the cities according to their usage and the city would receive a check back.

Staff recommended a Motion indicating Operations Committee support for presenting to the Board of Directors of the San Antonio River Authority an ordinance authorizing and directing the General Manager to execute and the Assistant Secretary to attest, respectively, Amendment No. 39 to sewage Transportation, Treatment and Disposal Contract for the fiscal year beginning July 1, 2008.

Mr. Ruckman called for said Motion. Tom Weaver so moved and seconded by Hector Morales. Mr. Ruckman asked for further discussion. Mr. Morales asked how often the rate change occurs. Ms. McCoy-Huber stated that Finance tries to present it to the Board every year. It may increase or sustain.

Motion carried unanimously.

Mr. Ruckman called on Sharon McCoy-Huber & Al Astran regarding **Agenda Item 13: Presentation, Discussion, and Appropriate Action regarding an Ordinance of The Board Of Directors of The San Antonio River Authority establishing impact fees and wastewater service charges to become effective July 1, 2008 for the Salatrillo Creek Retail Wastewater System**

Ms. McCoy-Huber reported that customers of the Salatrillo Creek Retail System are served collectively as an additional contracting party like Converse, Live Oak and Universal City, which also receive wastewater treatment service from the Salatrillo System. It is necessary that Salatrillo Creek Retail System charges include all elements of the wholesale charges to the cities, plus the additional costs associated with the operation and maintenance of the Retail System's wastewater collection system.

A comparison of the current and proposed charges for the typical retail customer who experienced "system average" wintertime water use is as follows:

<u>2007/08 (Current)</u>	<u>2008/09 (Proposed)</u>
\$9.41 + \$4.90 = \$14.31*	\$9.83 + \$3.33 = \$13.17*

*Wholesale charge plus retail system expense = monthly retail service charge.

The proposed commercial sanitary wastewater rate is \$2.08 per 1,000 gallons of actual metered water consumption

The calculated rate conforms wholesale charges for the Salatrillo Creek Retail System customers to that of the three cities served by the same system and provides for recovery of the necessary charges for operation and maintenance of the collection system. The current impact fee of \$1,350 per residential equivalent connection for future development in this portion of the Salatrillo System service area remains the same.

Staff recommended a Motion indicating Operations Committee support for presenting to the Board of Directors of the San Antonio River Authority an ordinance establishing impact fees and wastewater service charges to become effective July 1, 2008, for the Salatrillo Creek Retail Wastewater System.

Mr. Ruckman called for said Motion. Hector Morales so moved and seconded by Tom Weaver. Mr. Ruckman called for discussion. Mr. Weaver requested staff to research how the O&M cost was able to be lowered 13% in one year and when it would be expected to increase.

Motion carried unanimously.

Mr. Ruckman called on Sharon McCoy-Huber & Al Astran for **Agenda Item 15: Presentation, Discussion, and Appropriate Action Regarding an Ordinance of The Board of Directors of the San Antonio River Authority authorizing and directing the General Manager to continue the program for the sale and delivery of treated municipal wastewater (reclaimed water), for “unrestricted use” as defined by the Texas Natural Resource Conservation Commission Rules, Chapter 310, use of reclaimed water, at the Salatrillo Creek Wastewater Treatment Plant for utilization in and out of the San Antonio River Authority Wastewater Service Area during the fiscal year beginning July 1, 2008 and establishing a cost for such wastewater**

According to Ms. McCoy-Huber, on May 7, 1998, the City of Converse requested that the San Antonio River Authority provide the means to distribute reclaimed water. It is proposed that the General Manager continue the program for the sale and delivery of reclaimed water to individuals or companies into tanks for distribution from the Salatrillo Wastewater Treatment Plant. A fixed charge of four dollars (\$4.00) for loading and a variable charge of one dollar (\$1.00) per 1,000 gallons of reclaimed water provided are proposed. The charge is to cover administrative costs associated with the program.

Staff recommended a Motion indicating Operations Committee support for presenting to the Board of Directors of the San Antonio River Authority an ordinance authorizing and directing the General Manager to continue the sale and delivery of treated municipal wastewater at the Salatrillo Creek Wastewater Treatment Plant for utilization in and out of the San Antonio River Authority Wastewater service area during fiscal year 2008/09 and establishing a cost for such wastewater.

