

NOTICE OF OPEN MEETING

Notice is given that a **Regular Meeting** 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, December 15, 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 meet in 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 November 17, 2016 regular Meeting. **Not for public review at this time**
3. Approval of the effectiveness of Directors' communications with stakeholders and constituents for the 1st Quarter FY 2016 per the collective judgment of the Board, as required by the District's Management Plan. **Pg. 27**

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. 31**
- ii. Update on GMA and regional water planning
- iii. Update on regulatory and enforcement activities
- iv. Update on District grant projects and other Aquifer Science Team projects
- v. Update on activities related to area roadway projects
- vi. Update on the HCP/ITP application and the associated draft EIS

4. Presentations

Presentation by the District’s financial auditor on the FY 2016 Annual Financial Audit Report.

5. Discussion and Possible Action.

- a. Discussion and possible action related to receipt and approval of the FY 2016 Annual Financial Audit report provided by the District’s financial auditor. **Pg. 45**
- b. Discussion and possible action related to approving the District’s FY 2016 Annual Report and submitting it to the TCEQ. **Pg. 71**
- c. Discussion and possible action related to adoption of Desired Future Conditions (DFCs) for Groundwater Management Area (GMA) 9. **Pg. 97**
- d. Discussion and possible action related to approval of an access agreement with the Hays County Emergency Services District No. 4) (dba Wimberley Volunteer Fire Department) to install and collect data from a multiport monitor well on their property. **NBU**
- e. Discussion and possible action related to consideration of a District legislative agenda for the upcoming 85th Legislative session. **Pg. 105**
- f. Discussion and possible action related to the City of Dripping Springs TPDES permit application to authorize direct discharge of treated wastewater to Onion Creek in the contributing zone of the Barton Springs segment of the Edwards Aquifer. **NBU**
- g. Discussion and possible action related to the annual election of the officers of the BSEACD Board of Directors. **NBU**

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;
- Committee formation and updates;
- 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 December, 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 November 17, 2016 Regular Meeting.**
- 3. Approval of the effectiveness of Directors' communications with stakeholders and constituents for the 1st Quarter FY 2016 per the collective judgment of the Board, as required by the District's Management Plan.**

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:

December 17, 2016

Assessing Preceding Quarter of:

1st Quarter

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 GMA and regional water planning**
- iii. Update on regulatory and enforcement activities**
- iv. Update on District grant projects and other Aquifer Science Team projects**
- v. Update on activities related to area roadway projects**
- vi. Update on the HCP/ITP application and the associated draft EIS**

