

NOTICE OF OPEN MEETING

Notice is given that a **Regular Meeting and Public Hearing** of the Board of Directors of the Barton Springs/Edwards Aquifer Conservation District will be held at the **District office**, located at 1124 Regal Row, Austin, Texas, on **Thursday, March 24, 2016**, commencing at **6:00 p.m.** for the following purposes, which may be taken in any order at the discretion of the Board.

Note: The Board of Directors of the Barton Springs/Edwards Aquifer Conservation District reserves the right to adjourn into Executive Session at any time during the course of this meeting to discuss any of the matters listed on this agenda, as authorized by the Texas Government Code Sections §551.071 (Consultation with Attorney), 551.072 (Deliberations about Real Property), 551.073 (Deliberations about Gifts and Donations), 551.074 (Personnel Matters), 551.076 (Deliberations about Security Devices), 551.087 (Economic Development), 418.183 (Homeland Security). No final action or decision will be made in Executive Session.

1. **Call to Order.**
2. **Citizen Communications (Public Comments of a General Nature).**
3. **Routine Business.**

a. Consent Agenda. *(Note: These items may be considered and approved as one motion. Directors or citizens may request any consent item be removed from the consent agenda, for consideration and possible approval as a separate item of Regular Business on this agenda.)*

1. Approval of Financial Reports under the Public Funds Investment Act, Directors' Compensation Claims, and Specified Expenditures greater than \$5,000. **Not for public review**
2. Approval of minutes of the Board's February 25, 2016 Regular Meeting and March 1, 2016 Work Session and Special-called Meeting. **Not for public review at this time**
3. Approval of the effectiveness of Directors' communications with stakeholders and constituents for the 2nd Quarter FY 2016 (December - February) per the collective judgment of the Board, as required by the District's Management Plan.
Pg. 17

b. General Manager's Report. *(Note: Topics discussed in the General Manager's Report are intended for general administrative and operational information-transfer purposes. The Directors will not take any action unless the topic is specifically listed elsewhere in this agenda.)*

1. **Standing Topics.**

- i. Personnel matters and utilization
- ii. Upcoming public events of possible interest
- iii. Aquifer conditions and status of drought indicators

2. **Special Topics.** *(Note: Individual topics listed below may be discussed by the Board in this meeting, but no action will be taken unless a topic is specifically posted elsewhere in this agenda as an item for possible action. A Director may request an individual topic that is presented only under this agenda item be placed on the posted agenda of some future meeting for Board discussion and possible action.)*

- i. Review of Status Update Report – at directors’ discretion **Pg. 19**
- ii. Update on activities related to GMA and regional water planning
- iii. Update on regulatory and enforcement activities
- iv. Update on current Aquifer Science Team projects
- v. Update on ongoing District grant projects
- vi. Update on the activities related to the SH 45 SW roadway project
- vii. Update on activities related to the HCP and the associated draft EIS

4. Public Hearing (6:15)

The Board will hold a Public Hearing on proposed revisions to the District Rules and Bylaws related generally to: the definitions, permit process and applications, HB 3405 process for Temporary and Regular Permits for existing wells in the Shared Territory, action on permits, permit amendments, permit conditions and requirements, modification of permits, conservation-oriented rates structure, notice and hearing process, well construction standards, notice requirements, transport, well monitoring, mitigation, aquifer testing, test wells, unreasonable impacts, and other general administrative clarifications and corrections.

5. Discussion and Possible Action.

- a. Discussion and possible action related to approving some or all of the proposed revisions to the District Rules and Bylaws presented in the public hearing. **Pg. 25**
- b. Discussion and possible action related to approval of revisions to the District’s guidance document, *Guidelines for Hydrogeologic Reports and Aquifer Testing*. **Pg. 34**
- c. Presentation, discussion, and possible action related to receipt and approval of the FY 2015 Annual Financial Audit report by the District’s financial auditor. **Pg. 49**
- d. Discussion and possible action related to setting a policy for open and concealed carry of handguns on District property. **Pg. 69**

6. Directors’ Reports. *(Note: Directors’ comments under this item cannot address an agenda item posted elsewhere on this agenda and no substantive discussion among the Board Members or action will be allowed in this meeting. Communications reported under this item may be used to support Performance Standard 4-1 of the District’s Management Plan related to demonstration of effective communication with District constituents.)*

Directors may report on their involvement in activities and dialogue that are of likely interest to the Board, in one or more of the following topical areas:

- Meetings and conferences attended or that will be attended;
- Conversations with public officials, permittees, stakeholders, and other constituents;
- Commendations; and
- Issues or problems of concern.

7. Adjournment.

Came to hand and posted on a Bulletin Board in the Courthouse, Travis County, Texas, on this, the _____ day of March, 2016, at _____ .m.

_____, Deputy Clerk

Travis County, TEXAS

Please note: This agenda and available related documentation have been posted on our website, www.bseacd.org. If you have a special interest in a particular item on this agenda and would like any additional documentation that may be developed for Board consideration, please let staff know at least 24 hours in advance of the Board Meeting so that we can have those copies made for you.

The Barton Springs/Edwards Aquifer Conservation District is committed to compliance with the Americans with Disabilities Act (ADA). Reasonable accommodations and equal opportunity for effective communications will be provided upon request. Please contact the District office at 512-282-8441 at least 24 hours in advance if accommodation is needed.

Item 1

Call to Order

Item 2

Citizen Communications

Item 3

Routine Business

a. Consent Agenda

(Note: These items may be considered and approved as one motion. Directors or citizens may request any consent item be removed from the consent agenda, for consideration and possible approval as a separate item of Regular Business on this agenda.)

- 1. Approval of Financial Reports under the Public Funds Investment Act, Directors' Compensation Claims, and Specified Expenditures greater than \$5,000.**
- 2. Approval of minutes of the Board's February 25, 2016 Regular Meeting and March 1, 2016 Work Session and Special-called Meeting.**
- 3. Approval of the effectiveness of Directors' communications with stakeholders and constituents for the 2nd Quarter FY 2016 (December - February) per the collective judgment of the Board, as required by the District's Management Plan.**

Bickerstaff Heath Delgado Acosta LLP

3711 S. Mo-Pac Expy. Building One, Suite 300 Austin, Texas 78746 (512) 472-8021 Fax (512) 320-5638 Tax ID No 74-2153894

Barton Springs/Edwards Aquifer
Conservation District
1124-A Regal Row
Austin, TX 78748
Attention: John Dupnik

February 29, 2016
Client: 000148
Invoice #: 99839
Bill Atty: BD
Page: 1

For Professional Services Rendered Through February 15, 2016

RE: In Connection with General Matters

Matter: 000000

SERVICES

Date	Person	Description of Services	Hours	Rate	Amount
1/19/2016	BD	Respond to email regarding firearms.	0.9	\$210.00	\$189.00
1/21/2016	BD	Review draft agenda; revise rulemaking memo and email to V. Escobar.	0.5	\$210.00	\$105.00
1/26/2016	BD	Conference call with District staff regarding test well permitting.	0.5	\$210.00	\$105.00
1/27/2016	BD	Review eminent domain filing and discuss with S. DeLong; review and advise on conflict of interest disclosure.	1.2	\$210.00	\$252.00
1/28/2016	BD	Review consent decree and agenda backup in preparation for meeting; review and respond to email and review agenda backup in connection with permittee non-payment; attend Board meeting.	4.0	\$210.00	\$840.00
2/1/2016	BD	Review and revise interlocal agreement regarding GMA modeling.	1.0	\$210.00	\$210.00
2/4/2016	BD	Review letter from EP; review agenda; call with J. Dupnik regarding rulemaking and general permit; review and revise Amendment No. 1 to API agreement; review emails from K. Khorozad.	2.0	\$210.00	\$420.00
2/5/2016	CRH	Open records review and editing of contract.	0.5	\$210.00	\$105.00
Professional Services This Matter			10.6		\$2,226.00

Timekeeper Recap for this matter
BILLING RECAP

		Level	Hours	Rate	Amount
BD	Bill Dugat	Partner	10.1	\$210.00	\$2,121.00
CRH	Robert Heath	Partner	0.5	\$210.00	\$105.00

RE: Rule Revision Matter: 000061

SERVICES

Date	Person	Description of Services	Hours	Rate	Amount
2/8/2016	BD	Work on rule amendments.	5.0	\$210.00	\$1,050.00
2/9/2016	BD	Finalize draft rule revisions and email to district staff; respond to emails regarding ponds.	3.0	\$210.00	\$630.00
2/10/2016	BD	Review concept documents and email comments to staff; review responses; review other GCD rules.	3.0	\$210.00	\$630.00
2/11/2016	BD	Review comments on draft rule concepts.	1.0	\$210.00	\$210.00
2/12/2016	BD	Meet with staff to discuss draft rules.	3.5	\$210.00	\$735.00
2/15/2016	BD	Review concept documents in preparation for rulemaking meeting.	0.5	\$210.00	\$105.00
Professional Services This Matter			16.0		\$3,360.00

Timekeeper Recap for this matter
BILLING RECAP

		Level	Hours	Rate	Amount
BD	Bill Dugat	Partner	16.0	\$210.00	\$3,360.00

RE: State Highway 45 Southwest Matter: 000079

SERVICES

Date	Person	Description of Services	Hours	Rate	Amount
2/2/2016	BD	Review confidentiality agreement and respond to J. Dupnik.	0.5	\$210.00	\$105.00
2/5/2016	BD	Review and revise confidentiality agreement.	1.0	\$210.00	\$210.00

February 29, 2016

Client: 000148

Invoice #: 99839

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SERVICES

Date	Person	Description of Services	Hours	Rate	Amount
2/15/2016	BD	Review latest draft and PIA requirements in preparation for conference call.	0.5	\$210.00	\$105.00
		Professional Services This Matter	2.0		\$420.00

Timekeeper Recap for this matter

BILLING RECAP

		Level	Hours	Rate	Amount
BD	Bill Dugat	Partner	2.0	\$210.00	\$420.00

RE: Hays County Annexation

Matter: 000104

SERVICES

Date	Person	Description of Services	Hours	Rate	Amount
1/28/2016	BD	Coordinate meeting setup.	0.1	\$210.00	\$21.00
1/29/2016	BD	Call with E. McCarthy regarding meeting; email to parties.	0.3	\$210.00	\$63.00
2/2/2016	BD	Review HB 3405 in connection with pending permits; call and discuss with J. Dupnik.	1.0	\$210.00	\$210.00
2/3/2016	BD	Conference call with staff to discuss test well permit; meet with EP and District staff.	2.0	\$210.00	\$420.00
2/5/2016	BD	Review staff memo.	0.2	\$210.00	\$42.00
		Professional Services This Matter	3.6		\$756.00

Timekeeper Recap for this matter

BILLING RECAP

		Level	Hours	Rate	Amount
BD	Bill Dugat	Partner	3.6	\$210.00	\$756.00

RE: Redistricting 2016

Matter: 000105

SERVICES

Date	Person	Description of Services	Hours	Rate	Amount
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SERVICES

Date	Person	Description of Services	Hours	Rate	Amount
1/19/2016	BD	Email to B. Larsen and J. Dupnik regarding scheduling and Illustrative Plans.	0.3	\$210.00	\$63.00
1/19/2016	SHM	Schedule drawing sessions for Districts 4 and 5.	0.2	\$125.00	\$25.00
1/21/2016	BD	Review and respond to email regarding Illustrative Plan and timeline.	0.5	\$210.00	\$105.00
1/21/2016	SHM	Review documents outlining changes to Plan C in Precincts 1, 2, and 3; email to B. Dugat regarding Chapter 276.006; schedules for reviewing updated plans with B. Dugat.	1.1	\$125.00	\$137.50
1/22/2016	SHM	Download and review subdivision files from City of Austin for updating Plan C.	1.0	\$125.00	\$125.00
1/25/2016	SHM	Review subdivisions in Precincts 1 and 2; prepare revised Draft Plan C and export demographics.	1.7	\$125.00	\$212.50
1/25/2016	SHM	Call to V. Collier regarding subdivision files; discuss subdivisions listed for change between director precincts; download updated subdivision files from City of Austin.	0.6	\$125.00	\$75.00
1/26/2016	SHM	Prepare maps showing subdivisions, election precincts, cities and existing director precincts for Draft Plan C Revised; discuss with B. Dugat.	2.8	\$125.00	\$350.00
1/27/2016	BD	Review draft plan; email to District.	0.2	\$210.00	\$42.00
1/27/2016	SHM	Send map packets to print for B. Dugat.	0.2	\$125.00	\$25.00
1/28/2016	SHM	Prepare plans for drawing sessions.	1.0	\$125.00	\$125.00
1/29/2016	BD	Meet with B. Larsen; review and revise draft plans; email of letter to B. Larsen; email to C. Smith and District staff.	3.1	\$210.00	\$651.00
1/29/2016	SHM	Prepare for drawing session; attend drawing session with R. Larsen and B. Dugat; prepare and clean up Draft Plan C for Precincts 4 and 5; prepare maps and charts for Draft Plan C; send to B. Dugat for review; slight revisions to Draft Plan C.	4.0	\$125.00	\$500.00
2/1/2016	SHM	Send plans to print for B. Dugat.	0.2	\$125.00	\$25.00
2/2/2016	SHM	Prepare all plans to date in one PDF file for drawing session.	1.2	\$125.00	\$150.00
2/3/2016	BD	Prepare for and meet with B. Larsen and C. Smith regarding draft plans; send out revised plans.	2.5	\$210.00	\$525.00