Mr. Ruckman called for said Motion. Tom Weaver so moved and seconded by Hector Morales, Motion carried unanimously.

Mr. Ruckman called on Sharon McCoy-Huber & Al Astran regarding **Agenda Item 16: Presentation, discussion and appropriate action regarding an Ordinance of the Board of Directors of the San Antonio River Authority amending Ordinance No. O-692, passed and approved September 19, 1979, as amended establishing monthly rates and fees for the San Antonio River Authority Wastewater System for the fiscal year beginning July 1, 2008**

Ms. McCoy-Huber reported the rate formula used for the San Antonio River Authority Wastewater System (Martinez Creek Retail) is identical to the formula that is incorporated into the inter-governmental service contracts for the Salatrillo Wholesale Wastewater System. For fiscal year 2008/09, staff recommends a fixed charge (debt service plus capital replacement) of \$5.66 per month and an operations and maintenance rate of \$4.50 per 1,000 gallons per month. The monthly average of wintertime metered water consumption increased for the customers served by the Bexar Metropolitan Water District and the San Antonio Water System. The effective monthly wastewater bill for the “average” residential customer within the area is as follows:

<u>Wholesale Monthly Charge</u>		<u>Winter Average Water Consumption</u>	
<u>Current</u>	<u>Proposed</u>	<u>Current</u>	<u>Proposed</u>
<u>2007/08</u>	<u>2008/09</u>	<u>Gal/Mo</u>	<u>Gal/Mo</u>

Average	28.42	29.93	5,562	5,393
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The fiscal year 2008/09 commercial wastewater service rate will be at \$5.55 per 1,000 gallons of metered water consumption per month. The impact fee will remain the same at \$2,150 per residential equivalent connection.

Staff recommended a Motion indicating Operations Committee support for presenting to the Board of Directors of the San Antonio River Authority an ordinance amending Ordinance No. O-692 and on establishing monthly rates and fees for the San Antonio River Authority Wastewater System for the fiscal year beginning July 1, 2008.

Mr. Ruckman called for said Motion. Hector Morales so moved and seconded by Názirite Pérez, Motion carried unanimously.

Mr. Ruckman called on Sharon McCoy-Huber & Al Astran regarding **Agenda Item 17: Presentation, Discussion and Appropriate Action regarding an Ordinance of the Board of Directors of the San Antonio River Authority Establishing Water Service Charges for the San Antonio River Authority Water System for the fiscal year beginning July 1, 2008**

Ms. McCoy-Huber reported that customers of the Creekwood, Moss Wood and Seven Oaks communities are served collectively as the San Antonio River Authority Water System (SARA Water System). It is necessary that SARA Water System charges for 2008/09 continue to include all elements of the system’s operation and maintenance costs, plus the additional costs associated with the improvements and upgrades to the water treatment plants and distribution system.

Beginning July 1, 2007, the River Authority implemented a tiered rate structure that increases fees as consumption increases. This tiered structure was different than the original fee that the River Authority continued to charge when we acquired the systems in March of 2006.

Staff is proposing to continue the tiered structure which will and does encourage customers to conserve water usage. Below is a comparison of current and proposed fees.

		<u>Current</u> <u>2007/08</u>	<u>Proposed</u> <u>2008/09</u>
Base		24.00	25.50
Variable	Per 100 gallons		
Tier 1	0 to 4,000	0.25	0.27
Tier 2	4,001 to 7,000	0.28	0.30
Tier 3	7,001 to 10,000	0.39	0.41
Tier 4	10,001 to 14,000	0.54	0.57
Tier 5	14,001 to 20,000	0.76	0.80
Tier 6	20,001 to 30,000	1.15	1.21
Tier 7	30,001 and over	1.50	1.58

A comparison of the current and proposed charges for the typical customer who experienced “average” water usage (6,524 gallons) is as follows:

2007/08 (Current)

2008/09 (Proposed)

\$24.00 + \$17.00 = \$41.00

\$25.50 + \$18.30 = \$43.80

There currently is not a commercial water rate, and staff recommends no change for 2008/09.