STATUS REPORT UPDATE FOR DECEMBER 15, 2016 BOARD MEETING				
Prepared by District Team Leaders				
	Leader, Staff	Date	PROJECT / ACTIVITY DESCRIPTION	STATUS/COMMENTS
GENERAL MANAGEMENT TEAM				
	John Dupnik			
	JD	12/7/16	Meetings, Training, Presentations, and Conferences	External Meetings Attended: TAGD Legislative Committee; Dripping Spring TPDES permit public meeting; Hill Country Conservancy Trust; RWQTP workgroup; TWCA groundwater committee meetings (3 days); Other Meetings: Board Legislative Committee (Con Call); Board Budget and Finance Committee meeting; Presentations: Austin Monitor panelist; Conferences/Seminars: Hill Country Summit
Summary of Significant Ongoing Activities	JD	12/7/16	Ongoing Special Projects, Committees, and Workgroups	Ongoing Special Projects: TDS saline zone investigation, TWDB RFP grant; Dripping Springs TPDES draft permit review; Travis County FGMA; TWCA committee bills; Management Plan revision; Committees and Workgroups: Region K (voting member); GMA 10 (voting member); Regional WO Plan workgroup; Region K Legislation and Policy committee; Region K water supply strategy committee; Region K executive committee nomination committee; TAGD legislative committee (regional planning; ASR, brackish gw), TAGD Correlative Rights working group; TWCA groundwater committee; Travis County FGMA workgroup; Hill Country Conservancy Trust organizing group.
	JD	12/7/16	Routine Activities and Day-in-Day operations	Routine Activities/Day-in-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: Dripping Springs TPDES draft permit review, Needmore application; Draft legislation; Hays County FD access agreement; Other Activities: RFP grant project; EP aquifer test; finalize annual report; prepare for TWCA committee meetings; prepare for Dripping Springs Permit public meeting; prepare for audit committee; budget amendment; prepare for Austin Monitor Summit; review Hill Country Trust documents; review TWCA draft bills; Regulatory Compliance Specialist posting
ADMINISTRATION TEAM				
	Dana Christae Wilson			
Accounts Receivable - A	DCW	12/8/16	Permittee accounts carrying a past due balance:	Currently there are just a couple past due accounts and unpaid late fees that are being addressed.
Accounts Receivable - B	DCW	12/8/16	Billings - current month	Invoices mailed out (with a November 16th invoice date) for November monthly production fees and 2nd quarter production fees. Next month's billings go out on December 16th.
Accounts Receivable - C	SD/DCW	11/8/16	REPEAT: FY 2016 Conservation Credit Donations to Camp Scholarships	Donations: Centex \$2138.76, Texas Leligh \$656.55, Goforth \$600, Creedmoor \$547.89, and Oak Forest \$130.22 for a total of \$4073.42.
Annual Report (to include Appendix B)	DCW	12/8/16	Is an agenda item for this meeting.	The Annual Report Appendix A is the audit, and Appendix B (as required from our Management Plan) is the Evaluation of Progress on Objectives and Performance Standards.
Audit - Montemayor	DCW	12/8/16	FY 2016 Annual Financial Audit in process.	Fieldwork has been completed which is the first step.
Audit Report - Montemayor	DCW	12/8/16	The MD&A (Management Discussion and Analysis) is a required component of the audit report.	The MD&A 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 the financial statements that are included in the audit report.
Bonds - Board of Directors	DCW	12/8/16	Being reviewed after board direction, and onits of office taken by our 3 newly sworn-in directors.	Higginbotham-William Gammon Insurance - our provider for over 18 years.
Budget Revision 1 FY 2017	DCW	12/8/16	Annual Budget 2017 Revision 1 - in process for a presentation at the January meeting.	To show additional income from Travis and Hays counties, and the associated expenses expected, and also to adjust the grant expenses and income. We have received \$80,000 from Hays County and \$100,000 from Travis County.

	Leader, Staff	Date	PROJECT / ACTIVITY DESCRIPTION	STATUS/COMMENTS
Grant - TWDB Regional Facilities Planning	DCW	12/8/16	Initial invoice being finalized for submission since Category A is completed.	Draft invoice submitted for feedback to TWDB on 11/18/2016. Feedback received and in process of final submission.
REGULATORY COMPLIANCE TEAM				
Limited Production Permits (LPPs)	KBE, VE, SD	12/9/16	Annual Meter Readings	Staff has identified approximately 15 Limited Production Permit (LPP) well owners who never had a meter installed on their wells upon the original well completion. Most of these well owners received a nonexempt domestic use permit from the District over 10 yrs ago. Because of the lack of a meter, they have not been able to comply with the LPP permit terms for the past several years. Staff has determined that the most efficient way of bringing these well owners into compliance with their permit requirements, is to provide them with the meter installation at no cost to them. Staff has researched the costs of providing this service and has determined that the cost is reasonable and fits within the available program budget for Regulatory Compliance Special Projects. The estimated cost is \$2500-\$3,500. We expect that the meters will be installed during Spring 2016.
Temporary/Regular Permits	KBE, VE, SD	12/9/16	Conversion of a Temporary Permit to a Regular Permit	Needmore Water LLC is currently a Temporary Permit that has been determined to be administrative complete. Public notice was published on 11/29/16 and comment period will close on 12/19/16. A public hearing date is still to be determined. The General Manager has provided a Preliminary Decision with recommended Special Provisions, and a Technical Evaluation, that is available on the website www.bseacd.org
Coforth WSC	KBE, VE, SD	12/9/16	Replacement Well	The PWS has submitted an application to drill a new Edwards well to replace a nonfunctioning well. The nonfunctioning well had issues with an obstruction during the replacement of a pump. Goforth plans to plug the old well once the new well has been successfully completed. The Replacement Well Drilling Application was approved by the GM on 8/3/16. Well is currently being completed, no new update.
Aqua Texas	KBE, VE, SD	12/9/16	Replacement Well	The PWS has submitted an application to drill one new Edwards well to replace two nonfunctioning wells in the offline Hummingbird System. The nonfunctioning well had issues with low production and water quality. Aqua plans to plug the old wells once the new well has been successfully completed. They also plan to conduct an abbreviated Aquifer Test and Hydrogeological Report. The Replacement Well Drilling Application was approved by the GM on 6/20/16. The two deteriorated wells have been plugged, the new well has been drilled and completed, and an abbreviated pump test has been conducted. The well has been completed and will be in service in 2017.
Electro Purification	KBE, VE, SD	12/9/16	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. EP has recently completed the 5+ days of pumping the second Test Well (Bridges 1), and previously complete 5+ days of pumping the first Test Well (Bridges 2). All of the monitor wells continue to be monitored during the well recovery phase for water quality/water level data. The crews are preparing to develop and pump the third Test Well (Odell 2) the week of 12/15.