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SERVICES

Date	Person	Description of Services	Hours	Rate	Amount
2/3/2016	SHM	Prepare for drawing session with directors from Precincts 4 and 5; draw Draft Plans D and E; prepare maps and charts; send to print for B. Dugat; update all plans and post to Worldox; clean up plans by removing drawing session plans not used.	3.5	\$125.00	\$437.50
Professional Services This Matter			24.1		\$3,573.50

Timekeeper Recap for this matter
BILLING RECAP

		Level	Hours	Rate	Amount
BD	Bill Dugat	Partner	6.6	\$210.00	\$1,386.00
SHM	Sherry McCall	Legal Assistant	17.5	\$125.00	\$2,187.50

DISBURSEMENTS

Date	Description of Disbursements	Amount
1/29/2016	Postage	\$1.20
1/31/2016	Ring2 Communications- Conference Call- S. McCall, 01/06 & 07/2016	\$8.95
2/3/2016	Copying charges	\$10.80
Disbursements This Matter		\$20.95
Total Services		\$10,335.50
Total Disbursements		\$20.95
Total Current Charges		\$10,356.45

PAY THIS AMOUNT **\$10,356.45**

February 29, 2016

Client: 000148

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Please Remit Payment to:

Bickerstaff Heath Delgado Acosta LLP

3711 S. Mo-Pac Expy

Building One, Suite 300

Austin, Texas 78746-8023

**Barton Springs/Edwards Aquifer Conservation District
Board of Directors Meeting Minutes
Regular Meeting
February 25, 2016**

Board members present at commencement: Blayne Stansberry, Craig Smith, Bob Larsen, and Blake Dorsett. Mary Stone was absent. Staff present: John Dupnik, Vanessa Escobar, Robin Gary, Brian Smith, Kendall Bell Enders, Justin Camp, Stephen Davis and Tammy Raymond. Bill Dugat of Bickerstaff, Heath, Delgado, Acosta also participated in the meeting. Also present were those on the attached sign-in sheet. These minutes represent a summarized version of the meeting; the complete discussion of the following items is recorded digitally.

1. Call to Order.

Ms. Stansberry called the meeting to order at 6:00 p.m., noting that a quorum of the Board was present.

2. Citizen Communications (Public Comments).

There were no public comments of a general nature.

3. Routine Business.

- a. **Consent Agenda** Note: These items may be considered and approved as one motion. Directors or citizens may request any consent item be removed from the consent agenda, for consideration and possible approval as an item of Regular Business.

1. **Approval of Financial Reports under the Public Funds Investment Act, Directors' Compensation Claims, and Specified Expenditures greater than \$5,000.**
2. **Approval of minutes of the Board's February 11, 2016 Regular Meeting.**
3. **Approval of the out-of-state travel for Justin Camp, Staff Hydrogeologist Technician, to attend the Princeton Groundwater Pollution and Hydrology Course in San Francisco, California, from March 7-11, 2016.**

Mr. Smith moved approval of Items 3a. 1 through 3, noting an invoice from Montemayor Britton Bender PC, in the amount of \$6000.00.

Dr. Larsen seconded the motion and it passed unanimously with a vote of 3 to 0. Mr. Dorsett abstained.

3. Routine Business.

- b. **General Manager's Report.** *(Note: Topics discussed in the General Manager's Report are intended for general administrative and operational information-transfer purposes. The Directors will not take any action unless the topic is specifically listed elsewhere in this agenda.)*

1. Standing Topics.

- i. Personnel matters and utilization
- ii. Upcoming public events of possible interest
- iii. Aquifer conditions and status of drought indicators

2. **Special Topics.** *(Note: Individual topics listed below may be discussed by the Board in this meeting, but no action will be taken unless a topic is specifically posted elsewhere in this agenda as an item for possible action. A Director may request an individual topic that is presented only under this agenda item be placed on the posted agenda of some future meeting for Board discussion and possible action.)*

- i. **Update on Team activities and highlights**
- ii. **Update on regulatory and enforcement activities**
- iii. **Update on current Aquifer Science Team projects**
- iv. **Update on ongoing District grant projects**
- v. **Update on the activities related to the SH 45 SW roadway project**
- vi. **Update on activities related to the HCP and the associated draft EIS**

Mr. Dupnik and staff updated the Board and answered Director's questions on the items listed above

4. Discussion and Possible Action.

4a. Staff briefing and discussion related to the planning and coordination of the District's Well Water Checkup and Ask-an-expert Open House event on April 13, 2016.

Mr. Camp briefed the Board on the planning of the Open House event on April 13th, and the experts that will be present to answer questions of well owners.

Ms. Gary gave an overview of why we have the water well checkup, and how she reached over 700 homes in the newly annexed area by using "Every Door Direct Mail," offered by the USPS for a minimal cost.

4b. Discussion and possible action related to prospective amendments and changes to the District's Rules and Bylaws for implementation of HB 3405, other legislation from the 84th Legislative Session, and other changes to be the subject of a workshop on March 1, 2016 and a public hearing on March 24, 2016.

Ms. Escobar gave an overview of the prospective rule changes to be discussed in the Work Session on Tuesday, March 1st. She also gave a timeline of pertinent dates related to rulemaking leading up to the Public Hearing on March 24th.

After Board discussion, there was no action.

4c. Discussion and possible action related to authorizing the General Manager to enter into an agreement with Texas Disposal Systems (TDS) to allow the District to drill and have future access to a monitor well on TDS property

Mr. Dupnik stated that the Agreement before the Board was a culmination of edits by TDS and staff.

After discussion, Dr. Larsen moved to approve the Agreement for Hydrogeologic Investigations Related to Brackish Groundwater Development between the District and Texas Disposal Systems Landfill, Inc., as to the placement of a monitor well on TDS property, and have it be signed by the Board President and attested by the Board Secretary.

Mr. Dorsett seconded the motion and it passed unanimously with a vote of 4 to 0.

4d. Discussion and possible action related to approval of contributing to the cost of preparation of an Amicus Brief in support of the pleas filed by Lone Star Groundwater Conservation District and its officials in *City of Conroe, et al, v. Lone Star Groundwater Conservation District*.

Mr. Dupnik explained that the District has been asked to help support the Amicus Brief prepared by Greg Ellis to support Lone Star GCDs arguments against the City of Conroe.

Mr. Dugat explained that Lone Star GCD has a program to try to get people off of groundwater completely and switch them to surface water. He said that they have legislation that will allow that, and that they have adopted DFCs, and associated fees after 2010 that the City of Conroe and big water utilities have challenged. He went on to say that most of the things in the law suit do not apply to other GCDs, but that there are a couple of things such as, they have sued the Director's individually, and the Private Property Act, which could be a challenge for every GCD.

After discussion, Mr. Smith moved to agree to support Lone Star GCD in principle, and to authorize the General Manager to authorize a contribution of up to \$5000.00 toward the Amicus Brief.

Dr. Larsen seconded the motion and it passed unanimously with a vote of 4 to 0.

5. Directors' Reports. *(Note: Directors' comments under this item cannot address an agenda item posted elsewhere on this agenda and no substantive discussion among the Board Members or action will be allowed in this meeting. Communications reported under this item may be used to support Performance Standard 4-1 of the District's Management Plan related to demonstration of effective communication with District constituents.)*

Directors may report on their involvement in activities and dialogue that are of likely interest to the Board, in one or more of the following topical areas:

- Meetings and conferences attended or that will be attended;
- Conversations with public officials, permittees, stakeholders, and other constituents;
- Commendations; and
- Issues or problems of concern.

Mr. Smith reported the following:

The first loan of the Property Assessed Clean Energy (PACE) project in Texas has closed, and hopes that Barton Creek Square Mall located in the District will be the next loan to close and that it will include water conservation.

Dr. Larsen reported the following:

Met on redistricting with Bill Dugat
Met with State Hwy 45 SW subcommittee meeting
Met with the TWDB on the Grant that we did not receive
Met with Centex on flood control
Met with Corolla Engineering on the grant kickoff meeting

Mr. Dorsett reported the following:

Met with Carlos Rubenstein and Creedmoor Maha regarding SWIFT money
Met with FEMA

6. Adjournment.

Without objection, Ms. Stansberry adjourned the meeting at 8:26 p.m.

Approved by the Board on March 24, 2016:

By: _____
Blayne Stansberry, President

Attest: _____
Blake Dorsett, Secretary

**Barton Springs/Edwards Aquifer Conservation District
Board of Directors Meeting Minutes
Work Session and Special Called Meeting
March 1, 2016**

Board members present at commencement: Blayne Stansberry, Craig Smith, Bob Larsen, and Mary Stone. Blake Dorsett was absent. Staff present: John Dupnik, Vanessa Escobar, Kendall Bell-Enders, Brian Smith, Brian Hunt, Stephen Davis and Tammy Raymond. Bill Dugat of Bickerstaff, Heath, Delgado, Acosta also participated in the meeting. Also present were those on the attached sign-in sheet. These minutes represent a summarized version of the meeting; the complete discussion of the following items is recorded digitally.

1. Call to Order.

Ms. Stansberry called the meeting to order at 6:06 p.m., noting that a quorum of the Board was present.

2. Citizen Communications (Public Comments).

There were no public comments of a general nature.

3. Work Session.

Discussion related to amendments and changes to the District's Rules and Bylaws for implementation of HB 3405, other legislation from the 84th Legislative Session, and other changes.

Staff gave a presentation on the prospective rule changes below and asked for Board input. The presentation followed the general outline below.

II. Drivers for Rules Change

III. Core Topic Area - Definitions (Rule 2-1 on pg 5)

- Clearly defined new use types; Provided further clarification on currently defined use types
- 'Modification' vs 'Repair' vs 'Replacement' vs 'Substantial Alteration'
- 'Maximum Production Capacity' (pg 17)
- 'Unreasonable Impacts' (pg 26,27)

IV. Core Topic Area - Transport (Rule 3-1.3.1 on pg 38)

V. Core Topic Area - Application Checklist Requirements (Rule 3-1.4 on page 41)

- A. Notice Requirements (pg 44, pg 48)

B. Permit Volume Requests > 200 MGY – Additional Application Requirements (pg 49)

C. Hydrogeological Report and Aquifer Tests (pg 53-57)

D. Permit Requests Determined to Have Potential for Unreasonable Impacts (pg 49)

- Phased Permitting, Based on Actual Data, Works with a Trigger Backstop

VI. Core Topic Area – Actions on Permits (Rule 3-1.6 on pg 65,66)

VII. Core Topic Area - Permit Compliance, Monitoring, Mitigation (Rule 3-1.11 on pg 73)

A. Compliance Monitoring (pg 77)

B. Mitigation (pg 78)

VIII. Core Topic Area – General Permits- Test Well and Aquifer Test Permit (Rule 3-1.20 on pg 87)

A. Conducting Formal Aquifer tests and Hydrogeological Reports (pg 91)

IX. Other Topic Areas -

A. Authorized Agent documentation - Application Checklist Requirements (Rule 3-1.4 on pg 41)

B. Permit Renewal (Rule 3-1.8 on pg 69) Bill D.

C. Permit Amendments (Rule 3-1.9 on pg 70)

D. Regulation of Spacing (Rule 3-1.12 on pg 80,81)

E. Aggregation (Rule 3-1.14 on pg 82)

F. Fees (Rule 3-1.16 on pg 83,84)

G. Replacement Wells (Rule 3-4.6 on pg 108)

H. Conservation Rate Structure (Rule 3-6.1 on pg 112)

I. Conflict of Interest (Rule 4-1.4 on pg 137) Bill D.

J. Notice and Hearing (Rule 4-1.11 on pg 162) Bill D.

X. What to Expect at Rule Workshop:

A. Presentation Summary

B. In depth Discussion on Core Topic Areas

C. Some Permit Request Scenarios

XI. Timeline for Next Steps:

2/25 - Rule Overview

3/1 – Workshop for Focused Discussion on Rules Changes

3/3 - Noon Deadline for Board comments. Notice is Posted for Rule Hearing

3/10 – Additional Discussion of Rule at Board Meeting if needed

3/23 – Public comments due by close of business

3/24 – Rule Hearing. Adopt Rules

The Board discussed the prospective changes and gave their recommended changes.

4. Discussion and Possible Action.

Discussion and possible action related to approval of draft rule language to implement HB 3405 and other legislation from the 84th Legislative Session and incorporate other relevant amendments and changes to the District's Rules and Bylaws to be the subject of a public hearing on or after March 24, 2016.

Mr. Smith moved that the Board direct the staff to incorporate the revisions that were discussed in the Work Session tonight, both substantive and editorials, and to incorporate them into a new draft revision for the Public Hearing on March 24th with a public comment period ending on March 23rd.

Ms. Stone seconded the motion and it passed with a vote of 4 to 0.

5. Adjournment.

Without objection, Ms. Stansberry adjourned the meeting at 8:40 p.m.

Approved by the Board on March 24, 2016:

By: _____
Blayne Stansberry, President

Attest: _____
Blake Dorsett, Secretary

Quarterly Board Judgment of Effective Director Communications

(as required by the District Management Plan)

III.C.4. Objective 4. Demonstrate leadership in external communication, collaboration, coordination and joint planning with respect to groundwater and related resources.