Staff recommended a Motion indicating Operations Committee support for presenting to the Board of Directors of the San Antonio River Authority an ordinance establishing water service charges for the San Antonio River Authority Water System for the fiscal year beginning July 1, 2008.

Mr. Ruckman called for said Motion. Hector Morales so moved and seconded by Názirite Pérez. Mr. Ruckman called for discussion.

Mr. Morales asked for clarification as to why there is currently not a commercial water rate. Ms. McCoy-Huber explained that there is currently only one commercial customer and they are being charged a residential rate.

Motion carried unanimously.

Mr. Ruckman called on Rudy Farias regarding **Agenda Item 19: Presentation, Discussion and Appropriate Action regarding the Submittal of a Texas Water Development Board Grant Application to Fund Senate Bill 1, South Central Texas Regional Water Planning Group (Region L) 2011 Water Plan - Phase II**

Mr. Farias reported that the South Central Texas Regional Water Planning Group (Region L) is charged by Senate Bill 1, 75th Legislature, with developing a regional water plan for the Region L planning area. The 2006 Regional Water Plan was submitted to the Texas Water Development Board (TWDB) on January 19, 2006. The TWDB has solicited proposals for grants to fund Senate Bill 1 regional water Biennium Planning for Phase II activities to develop the 2011 regional water plan. The deadline for applications to the TWDB for funding Senate Bill 1 regional water Biennium Planning for Phase II activities is June 13, 2008. Region L, on May 1, 2008, authorized the San Antonio River Authority, as the political subdivision for Region L, to apply for TWDB grant funds on its behalf. These funds will be used to hire consultants needed to assist Region L with the interim planning activities.

The proposed interim planning activities include: Planning Area Description; Population and Water Demand Projections; Water Supply Analyses; Identification, Evaluation and Selection of Water Management Strategies; Impacts of Selected Water Management Strategies on Key Parameters of Water Quality and Impacts of Moving Water from Rural and Agricultural; Water Conservation and Drought Management Recommendations; Description of How the Regional Water Plan is Consistent with Long-term Protection of the State's Water, Agricultural and Natural Resources; Recommendations Regarding Unique Stream Segments and/or Reservoir Sites and Legislative & Regional Policy Issues; Report to Legislature on Water Infrastructure Funding Recommendations; Plan Adoption and other items.

Grant funds in the amount of \$336,250.00 to meet the minimum requirements of a regional water plan are available to Region L from the TWDB. Additional funds for activities to enhance the regional water plan will be awarded by the TWDB on a competitive basis among all the planning groups in the state. Region L is applying for additional funding in the amount of \$1,203,132.00 for a total request of \$1,539,382.00.

Staff recommended a Motion expressing Operation Committee support to submit a grant application to the TWDB to fund Senate Bill 1, South Central Texas Regional Water Planning Group Water Plan Phase II.

Mr. Ruckman called for said Motion. Názirite Pérez so moved and seconded by Tom Weaver, Motion carried unanimously.

Mr. Ruckman called on Steve Graham, Jim Boenig and Jim Doersam regarding **Agenda Item 20: Presentation and discussion on the status of the Graytown Road Wastewater System Project**

According to Jim Boenig, the Graytown Road Wastewater System Project was originally approved by the Board in October 2006 with Martinez IV Sewer Plant, LTD. (M4). Since that time, ownership of M4 has changed and a new "Sewer Reimbursement Agreement" to replace the original agreement was approved in November 2007. The Agreement between the River Authority and M4 was finalized on December 10, 2007. Work on Phase I of the project began shortly after the Agreement was signed.

The two-mile Phase I construction is about 80% complete and should be completed by the end of May. No significant news is to be reported on the other developers in the area. On right of way issues, the City of San Antonio took City Council action to approve the joint use agreement on the subdivision just north of I-10. The Martinez III Wastewater Treatment Plant's construction will be complete in mid-June focusing on the influent and effluent lines coming from the plant. The Graytown design of the plant (Phase I of the agreement) will be complete by the end of September, 2008.