	Leader, Staff	Date	PROJECT / ACTIVITY DESCRIPTION	STATUS/COMMENTS
				<p>General Summary of Procedures</p> <ol style="list-style-type: none"> 1. Background water levels and water quality sampling data will be collected from specific community monitoring wells prior to acidization/ aquifer testing. 2. Acidization begins. 3 wells will be acidized total but one at a time: <ul style="list-style-type: none"> o Well will be acidized by injecting 10,000 gal of HCL(28% aqueous solution) into the well into the producing cow creek interval. o 60,000 gal of water will be flushed into the well via tremmie pipe; well will sit for 2 days to allow acid reaction to take place. o Well will be purged until there is no trace of inhibitors or HCL; discharge water will be collected into a holding truck; discharge water will be held in holding trucks until pit and TDS buffer and stabilize, then discharge water will be released to ground surface. o Post water quality sampling data will be collected from specific community monitoring wells after to acidization/ aquifer testing. o Process will be repeated for two other wells. 3. Aquifer Test begins. 3 wells will be producing water during a course of 8 to 10 weeks. <ul style="list-style-type: none"> o Each well will be pumped one at a time. Each well will be pumped for 5 days at 500 gpm; then the well will be allowed to recover. o After recovery, they will move on to pumping the next well. o Total volume pumped will be approximately 10 million gallons o Water that is produced during the aquifer test will flow through natural surface water flow paths to natural stock ponds or tributaries.
Industrial Asphalt	KBE, VE, SD	12/9/16	Minor Amendment - TCEQ	<p>On 6/28/16 Industrial Asphalt submitted a minor amendment application requesting a production increase of their current 2,000,000 gpy permit to a 4,000,000 gpy. Their increase request is to replace the volume of water that they currently haul in from off site. The permit is currently being reviewed by staff. TCEQ received a complaint from a Ruby Ranch resident regarding sediment discharge into an Onion Creek tributary coming from the Hays Quarry property after a large rain even on August 20, 2016. TCEQ conducted an investigation on August 29, 2016 in which they found a noiable high water debris line on quarry fence and evidence of a large volume of water leaving the quarry site. After walking the drainage path they also found a break in an earthen containment berm and alleged that the source of the sediment laden water was a stormwater retention pond on SE side of the quarry. Based on this investigation, TCEQ did issue a category C violation for failure to inspect and maintain physical structures to reduce pollutants in stormwater discharges. In order to resolve violation they will have to produce documentation that the berm was fixed and install erosion and sediment controls at the break. Westward Environmental indicated the violation has been rectified. This is Industrial Asphalt's 6th TCEQ violation since 2014 (4 stormwater, 2 WPAP). The applicant has withdrawn their amendment application because they were unable to coordinate logistics and produce the remaining technical information for the application checklist requirements by the 12/18/16 application deadline. The applicant intends to resubmit in the near future once all the technical information can be developed.</p>
Gragg Tract LP	KBE, VE, SD	12/9/16	Well Drilling Authorization	<p>On 6/27/16 Gragg Tract LP (Walters Southwest) submitted well drilling authorization to drill a Lower Trinity for the purpose of PWS and Irrigation. The test well will be located on the Gragg Tract off of Old Bliss Spillar in Manchaca near the SH 45 SW right of way. The applicant revised their application by withdrawing their Test Well Permit Application, and submitting a Drilling Authorization. They decided to move forward with drilling a completed well rather than a test well of temporary completion. The public comment period began on 10/24/16 and ended on 11/14/16. Staff did not receive any comments, protests, or requests for hearing. The application was approved on 11/17/16. The well has not yet been drilled.</p>
General Manager Approved Permits	KBE, VE, SD	12/9/16	Individual Permits < 2,000,000 gal/yr	No new update.
Drought Status - No-Drought	KBE, VE, SD	12/9/16	Drought Compliance Monitoring and Enforcement	No new update. No-drought was declared on January 29, 2015. Staff sent out email and letters to all permittees notifying them of no-drought status.