Performance Standard 4-1: Cultivate and communicate effectively and routinely with stakeholders of all types that affect and are affected by the District's programs and policies.

Metric: Collective judgment of the Board once each quarter as to whether communications between the District and its stakeholder community, including constituents and other public officials, are providing an effective basis for District decision-making and for identifying any needed remedial actions.

Date of Meeting:

March 24, 2016

Assessing Preceding Quarter of:

2nd Quarter Dec. - Feb.

Collective Judgment:

Motion by:

Second by:

Supporting documentation attached including:

- Minutes of this meeting
- Copies of Director Compensation forms for previous quarter
- Any other documentation provided by the Directors

Item 3

Routine Business

b. General Manager's Report.

Note: Topics discussed in the General Manager's Report are intended for administrative and operational information-transfer purposes. The Directors will not deliberate any issues arising from such discussions and no decisions on them will be taken in this meeting, unless the topic is specifically listed elsewhere in this as-posted agenda.

1. Standing Topics.

- i. Personnel matters and utilization**
- ii. Upcoming public events of possible interest**
- iii. Aquifer conditions and status of drought indicators**

2. Special Topics.

Note: Individual topics listed below may be discussed by the Board in this meeting, but no action will be taken unless a topic is specifically posted elsewhere in this agenda as an item for possible action. A Director may request an individual topic that is presented only under this agenda item be placed on the posted agenda of some future meeting for Board discussion and possible action.

- i. Review of Status Update Report – at directors' discretion**
- ii. Update on activities related to GMA and regional water planning**
- iii. Update on regulatory and enforcement activities**
- iv. Update on current Aquifer Science Team projects**
- v. Update on ongoing District grant projects**
- vi. Update on the activities related to the SH 45 SW roadway project**
- vii. Update on activities related to the HCP and the associated draft EIS**

STATUS REPORT UPDATE FOR MARCH 24, 2016 BOARD MEETING

Prepared by District Team Leaders

	Leader, Staff	Date	PROJECT / ACTIVITY DESCRIPTION	STATUS/COMMENTS
GENERAL MANAGEMENT TEAM				
Summary of Significant Ongoing Activities	John Dupnik			
	JD	3-16-2016	Meetings, Training, Presentations, and Conferences	<p>External Meetings Attended: RWQPP work group meeting, with Christy Muse (Shield Ranch); with Mike Rutherford; with USFWS on draft EIS; Kent Butler Summit planning; with TESPA on draft rules; with Ken Jacobs on Onion Creek Flood study. Other Meetings: with Blayne and Mary on redistricting options; TAGD legislative committee meetings. Presentations: lecture to U/T Groundwater Eval class. Conferences/Seminars: None</p> <p>Ongoing Special Projects: TDS saline zone investigation alternative saline zone access agreement; CTRMA coordination on S11-45 design review; TWDB RFP grant; HB 3405 implementation; District HCP EIS review; CoA wastewater rulemaking petition; Employee Policy Manual Review; joint-regional funding of GAM extension; redistricting; groundwater stewardship awards; GMA 10 Alternative DEC's; Committees and Workgroups: Region K (voting member); GMA 10 (voting member); Regional WQ Plan workgroup; Region K Legislation and Policy committee; Region K strategy prioritization committee; Region K water supply strategy committee; Region K executive committee nomination committee; CTRMA S11-45 Technical work group; Regional Wastewater Technical Work Group; Kent Butler Summit Planning Committee; TAGD legislative committee (regional planning; ASR, brackish gw); CTRMA S11-45 ECM procurement committee.</p>
	JD	3-16-2016	Ongoing Special Projects, Committees, and Workgroups	<p>Routine Activities/Day-to-Day Operations: provided general oversight of staff incentive projects and activities, and oversight of day-to-day operations; approved purchase orders and expenditures; approved timesheets; prepared agendas and backup for and attended Board meetings; prepared GM report and assigned tasks in response to Board commitments; held regular one-on-one meetings with Team Leaders; presided over Planning Team meetings; serve as liaison between Board and staff; support Board subcommittees; respond to media requests; disseminate media reports and journal articles of possible interest. Consultation with Attorney on: HB 3405; Redistricting; open carry policy; rulemaking; comments on rules. Other Activities: coordinate joint-funding of GAM extension; coordinate team tasks for implementing HB 3405; coordinate RFP grant project; prepare proposal for alternate GMA 10 DEC; 2016 Kent Butler Summit planning; work with HCP consultant on comments to EIS; groundwater stewardship awards ceremony; redistricting coordination; CTRMA S1145 ECM procurement committee; prepare MD&A and review draft auditor's report.</p>
ADMINISTRATION TEAM				
Accounts Receivable - A Accounts Receivable - B Audit - Montemayor Financial Reporting - Website Retirement Plan and Trust	Dana Christine Wilson			
	DC'W	18-Mar-16	Permittee accounts carrying a past due balance;	Currently there are no past due accounts other than the Higginbotham account.
	DC'W	18-Mar-16	Billings - current month.	April billings dated March 16th for \$25,726.
	DC'W	18-Mar-16	Draft final audit report received for March 24th Board Presentation.	
	DC'W	18-Mar-16	Most current, available financial reports are posted.	Balance Sheet, and Profit and Loss Statement through February 29, 2016.
	DC'W	18-Mar-16	District Retirement Plan and Trust document	Has been restated according to new required changes.

	Leader, Staff	Date	PROJECT / ACTIVITY DESCRIPTION	STATUS/COMMENTS
Standard Retirement Fund Changes	DCW	18-Mar-16	Meeting scheduled with Eddie Garza, our Relationship Manager.	The Standard has decided that three, possibly four of our current fund choices have failed their investment screening process and as our investment fiduciary, they need to remove these funds and replace with better investment choices. John and I will sit down with Eddie on March 31st to review the potential replacement options for the failing funds that need to be removed.
Tax Reporting	DCW	18-Mar-16	Annual TWC Rates for quarterly C-3 tax reporting: Previous rate was 0.1% (or \$9 per employee per year); now is 1.9% (or \$171 per employee per year)	The District's annual contribution rate is computed in accordance with Chapter 204, Subchapter F of the Texas Unemployment Compensation Act and is a percentage computed by dividing the adjusted amount of all unemployment benefits attributable to employers in the group by the amount of the total wages paid by those employers. The adjusted amount of benefits is \$2,381,993.52 and the amount of total wages is \$865,400,328.36. This six what determines our new annual rate for calendar year 2016.
REGULATORY COMPLIANCE TEAM Vanessa Escobar				
Temporary/ Regular Permits	KBE, VE	3/17/2016	Conversion of a Temporary Permit to a Regular Permit	Staff has mailed out all Temp Permit Certificates and provided an informative letter with a list of the next steps that the permittees need to complete, and the deadlines. Staff continues to process Part 2 of the application forms and 90-day extension letters have been sent out. Staff also continues to work with Temp Permittees to ensure meters are installed and meter readings are submitted. Hunter Chase Farms, the well owner that missed the Temp Permit deadline, has timely filed a Production Permit that is currently being reviewed. An event center, The Plant at Kyle, also missed the deadline and is in the process of filing a Production Permit application. Staff has completed the application review for all 14 permit applications under 2,000,000 gal/yr. All 14 applications are administratively complete and staff is currently preparing a consolidated notice to be published. Notice is anticipated to be published before the end of March.
Electro Purification	KBE, VE	3/17/2016	Test Well Permit - General Permit	There are 4 temporary regular permit applications requesting above 2,000,000 gal/yr and those applications have been reviewed as follows: Texas Old Town (Administratively Complete), Aqua Texas (Administratively Complete), Electro Purification (Withdrawn), Needmore Water LLC (Administratively Complete)
Mike Rutherford	KBE, VE	3/17/2016	Test Well Permit - General Permit	On 3/15/16 Electro Purification withdrew its Temporary Regular Permit application for 30,000,000 gal/yr and submitted a contemporaneous filing of 6 test well permit applications. Staff will begin review of these submittals. On 3/15/16 Mike Rutherford submitted a test well application to drill a Lower Trinity test well to evaluate production potential of the aquifer. The test well will be located on the Rutherford Ranch west of Buda on FM 967. Staff is currently reviewing the application and expects the application to be administratively complete and approved by the GIM before the end of March.
City of Buda	KBE, VE	3/17/2016	Well Modification Authorization of a Test Well - New Edwards PWS well to be part of Aggregate System	A well modification application was submitted and staff is currently reviewing it. The City of Buda previously completed a test well application for a new PWS well to become part of their aggregate system. There will not be a new production permit associated with the new well, it will be an aggregate. The first test well proved to have sufficient yield, therefore Buda has submitted a well drilling modification application to complete the well per BSEAC D and TCEQ well construction standards. Staff conducted a site inspection to determine the October 2015 flood elevation at well site, the well shall be constructed 2 ft above this elevation. The application has been deemed admin. complete and Buda has published notice. A couple of emailed comments were received and staff corresponded with each of those property owners to address their concerns. Buda will be required to conduct a pump test and complete a hydrogeologic report for this new well as part of a permit condition. The Modification Permit was approved by the Board on 1/28/16. Well Drilling has commenced and is still underway.

	Leader, Staff	Date	PROJECT / ACTIVITY DESCRIPTION	STATUS/COMMENTS
TJ Higginbotham	KBE, VE	3/17/2016	Class C Conditional Freshwater Edwards Application	TJ Higginbotham has submitted a production permit application for a Class C Conditional Freshwater Edwards Permit for 270,000,000 gallons year. He has an existing Edwards well that is completed per TCU standards for PWS. The application has been deemed administratively complete and a public hearing was held on 9/10/15. A couple of comments were received but no formal protests. The Permit with special provisions was approved on 9/10/15 and the applicant has been sent a permit certificate and invoice for production fees. The invoice due date was 11/5/15 for which the District has not yet received payment. The fees were considered late on 11/16/15. The District has not received payment of any fees; staff is considering enforcement and will bring before the Board for direction. On 3/17/16 the permit was deemed expired and no longer effective. The Permittee was notified by mail and email.
Drought Statute - No-Drought	KBE, VE	3/17/2016	Drought Compliance Monitoring and Enforcement	No new update. No-drought was declared on January 29, 2015. Staff sent out email and letter to all permittees notifying them of no-drought status.
EDUCATION & OUTREACH				
UT Karst Hydro Field Methods	RG	3/17/2016	Guest lecture	Robin gave a guest lecture at the UT Karst Hydro Field Methods. The discussion covered the role of groundwater conservation districts, importance of science in policy, and data management strategies.
Groundwater Stewardship Awards	RG and all staff	3/17/2016	Awards Luncheon	The Board and staff hosted the 2015 Groundwater Stewardship Awards luncheon on Friday, March 4 at the Bowie High School Culinary Arts Banquet Room. Photos from the event have been posted on Facebook.
Well Water Checkup	RG, JC	3/17/2016	Event planning and promotion	The experts for the Open House portion of the Well Water Checkup have been finalized. They include District staff (hydrogeology), the Texas Well Owner Network (well maintenance), John Gleason (landscape management), Glenrose Engineering (graywater), Lakota (rainwater), and Easy Pools (pool and spa water conservation). Targeted mailings will be sent to high-density Trinity well areas in the new area this week and next. LPPs in the database and high-volume well owners were also sent a post card through direct mail.
Enews Blast	RG	3/17/2016	March eNews	The March 2016 eNews was released on 3/11/2016. Articles included details on the scholarship programs, links to online well and geology resources, recap of groundwater stewardship award winners, and information on the proposed rule changes. People can sign-up automatically at www.bseand.org/signup . And archived eNews can be accessed at http://www.bseand.org/publications/newsletters .
Internet Traffic Report	RG	3/17/2016	Page views and visits to the District Website	The District website will be undergoing some changes in the next few months. The webserver is out-of-date and the website content management system needs to be updated. Over the last month, we've had 2,988 page views from 934 visitors. In order of hits the most visited pages were the home page (800), Scholarships (193), Proposed Rule Changes (165) and Maps (145). On the District Facebook page we have 444 people who have signed up to 'Like' us.
AQUIFER SCIENCE				
Dye Tracing	BS, BIL	3/17/2016	Dye tracing	Discussions are underway with the EAA and CoA about potential dye tracings in the upcoming months. The City will inject various locations along SH45.
Central Hays County Groundwater Evaluation	RG, BIL, BAS, JC	3/17/2016	Well and hydrogeology characterization	District staff are establishing a monitoring network of nearby wells to collect data during the EP aquifer test. Revisions are being made to the aquifer test guidelines, and a definition for unreasonable impacts is being developed.
Antioch Cave	BS, BIL, JC	3/17/2016	Onion Creek Recharge Enhancement Project	The Antioch system is open to allow recharge, and there is flow in Onion Creek due to heavy rains in October and more moderate rains in November and December.
Water-Quality Studies	BS, BIL, JC	3/17/2016	Sampling and analysis of groundwater and surface water	District staff started work with a geochemist to evaluate the years of data we have collected on behalf of the TWDB. Staff is sampling wells and springs as part of the Magellan Pipeline monitoring effort.