Ms. Scott informed the Board that M4 had requested a firmer commitment of the River Authority's services that would be provided, including a commitment that we build the plant event if they didn't build up to the plant. We agreed to service, but less than the plant being constructed. They are still wanting an additional statement in our agreement which, according to Jim Doersam, would indicated that once segments three to six have been constructed, SARA would not unreasonably deny them service to future connections in that service area. Mrs. Scott continued to explain that it was advised by David Ross that the item go on the Agenda at May's Board Meeting for explanation and approval of the amendment to the contract. Mr. Weaver asked if the customers would be from within the M4 area. Mr. Graham said yes. Mr. Weaver asked what prompted these concerns, and Mr. Graham indicated that Holloman, the backer, is new and is requesting detail in writing. Mr. Weaver asked if M4 defined "unreasonably deny," and Mr. Doersam responded that there is a threshold of 10 customers. Mr. Ruckman stated that since this was not an action item, he suggested that the Board take a general consensus. Mr. Perez asked for clarification on the 10-customer threshold, and Mr. Doersam replied that it was not feasible to build a system for less than 10 customers. Mr. Ross said it would be ok to take a

consensus but the item should be listed as an action item at the next Board meeting. Mr. Ruckman stated since there were no major objections, the Board would move on.

Mr. Ruckman called on Nefi Garza regarding **Agenda Item 21: Briefing on the Interlocal Agreement for operation and maintenance responsibilities and project management of Regional Stormwater Detention Facilities In Bexar County**

According to Mr. Garza, the Bexar County Commissioners Court has approved a Flood Control Capital Improvement Program over the next ten years in the amount of \$500,000,000. These projects include regional storm water facilities, low water crossings, natural waterway conveyance (channelization), outfall structures and buyouts. Bexar County has requested that the San Antonio River Authority operate, maintain and project manage the regional storm water facilities.

An interlocal agreement (ILA) will be negotiated with Bexar County for the River Authority to operate, maintain and project management the design construction of regional storm water facilities (RSWF) for the Leon Creek Watershed. The design work will initially focus its effort on the Chimenea Creek RSWF. We will develop detail site analysis, cost and engineering plans. We will also detail the needed operation and maintenance plan for this site. The technical work will be performed by the County's consultant CDM, but will be managed by River Authority staff.

Mr. Weaver expressed that he is pleased that the County has approached SARA for operation and maintenance and would like to fulfill that need.

Mr. Ruckman called on Rudy Farias regarding **Agenda Item 22: Briefing on submittal of proposal to Texas Commission on Environmental Quality Supplemental Environmental Projects Program for installing and operating river monitoring gauges**

Mr. Farias reported that River Authority staff has prepared a Texas Commission on Environmental Quality (TCEQ) Supplemental Environmental Projects Program (SEP) proposal to support additional stream gauges for the San Antonio River Basin Monitoring Network (Monitoring Network) and their operations and maintenance. Supplemental Environmental Projects are funded by entities and individuals fined for environmental violations. In lieu of paying a cash fine that would be deposited into the Texas General Fund, entities may choose from a list of pre-approved projects that address environmental issues. Violators must choose projects within counties related to their violation; for example, polluters of water quality must support water quality projects in the county where the violation occurred.

The Monitoring Network was developed by TCEQ in cooperation with the River Authority and its partners to continue to monitor water quality in the river. The completed system's data will support the TCEQ's Clean Rivers Program and the River Authority's Instream Flows and Total Maximum Daily Load programs. Data will be collected, stored on a data logger, and telemetered to a database and made available to the public on the internet. This data will be hosted by TCEQ at www.texaswaterdata.org.

Seven gauges have been installed in Bexar County; five additional gauges (two in Bexar and one each in Wilson, Karnes, and Goliad counties) will complete the system. Business and

governmental entities have sponsored the installation or operations and maintenance of individual gauges. Cost for one gauge is \$22,208. There will be an ongoing effort to find sponsorship for the operations and maintenance of each gauge, which costs about \$12,000 per year. The River Authority usually seeks a 2-year commitment, including in this application.

There is a small number of such fines in each of the four counties, the most being in Bexar, so the River Authority does not anticipate many projects from this application; however, the stream gauges can be kept on the SEP list indefinitely, giving us a better chance of receiving funding. The proposal is written to allow one gauge to be funded at a time, leaving the project proposal on the list after a gauge is adopted.