	Leader, Staff	Date	PROJECT / ACTIVITY DESCRIPTION	STATUS/COMMENTS
EDUCATION & OUTREACH				
Keller Williams Realtors - Wimberley	RG	12/8/16	Presentation	Robin met with 10 realtors from Keller Williams in Wimberley. Robin discussed ways wells can be an asset or a liability and the role of groundwater conservation districts in protecting landowners. The realtors had lots of questions and concerns about new restrictions and requirements in the new area of Hays County, particularly new lots in River Mountain Ranch.
Small Middle School	RG, JC, STD	12/8/16	Wildflower Center field trip activities	Robin, Justin, and Stephen hosted a water quality activity for the 180 middle school students at the Wildflower Center over two days. We did the water quality activity 12 times and helped run the caving activities. Students put science to use. In the WO activity, they sampled the WFC known water sources: rainwater, tap water (treated surface water from CoA), and the well. They compared the well water to Barton Springs, and saw firsthand that the WFC well must be a Trinity well. Then they used those parameters to find out what source they use for the courtyard spring, and the waterfall and hand pump in the Family Garden.
Bowie High School	RG, JD	12/8/16	Caving trip	Robin helped CoA Watershed staff take 160 AP Environmental Science students into Bowie Cave for the first ever educational trip since the CoA Cave Team's work there. Students were belayed down a 20 foot ladder and got to explore a highly decorated cave beneath the school. One of the foundation piers goes through the middle of the cave (which is how the originality found the cave).
Enews Blast	RG	12/8/16	November eNews	The November eNews included the following articles: EP Aquifer Test Update, Dripping Springs Wastewater Permit Application Update, and a Southwest Travis Co. PGMA update. It was released on November 17, 2016 and was opened 1,253 times.
Internet Traffic Report	RG	12/8/16	Page views and visits to the District Website	There were 2,720 total page views by 880 unique visitors. Top sites in order of number of views are the home page (784), Maps (163), Staff (89), About the Aquifers (80), The District Facebook page now has 520 'Likes' and responses to posts have been very positive.
AQUIFER SCIENCE				
Dye Tracing	BS, BH	12/8/16	Dye tracing	Discussions are underway with the EAA and CoA about potential dye tracings in the upcoming months in the Blanco and Onion watersheds. The City has injected at various locations along SH45.
Central Hays County Groundwater Evaluation	BH, BS, JC	12/8/16	Well and hydrogeology characterization	District staff have established a monitoring network of nearby wells to collect data during the EP aquifer test, which has been taking place in October, November, and December. Hays and Travis Counties have approved funds to support those efforts, including the installation of multiport monitor wells.
Antioch Cave	BS, BH, JC	12/8/16	Onion Creek Recharge Enhancement Project	Moderate rains in November and December have brought about flow in Onion Creek at Antioch.
Water-Quality Studies	BS, BH, JC	12/8/16	Sampling and analysis of groundwater and surface water	District staff are continuing work with a geochemist to evaluate the years of data we have collected on behalf of the TWDB.
Saline Zone Studies	BS, BH	12/8/16	Installation of multiport monitor well	Drilling began August 3, 2016 at the TDS site. Installation of the multiport was finished on August 24. Testing and sampling of the well began on Oct. 13 and was finished by mid November. We are still waiting on final lab results for the samples.
Drought and Water-Level Monitoring	BH, BS, JC	12/8/16	Drought status, monitor wells, and synoptic water level events	As of Dec 8, the water level in the Lovelady well was at 541.9 ft above msl and continues declining, and Barton Springs was flowing at 110 cfs.
Information Transfer	BS, BH, JC	12/8/16	Presentations, conferences, reports, and publications	Brian Hunt presented the results of the Onion Creek study in Corpus Christi, which was published for the GCAGS conference (Sept 2016). Staff are also working on finalizing some other technical reports and documents.