	Leader, Staff	Date	PROJECT / ACTIVITY DESCRIPTION	STATUS/COMMENTS
Saline Zone Studies	BS, BH	3/17/2016	Installation of multiport monitor well	Plans are moving forward for installation of a saline Edwards multiport well in conjunction with a test well installed by TDS. On July 8, the District was officially notified of an award of a regional planning grant for work on the saline Edwards, and a contract with TWDDB was signed on Aug. 27. On January 5 a contract between BSEACD and Carroll Engineers was signed.
Drought and Water-Level Monitoring	BIL, BS, JC	3/17/2016	Drought status, monitor wells, and synoptic water level events	January 30, 2015, the District Board declared non-drought conditions. The District had been in drought since August 15, 2014. Because of heavy rains in October and more moderate rains in November and December, and now early March 2016, the water level in the Lovelady well is rising. As of March 17 the water level in the Lovelady well was at 528.6 ft above msl and Barton Springs was flowing at 103 cfs.
Information Transfer	BS, BIL, JC	3/17/2016	Presentations, conferences, reports, and publications	Brian Smith attended a conference in San Juan in late January on contamination in karst and public health and is working on a paper to be published in a journal. Staff are working on the results of the Onion Creek gain-loss study from 2015 to be published at the CAC/AGS conference (Fall 2016). Staff are also working on finalizing some other technical reports and documents.
Aquifer Testing	BS, BIL, JC	3/17/2016	Planning, participation, and review of aquifer tests	AS staff were involved in the Needmore aquifer test in January 2016, and are currently evaluating the report submitted by Wetrock. We are also working with Buda on their planned aquifer test of the new well field, scheduled to potentially occur in late March or early April. Staff continue to have discussions with EP regarding their planned aquifer test. Staff have also been working on the revised aquifer test guidelines.
AD-HOC TEAMS				
Technical Team	BAS	3/17/2016	Current areas of discussion	Topics of discussion at the technical team meeting in March were the definition of unreasonable impacts, Needmore permitting, and upcoming aquifer tests.
Planning Team	JD	3/17/2016	Strategic and tactical planning and discussion topics	New Business: None
UPCOMING ITEMS OF INTEREST				
2nd March Board Meeting		3/24/2016		
Austin City Council Proclamation for Craig Smith		3/31/2016		
RWQAPP Workgroup meeting		4/8/2016	11am, LaMadeleine's, Sunset Valley	
Well Water Checkup		4/13/2016		
Region K Quarterly Meeting		4/13/2016	10am, LC/RA Dalechau Service Center, Montopolis	
1st April Board Meeting		4/15/2016		
Kent Butler Summit		4/22/2016	8:30am-4pm, Wimberley Community Center	
Earth Day		4/22/2016		
Administrative Professional's Day		4/27/2016		
2nd April Board Meeting		4/28/2016		
1st May Board Meeting		5/12/2016		
GiMA 10		5/16/2016	11:30, EAA offices, San Antonio, Texas	
2nd May Board Meeting		5/26/2016		
Memorial Day Holiday		5/30/2016	District Holiday - Offices Closed	
1st June Board Meeting		6/9/2016		
2nd June Board Meeting		6/23/2016		

Item 4
Public Hearing
6:15 p.m.

The Board will hold a Public Hearing on proposed revisions to the District Rules and Bylaws related generally to: the definitions, permit process and applications, HB 3405 process for Temporary and Regular Permits for existing wells in the Shared Territory, action on permits, permit amendments, permit conditions and requirements, modification of permits, conservation-oriented rates structure, notice and hearing process, well construction standards, notice requirements, transport, well monitoring, mitigation, aquifer testing, test wells, unreasonable impacts, and other general administrative clarifications and corrections.

Item 5

Board Discussions and Possible Actions

- a. Discussion and possible action related to approving some or all of the proposed revisions to the District Rules and Bylaws presented in the public hearing.**

Summary of Rule Changes to Date 3/17/16

- I. **Application Checklist Requirements**
 - A. Notice Requirements (pg 44, pg 48)
 - B. Permit Volume Requests > 200 MGY – Additional Application Requirements (pg 48-49)
 - C. Hydrogeological Report and Aquifer Tests (pg 53-57)
- II. **Unreasonable Impacts**
 - A. Definition of Unreasonable Impacts (pg 26,27)
 - B. Actions on Permits (pg 65,66)
 - C. Determination of Potential for Unreasonable Impacts (pg 49)
- III. **Additional Requirements when there is potential for Unreasonable Interference**
 - A. Avoidance Measures (pg 49)
 - B. Compliance Monitoring Plan & Network (pg 49,76)
 - C. Mitigation Plan (pg 49,78)
- IV. **Permit Options when there is potential for Unreasonable Interference**
 - A. Deny, modify, reduce, adjust, curtail (pg 57)
 - B. Approval of a phased or partial permit based on actual data that works with a compliance trigger backstop (pg 57)
- V. Test Well and Aquifer Test Permit (pg 90)
- VI. Transport of Groundwater Out of District (pg 38)
- VII. Use Types Definitions (see Definitions Section)
- VIII. Replacement Wells (pg 107)



NOTICE OF PUBLIC HEARING

Notice is given that a **Public Hearing** by the Board of Directors of the Barton Springs/Edwards Aquifer Conservation District (District) will be held at the District office located at 1124 Regal Row, Austin, Texas, during its Regular Meeting on **Thursday, March 24, 2016 at 6:15 p.m.** for the following purpose:

The Public Hearing concerns proposed revisions to the District Rules and Bylaws related generally to: the definitions, permit process and applications, HB 3405 process for Temporary and Regular Permits for existing wells in the Shared Territory, action on permits, permit amendments, permit conditions and requirements, modification of permits, conservation-oriented rates structure, notice and hearing process, well construction standards, notice requirements, transport, well monitoring, mitigation, aquifer testing, test wells, unreasonable impacts, and other general administrative clarifications and corrections.

Following the hearing, the Board may possibly take action to approve some or all of these changes. A copy of the proposed rules is available for viewing and copying at the District office or from the District website at www.bseacd.org. Publication of this notice begins a public comment period for which comments will be accepted by the District until close of business on **March 23, 2016**. For more information, please contact the District office at (512) 282-8441.

Came to hand and posted on a Bulletin Board in the Courthouse, Caldwell County, Texas, on this, the _____ day of March 2016, at _____ p.m.

_____, Deputy Clerk

Caldwell County, TEXAS

FILED this 3rd day of March 2016
10:55 A M
CAROL HOLOMB
COUNTY CLERK, CALDWELL COUNTY, TEXAS
By Ann Poy Deputy



NOTICE OF PUBLIC HEARING

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Came to hand and posted on a Bulletin Board in the Courthouse, Travis County, Texas, on this, the _____ day of March 2016, at _____ p.m.

_____. Deputy Clerk

Travis County, TEXAS



Came to hand and posted on a Bulletin Board of the Courthouse,
Austin, Travis County, Texas on this the 2 day of March 2016.

Dana DeBeauvoir
County Clerk, Travis County, Texas

By

A. VALLEJO Deputy

FILED AND RECORDED

OFFICIAL PUBLIC RECORDS

Dana DeBeauvoir

Mar 03, 2016 12:55 PM

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VALLEJOA: \$3.00

Dana DeBeauvoir, County Clerk

Travis County TEXAS



NOTICE OF PUBLIC HEARING

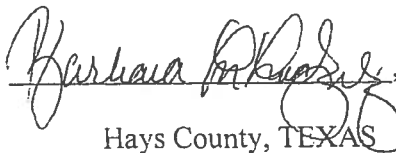
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Came to hand and posted on a Bulletin Board in the Courthouse, Hays County, Texas, on this, the 3rd day of March 2016, at 1:06 p.m.



 , Deputy Clerk
Hays County, TEXAS

RECEIPT

Notice is given that a **Public Hearing** by the Board of Directors of the Barton Springs/Edwards Aquifer Conservation District (District) will be held at the District office located at 1124 Regal Row, Austin, Texas, during its Regular Meeting on **Thursday, March 24, 2016 at 6:15 p.m.** for the following purpose:

The Public Hearing concerns proposed revisions to the District Rules and By-laws related generally to: the definitions, permit process and applications, HB 3405 process for Temporary and Regular Permits for existing wells in the Shared Territory, action on permits, permit amendments, permit conditions and requirements, modification of permits, conservation-oriented rates structure, notice and hearing process, well construction standards, and other general administrative clarifications and corrections.

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3-3/2016 #566771

Hays Free Press • March 9, 2016

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NOTICE OF PUBLIC HEARING

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NOTICE FOR REQUEST FOR COMPETITIVE

Item 5

Board Discussions and Possible Actions

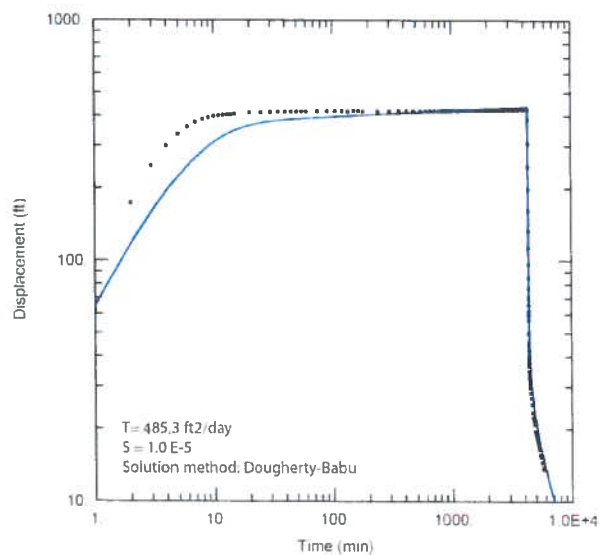
- b. Discussion and possible action related to approval of revisions to the District's guidance document, *Guidelines for Hydrogeologic Reports and Aquifer Testing*.**



Guidelines for Hydrogeologic Reports and Aquifer Testing

*Barton Springs/Edwards Aquifer
Conservation District
Hays, Caldwell, and Travis Counties, Texas*

March 2016



Guidelines for Hydrogeologic Reports and Aquifer Testing

*Barton Springs/Edwards Aquifer Conservation District
Hays, Caldwell, and Travis Counties, Texas*

*Aquifer Science Staff
March 2016*

BSEACD General Manager
John Dupnik, P.G.

BSEACD Board of Directors
Mary Stone
Precinct 1

Blayne Stansberry, President
Precinct 2

Blake Dorsett, Secretary
Precinct 3

Dr. Robert D. Larsen
Precinct 4

Craig Smith, Vice President
Precinct 5

Acknowledgments

This document is modified from original guidelines written by former District Hydrogeologist Nico Hauwert, P.G., and later revised by Aquifer Science staff in January 2007. This version of the guidelines were revised by the District's Aquifer Science Team Brian A. Smith, Ph.D., P.G. and Brian B. Hunt, P.G. with reviews also provided by the District's Technical Team. Additional reviews were provided by Joe Vickers, P.G., Douglas A. Wierman, P.G., Alex S. Broun, P.G., and Rene Barker, P.G.

Cover

Photograph of pumping well in Kingsville City from the Goliad Sands pumping 700 gpm. Photo shows the orifice weir for measuring the flow rate (source: Joe Vickers). Chart is an example of analytical solution used to estimate aquifer parameters for a Middle Trinity irrigation well (Onion Creek Golf Course well; August 2015).

I. Introduction

In accordance with the Barton Springs/Edwards Aquifer Conservation District's (District) Rules and Bylaws (3-1.4), a hydrogeologic report and aquifer test may be an application requirement for production permits, drilling authorizations, or major amendments. District rules define the Hydrogeologic Report as follows:

"a report, prepared by a Texas licensed geoscientist or a Texas licensed engineer in accordance with the District's guidance document, Guidelines for Hydrogeologic Reports and Aquifer Testing (Guidelines), which identifies the availability of groundwater in a particular area and formation and assesses the response of an aquifer to pumping over time and the potential for unreasonable impacts."

Hydrogeologic studies provide essential baseline information for water-resource management for both the District and the permittee. Aquifer tests are a key component of hydrogeologic studies, however as Butler (2009) states, "an assessment of the response of an aquifer to pumping over the long term should not solely depend on information from a pumping test of limited duration; one must use other information on the regional hydrogeology, and so forth, to make that determination." These guidelines are intended to assist professionals involved in planning and conducting the aquifer test and also addressing the key elements of the hydrogeologic report that include other information on the regional hydrogeology.

The hydrogeologic test (aquifer test) and report needs to be prepared by a Texas licensed professional geoscientist or engineer. Planning and implementation of the aquifer test shall be closely coordinated with the District to insure that the proposed study is consistent with District standards and expectations delineated in these guidelines. Prior to the commencement of the aquifer test, the applicant (or applicant's designated representative) shall have a meeting to discuss the proposed work plan (**Appendix A**). A final written work plan must be approved by District staff prior to commencement of the test. Deviation from these guidelines may occur only with prior District approval (see variance section below).

After review of the hydrogeologic report and analyses of the aquifer test data, District staff will evaluate the potential for *unreasonable impacts* of the request (as defined by the District rules (3-1.4G)). Staff may recommend to the Board that the production permit request be granted without condition. However, if there is a potential for unreasonable impact, staff may recommend permit applications be denied, modified, reduced, adjusted, curtailed, or approved with special conditions. Permit applications may be deemed incomplete due to hydrogeologic reports and aquifer tests that do not meet the District standards or deviate significantly from the guidelines outlined below without prior approval.