Mr. Weaver asked if SARA would expect to find many sponsorships and wanted an idea of who they would be. Mr. Farias responded that there are currently a few sponsors, to include Toyota and HEB. Mr. Ruckman was pleased and looked forward to seeing another one of those in Karnes County.

Staff recommended a Motion indicating Operations Committee support to submit the described Texas Commission on Environmental Quality Supplemental Environmental Projects Program proposal.

Mr. Ruckman called for said Motion. Tom Weaver so moved and seconded by Hector Morales, Motion carried unanimously.

Mr. Ruckman called on Jim Blair regarding **Agenda Item 23: Status update on the San Antonio River Authority's Dam Rehabilitation Program**

Mr. Blair presented a Power Point for this item, which also served as an introduction to Item 24.

Mr. Ruckman called on Jim Blair regarding **Agenda Item 24: Presentation, discussion and appropriate action regarding the execution of an Application for Federal Assistance (sf-424) for the rehabilitation of Chupaderas Creek Dam, Calaveras Creek Watershed Project – Site 6 as authorized by Public Law 106-472, “The Small Watershed Rehabilitation Amendment”**

According to Mr. Blair, in the early 1980's after several disastrous dam failures, the U.S. Congress commissioned a review of the engineering criteria and required an inspection of all dams nationwide. This review resulted in stricter standards for all dams to be deemed completely 'safe.' Several of the floodwater retention dams owned by the San Antonio River Authority were ultimately evaluated as being 'safe but hydraulically inadequate.' This term means that the dam is structurally sound but the capacity of the emergency spillway will not safely pass 100% of the probable maximum flood and the dam could be overtopped under extreme rainfall conditions.

Public Law 106-472, “The Small Watershed Rehabilitation Amendment,” was enacted in 2001 to address this nationwide issue. Under the terms of PL 106-472, the Natural Resources Conservation Service (NRCS), United States Department of Agriculture is authorized to assist local watershed sponsors such as the River Authority with a 65/35 cost share program to rehabilitate and upgrade flood water retention dams which do not meet the revised criteria.

SARA has participated in this program since its inception with three projects within the Martinez Creek Watershed. Rehabilitation has been completed on Live Oak Dam, Converse Dam and most recently, Salatrillo Creek Dam.

Bexar County has provided funding on all previous Dam Rehabilitation Projects from its Flood Control Tax and has agreed to consider the funding of the local cost share in the next round of its Capital Improvements Program. Chupaderas Creek Dam is the next dam recommended for rehabilitation that may meet the NRCS criteria. A preliminary assessment has been performed. The process to receive NRCS construction funds is dependent upon a formal technical review and assessment by the NRCS. Results will be determined by the spring of 2009. At that time, local funding must be committed. Federal funding will then be determined by the Congressional budget process and distribution of that funding will be made to other sponsors throughout the nation.

A Resolution of the Board Directors is needed to authorize the General Manager to submit an application (SF-424) to receive funding under the terms of PL 106-472. Through the submission of the application, and contingent upon receiving a funding commitment from Bexar County, the River Authority will commit to continuing our current sponsorship and O&M responsibilities, entering a new O&M Agreement once the project is complete and signing a Memorandum of Understanding with the NRCS to provide in-kind technical and/or financial assistance for the project.

All of the Dam Rehabilitation projects have been done through a cost share arrangement with an amendment with the Natural Resource Conservation Service. Staff plans on sending an application for the rehabilitation funds. NRCS would prepare the preliminary plan for the program and Bexar County would have to commit within a year from now. Mr. Perez **expressed concern about** dangers at the dams. According to Mr. Blair, TCEQ will be looking into new dam standards and will regulate safety. There will be a hearing in Dallas to take testimony and discuss funding. Mr. Blair will be attending.

Staff recommended a Motion indicating Operations Committee support for presenting a resolution to the Board of Directors authorizing the General Manager to submit the necessary application (SF-424) for federal assistance for a Dam Rehabilitation Project at Chupaderas Creek Dam contingent upon a funding commitment from Bexar County.

Mr. Ruckman called for said Motion. Hector Morales so moved and seconded by Tom Weaver, Motion carried unanimously.