	Leader, Staff	Date	PROJECT / ACTIVITY DESCRIPTION	STATUS/COMMENTS
Aquifer Testing	BS, BH, JC	12/8/16	Planning, participation, and review of aquifer tests	EP began their aquifer test of the Bridges #2 well on Oct. 24. They have had problems with the pump and generator, which have delayed the testing. Aquifer testing will likely be finished by mid December.
AD-HOC TEAMS				
Technical Team	BAS	12/8/16	Current areas of discussion	Topics of discussion at the technical team meeting in September were the RFP grant, agreements with Hay and Travis Counties, EP aquifer test, and Dripping Springs issues. The October and November tech team meetings were cancelled because staff were busy with other tasks.
Planning Team	JD	12/7/16	Strategic and tactical planning and discussion topics	New Business: Legislative Update; Dripping Springs TIDES permit; Annual Report overview (Appendix B); Management Plan revision planning; Communications on Contested Cases; Current Database Scheme: There are inefficiencies with the 10 yr old system including: limited functionality, unreliable design structure that requires continuous maintenance and improvements, and inefficient or redundant workflows in the database system that increase staff time and effort. Objectives include: This ad hoc team is working towards providing a recommendation to GM/Board for improving the efficiency of District operations through enhanced data management tools. Recommendation will address creating an integrated hydrologic database, streamlining the permitting and annual process, providing real time data access and entry, improving data analysis for management plan and HCP related reports, providing a robust QA/QC process for continuous monitoring data, and creating online accessibility of monitoring data for public education, Directors and staff. Team Activities: The ad hoc team and staff are currently working through the exercise of identifying database needs and defining long term objectives for moving forward with the development of an integrated database management scheme. Currently, all of the core teams (Admin, AquSci, Edu Outreach, Reg Comp) are evaluating existing workflows and the existing database functions that we use. Staff met with Clearwater GCD and received an in-depth overview of their database investment and capabilities of their new data management tools. Next Steps: Define the District's overall functionality and data management needs, research tools that other GCDs use, schedule data management demonstrations with GCDs and consultants, define a budgeting scope.
Database Team	RG/VE	9/1/16	Identify District database needs and research vendors and options for database improvements	
UPCOMING ITEMS OF INTEREST				
Hill Country Summit		12/8/16	9am - 5pm, New Braunfels Convention Center	
Staff Holiday Luncheon		12/3/16		
Only December Board Meeting		12/15/16		
District Holiday Party		12/16/16	6pm, Blayne's House	
Christmas Eve (observed)		12/23/16	District Holiday - Office Closed	
Christmas Day (observed)		12/26/16	District Holiday - Office Closed	
Day after Christmas Day (observed)		12/27/16	District Holiday - Office Closed	
New Year's Day (observed)		1/2/17	District Holiday - Office Closed thru 10/11, Fort Worth, Texas	
Groundwater Management Districts Association		1/9/17		
1st January Board Meeting		1/12/16		
Martin Luther King, Jr. Day		1/16/17	District Holiday - Office Closed	

Item 4

Presentations

Presentation by the District's financial auditor on the FY 2016 Annual Financial Audit Report.