II. Purpose and Scope of Hydrogeologic Tests and Reports

Based on the scale of the requested permit volume, the District has established guidelines for tiers of requirements as they pertain to aquifer tests and hydrogeologic reports (Table 1). Aquifer tests for Tier 3 require more data collection than tests for Tier 2. Tier 3 aquifer tests will require a monitoring network plan and the installation of one or more monitor wells. Aquifer tests for Tier 1 may consist of abbreviated single well tests (specific capacity), although if nearby wells are available, they should also be measured. For the purpose of these guidelines, well interference is defined as drawdown of the water level in a well attributed to pumping from another well.

Table 1: Tiered Structure for Aquifer Testing and Hydrogeologic Report Requirements (3-1.4.D).

Tier	Aquifer Test and Report Requirements	Anticipated Production Volume
0	None	<2,000,000 gallons per year
1	Abbreviated aquifer test and report	>2,000,000 to 12,000,000* gallons per year
2	Hydrogeologic report aquifer test <u>may</u> require installation of new monitor wells if existing wells are not available or adequate for monitoring.	>12,000,000* to 200,000,000 gallons per year
3	Hydrogeologic report and aquifer test will require monitoring well network plan and installation of one or more new monitor wells.	>200,000,000 gallons per year

**The 12 MG/Yr value is the same as the drought management tiers. The value triggering a Tier 2 may be higher or lower depending upon the setting and level or risk of unreasonable impacts, as judged by the Aquifer Science Team's professional judgment.*

Tier 1 Abbreviated Hydrogeologic Test and Report

The purpose of the Tier 1 tests and reports is to establish baseline information on the well and aquifer (yield, parameters, water quality). The Tier 1 tests and reports are intended for those wells that pump a relatively small volume and have a low risk for unreasonable impacts. Key elements of the Tier 1 Abbreviated Hydrogeologic Test and Report include:

1. **Estimated aquifer properties:** Transmissivity needs to be calculated from an aquifer test using the guidelines outlined in this document. Often these will be single-well (specific capacity) tests, but where monitor wells are nearby and readily accessible, they should be included in the testing. Storativity should be calculated if sufficient monitor

well response is measured, or appropriate values cited from the literature or previous tests.

2. **Estimated extent and magnitude of well interference:** The report should address the short and long-term impacts from the anticipated pumping on existing surrounding water wells. This can be done with simple distance-drawdown graphs (e.g. Cooper-Jacob) that project the effects of up to 7 years of pumping.
3. **Water quality:** The report should document and establish water chemistry of the groundwater produced at the end of the test, which at a minimum includes field parameters (conductivity, temperature, pH) and possibly laboratory results (common ions and anions, nutrients).

Tier 2 and 3 Hydrogeologic Test and Report

Tier 2 and 3 tests and reports are intended for those well systems that have proposed pumping volumes greater than 12 MG/Yr (**Table 1**). Accordingly, the purpose is to make an assessment of the short- and long-term impact to the regional aquifer system and existing surrounding water wells from the proposed pumping. An aquifer test is a key part of that evaluation, but other relevant hydrogeologic data should also be evaluated, if available.

Note: The difference between Tier 2 and 3 Hydrogeologic Test and Report is related to the aquifer test monitoring plan and installation of monitor wells for the aquifer test. Tier 2 testing will require the installation of monitor wells only if existing wells in the study area are unavailable or inadequate. In contrast, Tier 3 testing requires a monitoring well network be established by the installation of at least one monitor well for a test and identifying a sufficient amount of existing wells adjacent to the well or well field. A second monitor well may be required to measure the effects in different aquifers or in different locations of a widespread wellfield. The Tier 3 requirement is meant to ensure the best possible test and data collected for these large permit requests. The new monitor wells serve as a component of the “monitoring well network plan” submitted with the aquifer test work plan as required by the rules (3-1.4.D).

Key elements of the Tier 2 and 3 Hydrogeologic Test and Report include:

1. **Estimated aquifer properties:** Hydrogeologic parameters including *transmissivity* and *storativity* need to be calculated from an aquifer test using appropriate published analytical models. Additionally, the report should also identify the presence of boundary conditions such as barriers to groundwater flow, recharge, and other factors inherent to the aquifer or hydrologic conditions that may influence pumping over time.
2. **Estimated extent and magnitude of interference:** The report should address the short and long-term impacts from the pumping on existing surrounding water wells. The report should contain a map of the maximum measured drawdown from the aquifer test for the surrounding monitored wells. In addition, up to 7 years of projected future drawdown from analytical models should be mapped. Results will be used to evaluate the potential for unreasonable impacts to existing surrounding water wells.

3. **Water quality:** The report should document water chemistry and detectable trends during the aquifer testing. The report should discuss the risk of water quality changes due to pumping. In cases where pumping or ASR injection wells are located near the Edwards Aquifer's saline-water boundary, or where significant inter-aquifer flow could induce waters of differing and distinguishable water quality, further evaluations may be required. Results will be used to evaluate the potential for unreasonable impacts to the quality of water in existing surrounding water wells or the aquifer.
4. **Estimated impacts to regional water resources:** Regional water resources include aquifers, springs, and surface streams. The report should attempt to quantify the short- and long-term impacts from the pumping on these resources and Desired Future Conditions (DFCs) for the relevant aquifer(s). Results will be used to evaluate the potential for unreasonable impact to DFCs, regional aquifer conditions, springflows, or base flows to surface streams.

Variances to Hydrogeologic Reports and Aquifer Test

There may be situations where Aquifer Science staff recommend to the Board a variance from conducting an aquifer test or forgoing a Hydrogeologic Report entirely, or conducting a Tier 1 instead of a Tier 2 test, or forgoing the requirement to drill new monitors wells. Technical information and memorandum from a Texas licensed geoscientist or engineer documenting these conditions may be required. Factors that may be considered include:

1. Relatively low requested production volume;
2. Sufficient data exist for the well or vicinity (e.g. existing hydrogeologic reports or aquifer tests);
3. Low potential for unreasonable impacts; and
4. Other relevant factors.

Deviations to the guidelines and the Aquifer Test Design and Operation (**Appendix A**) can occur with approval from Aquifer Science staff, which should be noted and described in the submitted work plan.

III. Hydrogeologic Report Outline

Below is a suggested outline of topics, tables, and figures that should be included in the hydrogeologic report. Tier 1-3 reports need to address their respective topics described in Section II above. However, the Tier 1 Abbreviated Hydrogeologic Report is, by its nature, a more concise document and does not address all elements outlined below.

A. **Summary Results and Conclusions**

- i) Description of the type of permit request, aquifer (target production zone), use type, volume, and other relevant factors.
- ii) Conclusions of the report as they relate to the purpose described in Section II.

B. **Description of the Pumping Well Site and Water System**

- i) Description and map of the project area, the location of the well site(s), and system configuration including the location and volume of water-storage facilities.
 - Figure: *sketch (map) of the test site*
 - Note: *Describe and map potential inference from nearby pumping wells.*
- ii) Description of the current and anticipated annual pumping demands, including typical pumping schedules, such as frequency, duration, peak demand hours, and pumping rates of the pumped well(s).

C. **Hydrogeology and Conceptual Model**

The data sources for this section should be the best available information, properly cited from the literature, and integrated with the data collected from this study.

- i) Provide a description of the hydrogeologic conceptual model of the aquifer and well site. Discuss or provide:
 - Relevant hydrogeologic aspects of the aquifer, such as aquifer conditions (e.g. confined, semi-confined, unconfined), porosity, permeability, hydrostratigraphy, faulting, and boundary conditions (recharge or barriers).
 - A map showing wells (exempt and nonexempt), surface ponds or reservoirs, major karst features, springs, or any other source of recharge and discharge for the project well site and surrounding area of influence. Data sources should include all publically available databases coupled with field reconnaissance or survey investigations.
 - Regional hydrogeologic elements such as recharge, flow, and discharge should be addressed in the conceptual model. Concepts such as pumping equilibrium, changes in storage, and capture related to pumping should be discussed.
- *Figures: Regional and local scale geologic and potentiometric maps*
- *Figures: Study area geologic and hydrogeologic cross sections*

- The role of fracturing, faulting and karst in the conceptual model should also be directly discussed, in addition to the heterogeneity and anisotropy of the aquifer and well field.
- ii) Detailed well hydrostratigraphy and completion information need to be presented in the report. This should include geophysical logs of the pumping wells (required), and monitor wells (if available for existing, required for new).
 - *Figures: Pumping and monitor well hydrostratigraphy and well completion diagrams.*
 - Well inventories, drilling and geophysical logs, state well reports, and other relevant records should be included in the appendices of the report.
 - Electronic files (PDF and/or .WCL) of geophysical logs should be made available. Geophysical logs should include gamma ray, resistivity, and caliper.
- iii) Potentiometric maps should be prepared showing the elevations of the potentiometric surface(s) of the aquifer(s) proposed for usage or that could be impacted.
 - Regional potentiometric maps can be based on existing or published data, while more local potentiometric maps should be based on water-level measurements taken prior to the aquifer test for the tested aquifer and, to the extent possible, all relevant aquifers that could be subject to capture.
 - *Figure: Regional and local potentiometric maps*

D. Aquifer Test Plan and Results

- i) Aquifer Test Plan. Summarize the aquifer test design and operation outlined in **Appendix A** and approved by the District.
 - *Note: Complete time-discharge records of the pumped well and water-level records of the pumped and monitor wells should be put into an appendix (and provided in digital format).*
- ii) Aquifer test results. Discuss pre-test trends and water levels during the pumping and recovery phases as they might relate to influences from recharge, barometric effects, and pumping wells. Any problems or inconsistencies with pumping rates or measurements must be discussed and documented.
 - *Figure: Map of the maximum measured drawdown during aquifer test. If more than one well is pumped, the sum of the maximum drawdown from each test must be presented. Maximum drawdown determinations may need to be adjusted for regional water-level trends (any adjustments to the data need to be described).*
 - *Figures: Annotated hydrographs (arithmetic or non-log) of water-level elevations versus time for all the data from each well.*
 - *Figures: Hydrographs of nearest stream flow, springflow, and rainfall station data covering a period of 3 months prior to the aquifer test through the recovery period.*

E. Analyses of Aquifer Test Data and Parameter Estimation

- i) This section should describe the methods used and analytical model selected to estimate aquifer parameters.
 - All data manipulation (trend-correction) should be clearly described.

- *Table: Summary of input parameters used in the analytical solutions (pumping rate, aquifer thickness, distances, well construction details etc.).*
- *Figures: Annotated semi-log and log-log graphs of measured drawdown versus time in pumping and monitor wells. Include select theoretical curves (analytical models) used to calculate the parameters.*
 - *Methods should include straight-line (Cooper and Jacobs, 1946) and type curve models such as Theis (1935) or other similar analytical models. If numerous plots are generated they can be put into an appendix.*
- ii) Storativity should only be calculated from monitor well (not pumping well) data. Data from monitor wells farthest out generally result in the best estimates of storativity (Butler and Duffield, 2015; Butler, 2009).
- iii) Deviations from these theoretical curves must be discussed and may include effects from: hydraulic boundaries (recharge and no flow), partial penetration, fluctuating pumping rate, delayed yield, leakage, atmospheric responses, regional water-level trends, and interference from other wells.
 - *Table: Summary table of estimated aquifer parameters and methods. This should provide a range of results based on various selected methods. The preferred or averaged result and model should be indicated. A comparison to other published or nearby aquifer test values should be included.*

F. Potential Unreasonable Impacts Analyses (Tiers 2 and 3 only, except where indicated)

The effects of pumpage on wells and on the aquifer must be evaluated and discussed in this section as they relate to the potential for unreasonable impacts. Aquifer parameters selected for the evaluation should be representative of the potentially impacted area. Discuss the rational of the parameters selected for the analyses.

Well interference (Tiers 1-3)

- i) Discuss and map the estimated extent and magnitude of well interference on existing surrounding wells.
 - *Figure: A plan view map of theoretical maximum drawdown for 7 years should be shown on the final maps and cross sections.*
 - *Figure: Chart showing the forecast of distance-drawdown from the pumping well for 1 week, 1 and 7 years. Cooper-Jacob plots are recommended.*

Potential impacts to regional water resources

- i) Discuss permit in context with the Modeled Available Groundwater (MAG) and the DFC.
- ii) Discuss potential short- and long-term impacts from the pumping on freshwater resources including springs and baseflow to surface streams.
- iii) Discuss regional numerical or other analytical models relevant to the permit.

Changes in water quality

- i) Document and discuss any water-quality changes that may have occurred due to pumping during the test.
 - Analytical results from the laboratory should be provided as appendices.
 - *Table: Summary of laboratory water-chemistry results. Should include comparison to EPA and TCEQ standards in addition to other regional averages.*
 - *Figure: Plots showing water level, temperature, and conductivity during test. Recommend plotting with pumping well hydrograph.*

G. Supplemental Information

Due to the test-specific nature of these investigations, additional information can enhance the results and evaluation of the data. Below are some items that could be considered within the scope of work for the hydrogeologic studies and report:

- *Numerical or analytical modeling*
- *Dye tracing*
- *Surface geophysics*
- *Down-hole camera surveys*
- *Other reports or unpublished information or data.*

IV. Select References

Alley, William M., 2009, Update on Guidance for the Preparation, Approval, and Archiving of Aquifer-Test Results. Office of Groundwater Technical Memorandum 2009.01

Butler, J., 2009, Pumping Tests for Aquifer Evaluation—Time for a Change? Groundwater, Volume 47, Issue 5, September/October 2009, Pages: 615–617.