Mr. Ruckman called on Steve Graham, Tom Pardue, and Sharon McCoy-Huber regarding **Agenda Item 25: Review and discussion of Consultant Selection Activities and/or Consultant Contract Authorization, Renewals, Amendments or Extensions:**

- I. **Consultant selection for the Operations Administration building and associated facility needs**
- II. **Limited purpose audit for contracted water billing and collections**

Board Policy Number EO 0003 regarding the Selection, Monitoring and Evaluation of Professional Services / Consultants has defined Board notification requirements. For services expected to exceed \$50,000 staff shall notify the Board Operations Committee or other appropriate Board Committee prior to initiation of the selection process for consultant professional services to receive Board input. Upon completion of the selection process, staff shall report on: solicitation, evaluation, contract negotiation and the consultant selected. Staff shall also report the increase and total cost each time a consultant's services are renewed, amended or extended initially exceeding \$50,000 in total cost or exceeding \$50,000 for the amended service.

Staff reviewed with the Operations Committee consultant selection activities and/or consultant contract authorizations, renewals, amendments or extensions. Specifically, current activities for the following consultant services:

- I. Professional services contract for the architectural/engineering services for the Martinez II operations/administrative building and associated facility needs.

Information on the Request for Proposal for the Architectural services for the Martinez II building and associated facility needs was presented at the February 11, 2008 Operations Committee.

A mandatory Pre-proposal meeting was held February 27, 2008 at the Martinez II facility. Eight firms were represented at the meeting. One proposal was received on March 14, 2008. The proposal from the Dean Design Group PLLC has been reviewed, evaluated and found to meet the requirements of the Request for Proposal. The Dean Design Group has teamed with several of the firms that attended the Pre-Proposal meeting to form a comprehensive team to address the scope of services.

The cost of service for Professional Services Agreements is negotiated after the firm is selected. After the contract is signed and the notice to proceed is issued, the firm will be requested to start with the space needs survey for Utilities, Watershed Operations and Park Services Departments.

Concurrently the architectural design for the Martinez II Operations Administrative Building and auxiliary buildings will be started. Information from the space needs survey will be used to provide a planning tool for future building needs for the River Authority. These portions of the work effort will be funded through Wastewater Funds. The new laboratory/office for the Martinez II WWTP will be included in the design effort and will be timed for construction with the other portions of the treatment plant expansion.

II. Limited Purpose Audit for contracted water billing and collections

After the occurrence of our wastewater customers' payments being misapplied to the wrong wastewater provider, the River Authority decided to have an audit completed for the contracts with Bexar Met, SAWS, Universal City, Converse, Live Oak, City of Elmendorf and East Central. The purpose of the audit was defined as follows:

- a. Collect, verify and reference all active wastewater connections through a GIS database compatible with the River Authority GIS system.
- b. Assess the River Authority's internal processes to identify and track the activation of wastewater connections.
- c. Perform a limited purpose audit that will obtain defined information.
- d. Create recommendations.

The solicitation period began on March 16, 2008, and a pre-proposal conference was held on April 1, 2008. Proposals were received on April, 15 2008, and then evaluated by staff. Three proposals were submitted. After interviews with each of the proposal teams, the team of Thompson, Williams, Biediger, Kastor & Young, L.C. and Malcolm Pirnie has been selected to prepared the procedures of the scope and negotiate a contract.

Mr. Ruckman called on Steve Raabe regarding **Agenda Item 26: Briefing on Water Resources Development And Planning Activities**

Mr. Raabe briefed the Board about the grant application that will be submitted to the Water Development Board in May. Also in May, there will be a nomination for Suzanne Scott to continue serving on the Region L Board as well as filling other seats for terms that have expired. The Regional Water Alliance (RWA) will have their next meeting on Wednesday, May 14th at 9am with a focus on the Regional L activities.

The Regional Water Resources Development Group (RWRDG) has seen an increase in the Edward's purchasing and leasing program in which they have filled orders for 4550 acre feet of lease with one single transaction. Last year's orders filled 4,500 acre feet of lease. They have one more transaction pending for 50 acre feet of lease. This transaction would complete activities for the year unless there are subsequent orders.