Item 5

Board Discussions and Possible Actions

- a. Discussion and possible action related to receipt and approval of the FY 2016 Annual Financial Audit report provided by the District's financial auditor.**

DRAFT

**BARTON SPRINGS/ EDWARDS AQUIFER
CONSERVATION DISTRICT**

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

AUGUST 31, 2016

**BARTON SPRINGS/EDWARDS AQUIFER
CONSERVATION DISTRICT**

Independent Auditor's Report	1-2
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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, 2016, 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, 2016, 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

DRAFT

Fiscal Year Ending August 31, 2016

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

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

FINANCIAL HIGHLIGHTS OF CHANGES IN OPERATING REVENUES

The discussion that follows is based on FY 2016 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, together increased by \$147,659 in FY 2016 from the prior year to \$1,813,421 from \$1,383,960 (a 31.0% increase). This substantial increase is attributed to the City of Austin Water Use Fee that was assessed in the amount of \$1,000,000. The fee was calculated based on an extensive analysis of the projected permitted pumping indicating a substantial increase in permit fees for FY 2016. The City of Austin fee was calculated in accordance with the prescribed statutory formula to be greater than this amount but was reduced to the statutory cap of \$1,000,000 established with H.B. 3405 in FY 2015. The City of Austin Water Use Fee for the prior year (FY 2015) was \$725,004 (37.9% less), and for the current year, FY 2017, is assessed at \$850,846.

Included in the Permittees' Production Fees budgeted amount of \$602,800 is a production fee of \$124,200 and a corresponding annual permit fee for \$50 and \$62,125 in associated late fees (described below) that were designated as a bad debt expense for a permittee that never fulfilled the conditions of the permit and then allowed the permit to expire. Once the permit expired, the collection of the unpaid fees was no longer pursued.

Included in these projected revenues are transport permit fees. There continue to be two District transport permits that generate \$124,000 in transport fees revenue in both FY 2016 and FY 2015.

Although budgeted for \$240,000 income and \$410,000 in grant expenses for the TWDB Regional Facilities Grant, there was no revenue associated with Grants in FY 2016 (but there was \$135,921 in expenses in FY 2016, most which were in August when the project well was being drilled). This is due to the project being delayed such that all of income and the majority of the expenses associated with this project will be realized in FY 2017. This will be depicted in a future FY 2017 budget revision.

All "Other Fees" includes revenue derived from variable sources such as well development fees, well application and inspection fees, well pluggings, meter reading and late fees, and drought management fees (fees applicable only during a District-declared drought). Revenue from Other Fees was initially projected and budgeted to be \$14,350 and then was increased in Budget Revision 2 to \$16,250 to show the additional annual permit fee income from the 18 new Shared Territory Temporary Production Permits (that have since been converted to Regular Production Permits). Of that actual FY 2016 Other Fees revenue being shown in profit and loss statements (\$80,075), \$62,125 is a bad debt expense (described above) that was charged to late fees.

Drought management fees are assessed for permittee noncompliance only during a District-declared drought of three months or longer. The District was in "No Drought" status for the entire FY 2016, therefore, there were no drought management fees assessed or collected.

There was no fee income from Enforcement Fines and Penalties in FY 2016 or FY 2015.

Interest income in FY 2016 as expected continues to be minimal but is a substantial increase (512%) from the prior year. Actual interest income received for FY 2016 is \$3,638 as compared to \$594 in FY 2015.

FINANCIAL HIGHLIGHTS OF CHANGES IN OPERATING EXPENSES

The discussion that follows is based on FY 2016 preliminary financial reports before final auditor adjustments and reclassifications in the audit process, although several of the year-end adjustments have already been posted.

Expenses for personnel salaries and wages for FY 2016 is \$802,078 which is \$81,166 more than the previous year's expense. The higher salaries in FY 2016 were a result of planned staffing and salary adjustments that includes a new regulatory compliance technician position. Also included is two fiscal years' worth of annual performance-based incentive bonuses, due to a change in the timing of these projects and the way that they are booked. Future books will only consist of one year's worth of incentive bonuses.

Actual expenses for employee payroll taxes and retirement benefits for FY 2016 are \$119,048 which is more than the previous year's expense of \$108,763. This slight increase of \$10,285 is directly attributed to salary increases and incentive bonuses.