Butler, J. and G. Duffield, 2015, Aquifer Testing for Improved Hydrogeologic Site Characterization featuring AQTESOLV and the In-Situ Level TROLL, Course Notes, D. Kelleher (ed), Fort Collins, Colorado, October 27 and 28, 2015, 511 pages.

Cooper, H.H. and C.E. Jacob, 1946, A generalized graphical method for evaluating formation constants and summarizing well field history. Am. Geophys. Union Trans. Vol. 27, pp. 526-534.

Driscoll, F.R., 1986, Groundwater and Wells. Second Edition. Johnson Screens, St. Paul, Minnesota. Pp. 1089.

Hunt, B.B., B.A. Smith, J. Kromann, D. Wierman, and J. Mikels, 2010, Compilation of Pumping Tests in Travis and Hays Counties, Central Texas: Barton Springs Edwards Aquifer Conservation District Data Series report 2010-0701, 12 p. + appendices

Kruseman, G.P., and N.A. de Ridder, 1991, Analysis and Evaluation of Pump Test Data, Second Edition, ILRI, Netherlands. Pp. 377

Theis, C.V., 1935, The relation between the lowering of the piezometric surface and the rate and duration of discharge of a well using groundwater storage. Trans. Amer. Geophys. Union, Vol. 16, pp. 519-524.

Appendix A: Aquifer Test Design and Operation Guidelines

The aquifer test plan submitted to the District prior to the test should briefly address the key aspects outlined below. These guidelines will be used as a checklist during the pre-test meeting with the consultant. The aquifer test work plan must be approved by the District staff.

Aquifer test design and operation should generally follow those discussed in Driscoll (1986) or other published resources.

1. Initiation, Duration and Pumping Rate

- a) Aquifer tests for most aquifers (especially the Edwards) should not be conducted during or immediately after significant rain or recharge events, because of the rapid change in water levels that often follows.
 - *Note: aquifer tests may occur during recharge events for deeply confined aquifers if the pre- and post-test data are sufficient to document trends.*
- b) Testing schedules should be coordinated with other area pumping wells to avoid well interference that could result in misleading or uncertain results.
- c) The test shall be designed to pump a minimum of three times the daily equivalent of the requested annual permitted volume (**Table 2**). Longer duration pumping tests (four to five times the daily equivalent) are encouraged and could be required where the risk of unreasonable impacts, or encountering aquifer boundaries, is high.
 - *Note: the duration of the test, rather than the pumping rate, increases the scale of the test (distance of measureable drawdown). The pumping rate has less of an effect on the scale of the test, but increases the ability to distinguish water-level fluctuation noise. In addition, unconfined aquifers generally result in slower response and need longer pumping durations for measured responses in monitor wells (Butler and Duffield, 2015). Longer test durations and larger pumping volumes should be considered if it is anticipated the permit would increase sometime in the future such that the test would not need to be repeated.*

Table 2. Example duration calculation of aquifer test

Annual Permit Request (gal)	Daily equivalent (gal)	Pumping target volume (gal)	Testing Rate 380 gpm	Rate	Testing Rate 285 gpm
100,000,000	274,000	3 x 274,000 = 822,000	36 hour		48 hour

- d) The aquifer test should be a constant-rate test. Well testing (step tests) should be performed prior to the aquifer test (allowing for recovery) in order to properly size the pump and estimate the optimal well yield for the test. Well testing (step tests) should ideally be done prior to the final work plan.
 - *Note: Pumping rates should be measured frequently to verify that a constant discharge rate is being achieved. If a flow meter is used to measure flow it should be calibrated prior to the test and verified using another calculation method, such as an orifice weir or by the time required to fill a storage vessel of known volume.*
- e) Waste of the discharge should be avoided as much as possible, particularly during drought conditions, and should be routed to storage tanks or to other water systems when possible. If the water must be discharged to surface drainages off-site, the pumped water should be routed so that it does not recharge into the tested aquifer in the vicinity of the pumping or monitor wells during the test. Discharge onto adjoining properties needs to be considered and avoided if possible, especially when it involves flooding and poor quality water.

2. Aggregate Well Fields

- a) If the study involves the assessment of two or more pumping wells, each well may be pumped separately to measure their combined effects. If the wells are sufficiently close, it may be possible to pump the wells simultaneously.

3. Well Completion (see rule 3-1.20)

- a) Pumping wells must be completed before the aquifer test can be conducted.
- b) Temporary test wells may be permitted if the final target production zone can be sufficiently isolated to ensure discrete production solely from that zone during the test. This could be achieved with temporary casing and grout or by the use of packers. The use of test wells must be approved by the District.
 - *Note: If the conversion of the test wells to final production involves significant modifications (well diameter, acidization, etc.) then a special condition of the permit, if granted, may be included to require a re-test of select wells after final completion to demonstrate that the data can be reproduced. If the test of wells after final completion results in significant differences in aquifer parameters and measured response to surrounding wells, the full aquifer test may need to be repeated and the permit subject to staff-initiated amendments based on a new aquifer test.*

4. Number and Location of Monitor Wells

Note: Detailed description of the monitor wells and elements below will be considered a "monitor well plan" that is part of the overall aquifer test work plan.

- a) Monitor wells should be selected radially around the pumping well and include wells completed in the same aquifer.
 - *Provide a detailed map of pumping, monitor, and area wells.*
 - *Use analytical models (Cooper-Jacob) to help forecast distance and a potential range of drawdown to monitor wells using published aquifer parameters.*
- b) For Tiers 2 and 3, some monitor wells may be selected that are in different aquifers to evaluate the potential for inter-aquifer communication.
- c) Ultimately, it may be necessary for the Tiers 2 and 3, which could have a significant risk of negative impacts, to install one or more monitor wells in the absence of existing well-suited monitor wells. The aquifer test work plan shall also include a monitoring well network plan and shall contain the minimum requirements of District Rule 3-1.4(D)(3). A monitoring well network shall be established by installing one or more new monitor wells and identifying a sufficient number of existing wells adjacent to the well or well field prior to the commencement of the aquifer test in accordance with the District approved monitoring well network plan.

5. Water-Level Data

- a) Pre-aquifer test water-level measurements should be collected starting at least 1 week prior to pumping.
- b) Post-test data collection in all wells should continue through the recovery phase, which should be about as long as the pumping phase.
 - *Note: recovery data often results in the best data for parameter estimation as head loss due to well construction is minimized (Butler and Duffield, 2015).*
- c) Select monitor wells should be measured beyond the recovery period of the pumping phase to establish regional and local water-level trends and to observe any delayed response to pumping.
 - *Note: It is preferable that recovery lasts two to three times the duration of the pumping for complete recovery and also to measure trends.*
- d) All water-level measurements should be within 0.1 feet precision. The use of automated data loggers and vented pressure transducers should be used whenever possible. The automated data should be verified with manual e-line measurements if the risk of hanging up the e-line is low.
 - Care should be exercised to prevent contamination (bacterial and other types) of monitor wells when using elines during the test.
- e) Other means such as airlines or sonic meters, are generally discouraged from use but may be allowed as backup measurements.
- f) All water-level data must be submitted in the report and made available in digital format (spreadsheet).

Note: The District may be able to provide continuous data from relevant existing monitor wells, and provide logistical support to identify, make introductions, and possibly assist with monitoring if time and resources allow.

6. Water Quality Data

- a) Samples for major ions, nutrients, and other trace elements at the end of the test.
 - *Note: the list of parameters should be provided in the work plan.*
- b) Field parameters (temperature, conductivity, pH) should be monitored throughout the test with tabular results provided in the appendices.

Item 5

Board Discussions and Possible Actions

- c. Presentation, discussion, and possible action related to receipt and approval of the FY 2015 Annual Financial Audit report by the District's financial auditor.**

 **DRAFT**

**BARTON SPRINGS/ EDWARDS AQUIFER
CONSERVATION DISTRICT**

**INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS**

AUGUST 31, 2015

**BARTON SPRINGS/EDWARDS AQUIFER
CONSERVATION DISTRICT**

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Board of Directors
Barton Springs/Edwards Aquifer Conservation District

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Barton Springs/Edwards Aquifer Conservative District (District) as of and for the year ended August 31, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of August 31, 2015, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiring of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

DATE
Austin, Texas

Barton Springs / Edwards Aquifer Conservation District

Management Discussion and Analysis

Fiscal Year Ending August 31, 2015

The following **Management Discussion and Analysis** narrative provides an overview and summary-level analysis of the significant activities and situations that have financial reporting consequence for the fiscal year. This information is provided in conjunction with our financial statements that follow. The percentages shown in the Management Discussion & Analysis narrative are based on the comparisons of the Statements of Revenues, Expenses and Changes in Net Position **before** any adjusting journal entries in the current year.

OVERVIEW OF THE FINANCIAL STATEMENTS

Since the activities of the District are financed primarily by fees charged to external parties, such activities are reported as an enterprise fund and are considered a "business-type activity." The financial statements required for an enterprise fund are the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

The Statement of Net Position presents the District's assets and liabilities, with the difference between the two reported as net position, as of the end of the fiscal year. Over time, increases or decreases in net position are one indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position presents information showing the operating revenues and expenses of the District for the fiscal year, using the accrual basis of accounting. Therefore, revenues are recognized when earned, and expenses are recognized when incurred, regardless of when cash is received or paid.

The Statement of Cash Flows provides information about the cash receipts and cash payments of the District during the fiscal year, summarized by operating, capital and related financing, and investing activities.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

CONDENSED FINANCIAL INFORMATION

The following table presents comparative condensed financial information on assets, liabilities and net position.

Condensed Statement of Net Position August 31, 2015, 2014 and 2013

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Current assets	\$ 1,253,929	\$ 1,201,374	\$ 1,187,957
Capital assets	<u>357,337</u>	<u>379,273</u>	<u>407,776</u>
Total assets	<u>\$ 1,611,266</u>	<u>\$ 1,580,647</u>	<u>\$ 1,595,733</u>
Total liabilities	<u>\$ 238,378</u>	<u>\$ 69,397</u>	<u>\$ 86,806</u>
Net position:			
Net investment in capital assets	357,337	379,273	407,776
Unrestricted	<u>1,051,551</u>	<u>1,131,977</u>	<u>1,101,151</u>
Total net position	<u>1,372,888</u>	<u>1,511,250</u>	<u>1,508,927</u>
Total liabilities and net position	<u>\$ 1,611,266</u>	<u>\$ 1,580,647</u>	<u>\$ 1,595,733</u>

The following table presents comparative condensed financial information on revenues, expenses, and changes in net position.

Condensed Statement of Revenues, Expenses and Changes in Net Position Years Ended August 31, 2015, 2014 and 2013

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Operating revenues	\$ 1,395,059	\$ 1,446,465	\$ 1,413,444
Operating expenses	<u>1,483,752</u>	<u>1,444,631</u>	<u>1,405,976</u>
Operating income	<u>(88,693)</u>	<u>1,834</u>	<u>7,468</u>
Non-operating revenues (expenses)			
Interest income	594	489	1,351
Interest expense	<u>0</u>	<u>0</u>	<u>0</u>
Total non-operating rev/(exp)	<u>594</u>	<u>489</u>	<u>1,351</u>
Change in net position	<u>(88,099)</u>	<u>2,323</u>	<u>8,819</u>
Beginning net position (restated 2015)	<u>\$ 1,460,987</u>	<u>\$ 1,508,927</u>	<u>1,500,108</u>
Net position end of year	<u>\$ 1,372,888</u>	<u>\$ 1,511,250</u>	<u>\$ 1,508,927</u>

FINANCIAL HIGHLIGHTS OF CHANGES IN OPERATING REVENUES

The discussion that follows is based on FY 2015 preliminary financial reports before adjustments and reclassifications in the audit process.

Permittees' Production Fees and Annual Permit fees, Transport (export) fees, and City of Austin Water Use fees, decreased by \$26,139 in FY 2015 from the prior year to \$1,383,960 from \$1,410,100 (a small 1.9% decrease). This revenue was close to what was budgeted for FY 2015 (\$1,402,217), with the shortfall primarily reflecting conservation credits awarded for FY 2015 (\$38,188). Included in these revenues are transport permit fees. There continue to be two District transport permits that generate \$124,000 in transport fees revenue in both FY 2015 and FY 2014.

There was no revenue associated with Grants in FY 2015 or in FY 2014.

All "Other Fees" revenue (derived from variable sources such as well development fees, well application and inspection fees, and drought management fees) was initially projected and budgeted to be \$4,000 but was actually \$10,114 for FY 2015. Of that actual FY 2015 revenue (\$10,114), well development applications and inspection fees generated \$7,950 as compared to \$5,475 in FY 2014; meter reading and plugging application fees generated \$875 as compared to \$1,050 in FY 2014; late fees generated \$289 as compared to \$82 in FY 2014; and Drought Management Fees generated \$1,000 in FY 2015 as compared to \$0 for FY 2014.