Regarding the EARIP, Mike Gonzales has been appointed to the Expert Science Subcommittee and Mr. Raabe has been elected Secretary of the Steering Committee. A finance committee has been established with a \$2.9 million budget to take this process through 2012. There are two to three sources for federal grants although there is some short-term funding that needs to be acquired. SARA has put in \$25,000 for the current year and will do the same next year. The next meeting will be on June 8th at SAWS. The Environmental Flows Committee hasn't changed much. The Environmental Flows State-wide Science Committee nominations were solicited and have been received but no word on any appointments yet. Appointments to the Basin Stakeholder Group for the Guadalupe San Antonio Basin are scheduled to be made on September 1, 2008, so the nominations are due sometime this summer. SARA is working with the City of San Antonio, SAWS, CPS and other downstream groups that can be nominated to that committee. There have been meetings with SAWS, SARA and CPS and the City of San Antonio regarding flows in the river but there has been a hold pending the completion of the instream flow analysis. There will be a meeting on May 24, 2008 to go over the status of the flows studies and to continue the discussions on coordinating the nominations for the environmental flows stakeholder committee. The next meeting is June 8th at SAWS.

Mr. Ruckman called on Suzanne Scott for **Agenda Item 27: Status Report on the San Antonio River Improvements Project**

Mrs. Scott stated that the Corps of Engineers would be announcing the award of a construction contract for Phase I of the Mission Reach later in the day. The fully-funded contract is in the amount of \$23.4 million dollars and will be awarded to a firm called Laughlin, Tyson, Inc. out of Houston. They will begin their work in June, and a ground-breaking ceremony is scheduled for June 2nd for Phase I of the Ecosystem Restoration Project. It is not yet known who the subcontractors will be since Laughlin, Tyson is not required to submit a list of the subcontractors. However, SARA has asked the Corps for a list or plan to reassure the City and the County that some of the subcontractors would be local. Mr. Boenig stated that the contractor's goal for underutilized businesses was 35%. Mr. Weaver was interested to know if Zachary would be a likely subcontractor. Mr. Boenig responded that, although a possibility, it would be unlikely.

Mr. Boenig briefed the Board on SACIP's slope stability failure south of Ashby Road near where Six Mile Creek comes in. Excavation on the floodway channel revealed some clays with material showing significant movement. The geotechnical staff confirmed that it was due to a fault line that had moved up to the excavation zone. The benefit of this discovery is being able to get good field data on what the actual soil strengths of the material would be and move forward with more certainty. Mr. Perez asked if there was previous digging in that area. Mr. Boenig stated that after some major flood events, they discovered that there was some major surface erosion. They also inquired of any other seep areas but there were none.

Mrs. Scott asked the Board to give her a time and a date for a tour of the project. Most of the Board agreed that a Friday morning at 8:00 am would be fine, and Mrs. Scott indicated staff would coordinate and be in contact with the definite date.

Mr. Ruckman called for **Agenda Item 28, General Manager's Report**

Ms. Scott informed the Board that Mr. Art Dohmann, Board Chair of the Goliad County Groundwater Conservation District, is interested in the Coletto Creek Study. Mr. Dohmann would like to attend the May 21st Board Meeting to ask the Board for more funding for the Study. Ms. Scott addressed the Board regarding the concern for contaminants to Lake Elmendorf as a result of the fire at OLLU. SARA's ESD staff were asked to go out for analysis. Mike Gonzales informed the Board that the studies so far have assessed that there weren't any contaminants or high pH levels.

Mr. Ruckman called for **Agenda Item 29, Next Meeting Date**

Ms. Scott reported the next meeting date would be June 9th. She also reminded the Board about the First Annual BBQ Cookoff with SAWS.

Agenda Item 30: There being nothing further to report, Mr. Ruckman adjourned the meeting at 4:14 p.m.

PREPARED AND RECOMMENDED FOR APPROVAL BY THE MANAGER.

SUZANNE B. SCOTT, General Manager

APPROVED BY THE OPERATIONS COMMITTEE AT THE MEETING HELD ON
JUNE 9, 2008.

H. B. "TRIP" RUCKMAN III, Chairman

ATTEST:

STEPHEN T. GRAHAM, Assistant Secretary