Actual expenses for employee group insurance benefits in FY 2016 is \$98,743 which is less than the FY 2015 expense of \$107,986. This line item usually increases annually but there was a change in the health insurance carrier to one that is less expensive (but also with lesser benefits). Also, the vision insurance carrier was added to replace the self-insurance program for vision that used to be in place but became illegal with a change in the law last year. The annual vision premium is less than the annual self-insurance amounts.

Actual expense for directors' compensation for meetings in FY 2016 is \$39,850 which is barely less than the FY 2015 actual expenses of \$39,515 (a 0.9% decrease). This account was almost maximized for the past two years. 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 2016 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. The total election expenses incurred in FY 2016 were \$1,088.

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. The District has now changed the timing of when legislative support services are needed from a biennial expense to an ongoing expense according to the new term of agreement dated July 1, 2016 through June 30, 2018. The new agreement establishes a flat-fee structure bifurcated between legislative session months and legislative interim months spread across 24 months. During legislative months (November of even-numbered years through June of odd-numbered years), the fee will be \$4,000 per month. During legislative interim months (July of odd-numbered years through October of even-numbered years), the fee will be \$1,000 per month. So one year there will be \$36,000 in legislative support expenses, and the following year there will be \$12,000 in legislative support expenses.

In FY 2016, Actual Professional Services expenses (excluding legal expense characterized below) are \$26,562 as compared to \$45,053 in FY 2015. These professional services include the annual financial audit, website and database improvements, the Standard retirement plan administration, and election expenses. One factor allowing the decrease was the cancellation of elections which were uncontested. Out of the \$5,000 budgeted for elections, only \$1,088 was expended. Also, out of the \$5,000 budgeted for the website and database account, only \$383 was expended. In the near future, the District is considering the switch to a new and improved database system.

Other professional services are team-specific and are included in team budgets as contracted support expenses.

Legal Services expense in FY 2016 are \$114,087 which is \$28,066 more than the previous year's expense of \$86,021 (a 32.6% increase). This increase is due to redistricting that was required by the legislatively-mandated annexation of the Shared Territory (\$27,083), Rules & Bylaws revisions that came directly from this annexation (\$23,417), and District review and comment on the Dripping Springs TPDES permit application. 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 2016, there was one capital improvement project in Facilities Upgrades that was initiated and completed for \$5,000 to complete a minor remodel to the library. This was an interior project to modernize and improve functionality. In Facilities Repairs, \$4,200 was spent to replace a fence that had deteriorated beyond repair.

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 2016 totaled \$405,209 which is \$17,048 more than the prior year's total of \$388,161. 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. For FY 2016, there was not much difference.

In FY 2015, the District transferred \$160,000 from its TexPool accounts in order to fund the installation of a Westbay monitoring well. The Westbay well was not installed until FY 2016 so the \$160,000 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. This grant project was started at the end of FY 2016 and funds were expended but none received as grant billings are only to be invoiced after specific phases of the project, which had not occurred by the end of FY 2016. The expended grant funds will be invoiced by the District and reimbursed by the TWDB in FY 2017.

As previously mentioned, although \$410,000 was budgeted as expenses (\$135,921 actual) and \$240,000 was budgeted for revenue, these numbers will be revised to reflect actual expenses incurred in FY 2016 and true up anticipated expenses and grant revenue in the FY 2017 Budget Revision that is forthcoming.

ANTICIPATED CHANGES

The following events and initiatives 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 2017:

- Installation of two multi-port monitor wells in Hays and Travis Counties respectively in accordance with Interlocal Agreements between the District and each county. The wells will be largely funded with cash contributions from the counties and in-kind contributions from the District. Income and expenses associated with these projects will be reflected in a forthcoming budget amendment.
- Pursuit of possible legislative initiatives associated with and that were carried over from H.B. 3405 requiring additional legal services for bill drafting and analysis.
- Possible receipt of compensation for easements to construct a pipeline for the Hays Caldwell Public Utility Agency through District property.