Drought management fees are assessed for permittee noncompliance only during a District-declared drought of three months or longer. The District was in declared drought starting in September 2014 and lasting through January 2015, when the District declared a no-drought condition. This period of time was of sufficient duration to assess drought management fees, however, there was no occurrence of compliance triggering fees so none were assessed.

There was no fee income from Enforcement Fines and Penalties in FY 2015 or FY 2014.

Interest income in FY 2015 as expected continues to be minimal. Actual interest income received for FY 2015 is \$594 as compared to \$489 in FY 2014.

FINANCIAL HIGHLIGHTS OF CHANGES IN OPERATING EXPENSES

The discussion that follows is based on FY 2015 preliminary financial reports before adjustments and reclassifications in the audit process.

Expenses for personnel salaries and wages for FY 2015 is \$723,396, which is \$26,917 more than the previous year's expense of \$696,479 (a 3.9% increase). The higher salaries in FY 2015 were a result of planned staffing and salary adjustments.

Actual expenses for staff payroll taxes and retirement benefit-related for FY 2015 are \$112,895, which is more than the previous year's expense of \$107,320 (a 5.2% increase). (This account includes an accrued vacation expense that fluctuates from month to month.) Actual expenses for group insurance benefits in FY 2015 is \$107,986, which is more than last year's expense of \$103,431 (a 4.4% increase).

Actual expense for directors' compensation for meetings in FY 2015 is \$39,515 which is less than the FY 2014 actual expenses of \$39,700 (a 0.5% decrease), and represents 87.8% of the

amount budgeted. This account was almost maximized even though the Board was down one director from April through August 2014. This is due to the statutory increase in the daily cap on director's compensation from \$200 per day maximum allowed to \$250 per day maximum allowed, and the subsequent increase in meeting rates approved by the Board on July, 25, 2014. The rates were increased from \$100 to \$200 for regular meetings and from \$75 to \$100 for other meetings. In this category, the statutory maximum annual amount, which was not increased, of \$9,000 per director per fiscal year, is always budgeted at the full amount of \$45,000 for the five directors.

Direct expenses associated with the ongoing work of the various programmatic teams (Aquifer Science, Education and Outreach, and Regulatory Compliance) are not meaningfully comparable on a year-on-year basis, because the work programs of each vary and also cross over fiscal years. These teams' efforts were judged by the Board to have made sufficient progress towards achieving the District's 2015 Management Plan objectives (Appendix B of the draft Annual Report) and within their budget and schedule constraints, which are the more important management measures.

Since the District holds elections no more often than every two years (in odd-numbered fiscal years, if and when election contests warrant), the Elections account typically shows large percentage differences from year to year. Similarly, expenses for legislative services tend to be biennial with the Texas Legislative Regular Sessions in odd-numbered fiscal years. So year-on-year expense can vary as much as 100%.

The majority of election expenses are incurred in the odd-numbered fiscal years building up to November elections in even-numbered calendar years. In FY 2013, election expenses totaled \$26,492. Similar to FY 2013, the majority of the 2014 election expenses were incurred in FY 2015. The total election expenses incurred in FY 2015 were \$15,277 which was \$14,481 more than the previous election fiscal year's expense in FY 2014 of \$796.

In FY 2015, there were expenses related to legislative lobbying in the amount of \$40,000, which was 100% of the budgeted amount. In FY 2014, there were \$0 legislative-related expenses, as the Legislature was not in session that year.

In FY 2015, Actual Professional Services expenses (excluding legal expense characterized below) barely increased to \$29,776 as compared to \$29,047 in FY 2014. Other professional services are team-specific and are included in team budgets as contracted support expenses.

Legal Services expense In FY 2015 is \$86,021 which was more than the previous year's expense of \$49,453 (a 74% increase). This increase was due to addressing State Highway 45 Southwest, Attorney General Opinions, and an extraordinary level of additional legal services required for new legislation and annexation related issues. This expense account only includes continuing or planned legal representation and does not include more variable legislative services, which are characterized above.

Several expense accounts or sub-accounts showing large percentage changes reflect small dollar amounts in one or both years leading to relatively large proportional changes.

KEY FACTORS INFLUENCING CAPITAL ASSETS

Capital assets subject to depreciation include building, vehicles, and equipment with an original cost that is greater than \$5,000 and with a life exceeding one year. Land is not depreciated.

In FY 2015, there was one capital improvement project initiated and completed for \$11,750. This was an interior remodeling project to reconfigure and modernize part of the office into a laboratory. This project will account for the change in capital assets, net of their depreciation.

KEY FACTORS INFLUENCING CHANGES IN CASH FUNDS

The available cash funds (two BB&T accounts and one TexPool General account, excluding the contingency, and reserve funds) at the end of FY 2015 totaled \$475,477, which is \$54,270 more than the prior year's total of \$421,207. Differences in these funds are mostly attributable to the timing of receipts of water use fee payments from permittees and the City of Austin and their resulting deposits.

In FY 2015, the District transferred \$295,000 from its TexPool accounts in order to balance the budget for four separate issues: 1) \$160,000 for a Westbay monitoring well installation; 2) \$31,600 to cover expense adjustments associated with Budget Revision 1; and 3) \$63,450 to cover expense adjustments associated with Budget Revision 2. The Westbay well was not installed in FY 2014 so the \$160,000 budgeted and not expended remained in the TexPool General account and was rebudgeted in the FY 2016 initial annual budget to be available for anticipated project start up in FY 2016. The District also transferred \$5,000 from its General operating account back into the TexPool Contingency account in response to the annual Board directive to contribute this amount to the Contingency account. The Contingency account transfer was made at the outset of the fiscal year as routinely scheduled each year. This practice serves no practical budgeting purpose therefore it has been discontinued.

ANTICIPATED CHANGES

The following events affecting the revenue, cost, and financial management have not occurred yet or have not yet substantially impacted the financial performance of the District, but are expected to occur and be potentially significant to financial performance and/or condition in FY 2016:

- A transfer of \$160,000 from the TexPool General account will be made at the beginning of FY 2016 not into the Aquifer Science Team budget as was in FY 2015 but in a separate budget category "Grant Expenses and Special Projects Expenses" in anticipation of installing a third Westbay well which is part of a TWDB grant that was awarded and under contract in FY 2015.
- The District submitted an application to the TWDB Board for a Regional Facility Planning Grant on January 28, 2015 to assess the Saline Edwards Aquifer as a potential water supply. The District was awarded grant funding in the amount of \$240,000 to support the District's grant project. The contract with TWDB for the grant project was approved by the Board and executed on August 27, 2015.
- An application was made in early FY 2016 to the TWDB for additional matching grant funding to support studies to assess the feasibility of Aquifer Storage and Recovery (ASR) as a water supply strategy (Rider 25 grant), however, the grant funds were not awarded.
- The onset of Drought conditions in the beginning of FY 2016 may generate additional revenues from the assessment of drought management fees or drought enforcement penalties; however, such revenues are not budgeted sources of income and elevated

aquifer conditions at the end of FY 2015 make the prospect of a drought declaration in FY 2016 unlikely.

- Additional remodeling and upgrades to accommodate additional staff and enhance the functionality of the existing District office and facilities.
- **Annexation:** During the 84th Legislative Session in 2015, state and local officials responded to requests from Hays County citizens to pass legislation to manage, conserve, preserve, and protect groundwater resources in unregulated portions of Hays County adjacent to and south of the District's jurisdictional area. As a result, HB 3405 became law on June 19, 2015. The new law gave the District the authority and responsibility for managing groundwater production of the Trinity Aquifer and other non-Edwards aquifers (example: Austin Chalk Aquifer, Alluvium) in new annexed area. HB 3405 established a Temporary Permit process to allow existing wells to be transitioned into a permit without interruption. Anticipated expenses associated with the annexation include:
 - additional staff and technical contracted support to accommodate the extraordinary workload associated with implementation of HB 3405;
 - legal expenses associated with redistricting to redraw and expand the three non-Austin precincts into the new annexed area;
 - legal expenses associated with a contested election in the redrawn Director precincts;
 - legal expenses associated with contested cases on new permits in the recently annexed shared territory; and
 - legal expenses associated with legal challenges arising from implementation of HB 3405.
- Larger amounts of contractual funding associated with various technical and legal professional services, including:
 - technical and consulting services to be responsive to comments received by the U.S. Fish and Wildlife Service and during the public review process on the District's submitted draft HCP and ITP application and to support completion of the draft EIS;
 - technical services on prospective special projects including: regional wastewater management; desal or ASR pilot projects; continued aquifer characterization; or development of an extension of Groundwater Availability Model for the Hill Country Trinity Aquifer;
 - technical service associated with prospective HCP mitigation measures;
 - engineering services associated with monitoring and review of major roadway projects including SH45 SW; and
 - engineering and technical services associated with modeling and assessment of prospective Trinity Aquifer pumping in the recently annexed area (the "shared territory").

BARTON SPRINGS/EDWARDS AQUIFER CONSERVATION DISTRICT

STATEMENT OF NET POSITION PROPRIETARY FUND

AUGUST 31, 2015

ASSETS

Current assets

Cash	\$135,419
Short-term investments	1,116,394
Other	<u>2,116</u>
	<u>1,253,929</u>

Noncurrent Assets

Land	165,415
Depreciable capital assets, net	<u>191,922</u>
	<u>357,337</u>
	<u>\$1,611,266</u>

LIABILITIES AND NET POSITION

LIABILITIES

Current liabilities

Accounts payable	\$17,782
Conservation credits	38,190
Accrued payroll	93,961
Deferred revenue	<u>88,445</u>
	<u>238,378</u>

NET POSITION

Net investment in capital assets	357,337
Unrestricted	<u>1,015,551</u>
	<u>1,372,888</u>
	<u>\$1,611,266</u>

The accompanying notes are an integral part of this financial statement presentation.

BARTON SPRINGS/EDWARDS AQUIFER CONSERVATION DISTRICT

STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION

YEAR ENDED AUGUST 31, 2015

	<u>Proprietary Fund</u>
OPERATING REVENUE	
Water permits and fees	\$1,394,074
Other	<u>1,579</u>
	<u>1,395,653</u>
OPERATING EXPENSES	
Personnel and related	983,792
Legal	86,021
Habitat Conservation Plan projects	50,018
Legislation	40,000
Aquifer science	35,043
Depreciation	33,037
Professional services	29,776
Contracted support	27,799
Utilities	23,285
Maintenance	22,185
Groundwater Management Areas joint planning	20,056
Computer expenses	19,295
Election expense	15,277
Education and outreach	15,316
Office	15,192
Other	<u>67,660</u>
	<u>1,483,752</u>
CHANGE IN NET POSITION	<u>(88,099)</u>
BEGINNING NET POSITION, as previously reported	1,511,250
Prior period adjustment	<u>(50,263)</u>
BEGINNING NET POSITION, as restated	<u>1,460,987</u>
ENDING NET POSITION	<u><u>\$1,372,888</u></u>

The accompanying notes are an integral part of this financial statement presentation.

BARTON SPRINGS/EDWARDS AQUIFER CONSERVATION DISTRICT

PROPRIETARY FUND STATEMENT OF CASH FLOWS

YEAR ENDED AUGUST 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from water permit and other use fees	\$1,491,409
Other cash receipts	1,579
Payments to employees for services	(978,100)
Payments to suppliers for goods and services	<u>(444,149)</u>
	<u>70,739</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments	(74,004)
Purchase of fixed assets	<u>(11,101)</u>
	<u>(85,105)</u>

NET CHANGE IN CASH (14,366)

BEGINNING CASH 149,785

ENDING CASH \$135,419

Reconciliation of operating income to net cash provided by operating activities:

Operating income	(\$88,099)
Depreciation	33,037
Change in prepaid expense	7,083
Change in accrued payroll liabilities	6,274
Change in accounts payable	15,109
Change in deferred revenue	88,215
Change in conservation credits	<u>9,120</u>
	<u><u>\$70,739</u></u>

The accompanying notes are an integral part of this financial statement presentation.

BARTON SPRINGS/EDWARDS AQUIFER CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1: ORGANIZATION

The Barton Springs/Edwards Aquifer Conservation District (the District) is a ground water conservation district created in 1986 by the Texas Water Commission (now the Texas Commission on Environmental Quality), validated in 1987 by the 70th Legislature (Senate Bill 988), and confirmed by the voters on August 8, 1987. The District's statutory authority is Chapter 52 of the Texas Water Code, as amended by the 70th Legislature Senate Bill 988, further amended to reference Chapter 36 of the Texas Water Code upon the repeal of Chapter 53, effective through House Bill 2294 by the 74th Legislature.

The District encompasses approximately 225 square miles and serves southern Travis County, northern Hays County, and a portion of northwestern Caldwell County. The District is committed to providing for the conservation, preservation, protection, recharging, and prevention of waste of groundwater or the Barton Springs segment of the Edwards Aquifer.

The enabling legislation creating the District provides that the District may assess fees "on an annual basis, based upon the size of column pipe used in the wells, the production capacity of the well, or actual, authorized, or anticipated pumpage." The House Bill 2294 in the 74th Legislative Session, further provided that the City of Austin can be required to pay a usage fee not exceeding sixty percent of the sum of (1) the total water use fees received from all permitted users and (2) the usage fee of the City of Austin.

The financial statements of the District are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict or contradict GASB pronouncements. Although the District has the option to apply FASB pronouncements issued after that date, the District has chosen not to do so. The more significant accounting policies established in GAAP and used by the District are discussed below.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

These financial statements present the operations of the District alone, and include no component units. As defined by GASB Statement No. 14 the *Financial Reporting Entity*, and GASB Statement No. 39, *an Amendment to Statement No. 14*, component units are legally separate entities that would be included in the Districts reporting entity because of the significance of their operating or financial relationships with the District. Based on the specific criteria in the Statement, the District has no component units and is not a component unit of any other reporting entity as defined by the Statement.

BARTON SPRINGS/EDWARDS AQUIFER CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Basic financial statements of a governmental entity normally include both government-wide and fund financial statements. However, because the District only has one fund, only fund financial statements are presented.

The District's operations are accounted for in the proprietary fund type called an enterprise fund. Enterprise funds are required to be used to account for business-type operations for which a fee is charged to external users for goods or services. The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The District's business-type activities are presented on the accrual basis of accounting. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	25-30 years
Office furniture and equipment	3-10 years
Field equipment	5-7 years
Vehicles	5 years

COMPENSATED ABSENCES

The District accrues accumulated unpaid vacation leave and associated employee-related costs when earned by the employee.

DEFERRED REVENUE

Deferred revenue consists of water permit fees received in the current fiscal year which are applicable to the succeeding fiscal year. These fees will be recognized as revenue in the fiscal year to which they apply.

BARTON SPRINGS/EDWARDS AQUIFER CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

OPERATING REVENUE AND EXPENSES

The District proprietary fund type distinguishes between operating and nonoperating revenues and expenses. Operating revenues and expenses consist of charges for services (consisting of fees assessed for permittees' permitted pumpage) and the costs of providing those services, including depreciation. All other revenues and expenses are reported as nonoperating. There were no significant operating revenues or expenses during the year.

NET POSITION

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets. Restricted net position is recorded when there are limitations imposed on the use of resources by enabling legislation adopted by the City or by external restrictions imposed by creditors, grantors or laws or other governmental regulations. All other net position is reported as unrestricted.

ESTIMATES

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3: DEPOSITS AND INVESTMENTS

At August 31, 2015, the carrying amount of the District's cash deposits was \$135,419, and the bank balance was \$59,807. Short-term investments of \$1,116,394 are invested with TexPool. The carrying value of these deposits and investments approximates fair value.

Chapter 2256 of the Texas Government Code (the Public Funds Investment Act) authorizes the District to invest its funds in a manner that primarily emphasizes safety of principal and liquidity, addresses investment diversification, yield, and maturity and addresses the quality and capability of investment personnel.

BARTON SPRINGS/EDWARDS AQUIFER CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 3: DEPOSITS AND INVESTMENTS

TexPool is a local government investment pool. These investments are carried at amortized cost, which approximates fair value. The State Comptroller oversees TexPool, with Federated Investors managing the daily operations of the pool under a contract with the State Comptroller. TexPool is a 2(a)7 like fund, which means that it is structured similar to a money market mutual fund. It allows shareholders the ability to deposit or withdraw funds on a daily basis. Such funds seek to maintain a constant net asset value of \$1.00, although this cannot be fully guaranteed. TexPool is rated AAAm (the highest rating a local government investment pool can achieve) and must maintain a dollar weighted average maturity not to exceed 60 days, which is the limit. At August 31, 2015, the TexPool portfolio had a weighted average maturity of 41 days. However, the District considers the holdings in this fund to have a one day weighted average maturity because the share position can usually be redeemed each day at the discretion of the shareholder, unless there has been a significant change in value.

The District has adopted an investment strategy to pursue limited investment risk, the objectives of which are safety of principal, maintenance of adequate liquidity, maximization of return on investments and maintain public trust from prudent investment activities. The District is authorized to invest in its depository accounts with banks or invest in TexPool. During the year, the District complied with its investment policy.

NOTE 4: RISK MANAGEMENT

The District is exposed to various risks of loss including general liability, property damage, and worker's compensation. The District insures against risk through commercial insurance.

NOTE 5: CONSERVATION CREDITS

The District supports and encourages a permittee's efforts to conserve water and to reduce annual pumpage as a result of conservation efforts by providing a credit to the permittee's account for the ensuing fiscal year. To be eligible for the credit, the permittee's reported pumpage volume must be less than the maximum amount pumped on an annual basis in the last three fiscal years, and the permittee must meet other requirements regarding submission of timely payments and meter readings. Conservation credits awarded for fiscal year ending August 31, 2015 amounted to \$38,190.

NOTE 6: RETIREMENT PLAN

Effective, September 1, 1991, the District's Board of Directors established a defined benefit contribution retirement plan, which is a money purchase pension plan and trust, known as the Barton Springs/ Edwards Aquifer Conservation District Retirement Plan and Trust (the Plan). The Plan is administered by Standard Retirement Services, Inc. and provides retirement benefits for all full-time employees who are at least twenty-one years of age and have twelve months of service.

BARTON SPRINGS/EDWARDS AQUIFER CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 6: RETIREMENT PLAN

The administrator separately accounts for each employee participant's interest in individual accounts, and investments are participant directed. The required employee contribution rate is 7.5% and is matched by the District in the same amount. Upon entry to the Plan, employee's are 50% vested in the District's contributions. After two years of service, eligible employees become 100% vested. Forfeitures are allocated first to pay Plan administrative expenses, then used to reduce employer contributions. For fiscal year ended August 31, 2015 the District's contribution to the Plan were \$52,929.

NOTE 7: CAPITAL ASSETS

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not depreciated:				
Land	\$165,415	\$0	\$0	\$165,415
Depreciable assets:				
Building and improvements	257,488	11,100	0	268,588
Office furniture and equipment	33,253	0	0	33,253
Field equipment	376,488	0	0	376,488
Vehicles	78,339	0	0	78,339
Accumulated depreciation	<u>(531,709)</u>	<u>(33,037)</u>	<u>0</u>	<u>(564,746)</u>
	<u>\$379,274</u>	<u>(\$21,937)</u>	<u>\$0</u>	<u>\$357,337</u>

NOTE 8: PRIOR PERIOD ADJUSTMENT

Accrued payroll in the statement of activities was understated by \$50,263 as of August 31, 2014, which resulted in net position being overstated by the same amount. A prior period adjustment has been recorded to correct the beginning unrestricted net position. The effect of this adjustment on the change in net position for the year ended August 31, 2014 was not material.

NOTE 9: ECONOMIC DEPENDENCY

52% of the District's revenue is from one permittee.

NOTE 10: LITIGATION

The District was not actively involved in any litigation during fiscal year 2015. However, there were other legal proceedings that required and will likely continue to require a relatively minor amount of related legal services in fiscal year 2016:

BARTON SPRINGS/EDWARDS AQUIFER CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 10: LITIGATION

A. In fiscal year 2010, TCEQ issued its final (and revised) recommendations concerning provision of Groundwater Conservation District (GCD) protection to the areas in the Hill Country Priority Groundwater Management Area that did not have GCDs. The nature of these recommendations, which included ordering the District to consider annexing a large area in southwestern Travis County among other actions, and the subsequent responses by stakeholders resulted in a contested-case hearing by the State Office of Administrative Hearings (SOAH). However, in early fiscal year 2013 the hearing was abated until after the 2013 legislative session.

The matter was resumed in late fiscal year 2013 after the session until January of 2014 when the TCEQ cancelled the hearing. There has been no TCEQ activity on this matter but it is likely that the matter will come up again in fiscal year 2016 in the build-up to the 2017 legislative session at which time the District will require additional legal services to respond.

B. The District was very active in fiscal year 2015 in reviewing and responding to environmental documents and increased activity associated with State Highway 45 Southwest. This activity involved legal review of the District's consent decree, briefings to the Board, and participation in a Central Texas Regional Mobility Authority (CTRMA) technical workgroup to review the stormwater control designs. The activity associated with the supplemental agreement was ongoing in fiscal year 2015 carrying over into fiscal year 2016. The District is anticipating continued legal work in fiscal year 2016 but with low risk of extraordinary unbudgeted legal expense.

C. With the passage of HIB 3405 in the 2015 legislative session, the District expanded its boundaries to include previously unregulated portions of the Trinity Aquifer (and other non-Edwards aquifers) in Hays County. The bill also required the issuance of temporary permits and subsequently, the conversion of those temporary permits into regular permits for existing well owners. The implementation of HB 3405 required substantial legal expense to develop the necessary rules to implement the bill and the new permitting process. This work began in fiscal year 2015 but has carried over into fiscal year 2016. The District also anticipates additional legal expense associated with the implementation of HB 3405 including expenses to address contested permits, legal challenges, and redistricting to expand the three non-Austin precincts into the shared territory.

Item 5

Board Discussions and Possible Actions

d. Discussion and possible action related to setting a policy for open and concealed carry of handguns on District property.



MEMORANDUM

TO: BSEACD Board of Directors
John Dupnik, General Manager

FROM: Bill Dugat

RE: Concealed and Open Carry

DATE: January 7, 2016

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The District has limited authority to prohibit a concealed or open carry license holder from carrying in areas of the District offices accessible to the general public. As discussed below, the District may prohibit licensed carry of handguns at its Board meetings.

Penal Code sections 30.06 and 30.07 is a criminal trespass statute that allows *private* property owners to prohibit license holders from carrying handguns unto their property by providing a specifically prescribed notice. Tex. Penal Code § 30.06 and 30.07. But the two sections except property which is “owned or leased by a governmental entity and is not a premises or other place on which the license holder is prohibited from carrying the handgun under” Penal Code sections 46.03 and 46.035. Taken together, these provisions authorize a political subdivision to prohibit handguns from only the locations identified under Penal Code section 46.03 and 46.035. These locations include: board meeting, school or educational institution, polling place, government court, correctional facility, hospital, high school or collegiate sporting event, and secured area of an airport.

From the list of excepted locations, three merit further discussion. State law prohibits a license holder from carrying a handgun on government-owned property when the premises are: (1) a polling place on the day of an election or while early voting is in progress; (2) any government court or offices utilized by the court, unless pursuant to written regulations or written authorization of the court; and, (3) in the room or rooms where a meeting of a governmental entity is held and if the meeting is an open meeting subject to Chapter 551, Government Code, and the entity provided notice.

If and when the District were to use its offices a polling place, handguns can be prohibited during early voting and on Election Day. The District may not avail itself of the exception for offices used as a “government court” because the Texas Attorney General has determined this applies only to the judicial bodies created either by the Texas Constitution or the Legislature—neither of which includes the District. Op. Tex. AG No. 47 (2015). The District has the option of posting a specific



notice to prohibit a license holder from carrying in the room where a board of directors meeting is held and if the meeting is an open meeting subject to the Open Meetings Act. Tex Penal Code § 46.035(c) and (i); § 30.06 and 30.07. (Tex. Penal Code § 30.06(c)(3)(A) and 30.07(c)(3)(A) require that the sign giving the notice contain certain language that is printed in a certain size).

The law also allows a person to receive notice of prohibition from the District by oral or written communication. TEX. PENAL CODE § 30.06(b) and 30.07(b). In other words, a District employee could ask a license holder who is carrying to leave a meeting, even if the written notice is not posted, if the board of directors has enacted a prohibition. Another method of providing notice could be to hand to an attendee a card or a copy of the meeting agenda containing the language of Penal Code 30.06 or 30.07. *Id.* at § 30.06(c)(3)(A) and 30.07(c)(3)(A).

Ignoring notice by a license holder is a Class C misdemeanor, except that the offense is a Class A misdemeanor if it is shown on the trial of the offense that, after entering the property, the license holder was personally given the notice by oral communication and subsequently failed to depart. *Id.* at § 30.06(d) and 30.07(d).

Directors and staff who hold a handgun license have no special right to carry a handgun into a board meeting. However, if the District does not post notice that license holders are prohibited from carrying their handguns in the meeting room, *any* license holder, including a director, may do so.

A “no firearms allowed” or similar sign has no effect on a license holder’s ability to carry a handgun on property in which he is otherwise lawfully present. *Id.* § 30.05(f). But the fact that a person holds a license does not grant the person any special right of access to District offices that are not open to the general public. In other words, the District cannot deny a license holder from carrying where the holder is otherwise authorized, but the District can prohibit any person who is not an employee from going into certain areas.

Finally, the District is subject to civil penalties if the District improperly provides notice that a concealed handgun licensee is prohibited from entering or remaining on District property.

## Item 6

### Director's Reports

**Directors' Reports.** *(Note: Directors' comments under this item cannot address an agenda item posted elsewhere on this agenda and no substantive discussion among the Board Members or action will be allowed in this meeting. Communications reported under this item may be used to support Performance Standard 4-1 of the District's Management Plan related to demonstration of effective communication with District constituents.)*

Directors may report on their involvement in activities and dialogue that are of likely interest to the Board, in one or more of the following topical areas:

- Meetings and conferences attended or that will be attended;
- Conversations with public officials, permittees, stakeholders, and other constituents;
- Commendations; and
- Issues or problems of concern.

## **Item 7**

### **Adjournment**