- Movement of team-budgeted contract support funds to the temporary employee/intern budget line items to support hiring of temporary staff to support ongoing projects.
- Assessment of database programs and services and possible RFQ and engagement with a firm to support database improvements.
- Additional contract support or temporary staff to support 30th anniversary planning and activities.
- Possible contested case or legal challenges associated with controversial permit applications in the shared territory.
- The possible onset of Drought conditions during FY 2017 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 2016 make the prospect of a drought declaration in FY 2017 unlikely.
- Larger amounts of contractual funding associated with various technical and professional services, including:
 - legal and technical services associated with the ongoing review of the Dripping Springs TPDES permit application and possible participation in a contested case;
 - 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 to support prospective special projects including: ASR pilot projects; continued aquifer characterization; multiport well installation; and possible recharge enhancement projects associated with Onion Creek flood mitigation measures.
 - technical and consulting services to support prospective implementation of the HCP including initial annual reporting and mitigation measures;
 - engineering services associated with continued monitoring and review of major roadway projects including SH45 SW; and
 - consulting services to support revision of the District Management Plan due in early FY 2018.

BARTON SPRINGS/EDWARDS AQUIFER CONSERVATION DISTRICT

STATEMENT OF NET POSITION PROPRIETARY FUND

AUGUST 31, 2016

ASSETS

Current assets

Cash	\$461,343
Short-term investments	1,141,022
Accounts receivable	110,339
Other	<u>2,289</u>
	2.96 <u>1,714,993</u>

Noncurrent assets

Land	165,415
Construction in progress	127,705
Depreciable capital assets, net	<u>160,933</u>
	<u>454,053</u>
	<u>\$2,169,046</u>

LIABILITIES AND NET POSITION

LIABILITIES

Current liabilities

Accounts payable	\$35,646
Conservation credits	32,383
Accrued payroll	101,011
Deferred revenue	<u>410,985</u>
	<u>580,025</u>

NET POSITION

Net investment in capital assets	454,053
Unrestricted	<u>1,134,968</u>
	11 mos. <u>1,589,021</u>
	<u>\$2,169,046</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, 2016

	<u>Proprietary Fund</u>
OPERATING REVENUE	
Water permits and fees	\$1,893,496
Grant	110,162
Other	<u>3,688</u>
	<u>2,007,346</u>
OPERATING EXPENSES	
Personnel and related	1,034,129
Bad debt	186,375
Legal	120,330
Aquifer Science	48,124
Directors compensation	39,850
Grant expense	38,349
Depreciation	30,990
Professional services	26,562
Education and outreach	23,314
Utilities	22,422
Regulatory compliance	19,799
Contracted support	18,588
Groundwater Management Areas joint planning	18,114
Maintenance	16,788
Equipment lease	14,128
IT maintenance	12,000
HCP project	11,800
Advertising	10,248
Other	<u>99,303</u>
	<u>1,791,213</u>
CHANGE IN NET POSITION	216,133
BEGINNING NET POSITION	<u>1,372,888</u>
ENDING NET POSITION	<u><u>\$1,589,021</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, 2016

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from water permit and other use fees	\$2,210,052
Other cash receipts	3,688
Payments to employees for services	(1,066,929)
Payments to suppliers for goods and services	<u>(668,553)</u>
	<u>478,258</u>

CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES

Purchase of capital assets	<u>(127,706)</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments	<u>(24,628)</u>
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NET CHANGE IN CASH	325,924
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BEGINNING CASH	<u>135,419</u>
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ENDING CASH	<u><u>\$461,343</u></u>
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Reconciliation of operating income to net cash provided by operating activities:

Operating income	\$216,133
Depreciation	30,990
Change in accounts receivable	(110,339)
Change in prepaid expense	(173)
Change in accrued payroll liabilities	7,050
Change in accounts payable	17,864
Change in deferred revenue	322,540
Change in conservation credits	<u>(5,807)</u>
	<u><u>\$478,258</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 (District) is a Groundwater Conservation District created in 1986 by the Texas Water Commission, validated in 1987 by the 70th Legislature of the State of Texas (Senate Bill 988), and confirmed by the voters on August 8, 1987. As a Groundwater Conservation District, the District's statutory purpose and adopted mission is to conserve, preserve, protect, enhance recharge, and prevent waste of groundwater and preserving all aquifers within the District.

Upon creation, the District's jurisdictional area encompassed approximately 255 square miles and was generally defined to include all the area within the Barton Springs segment of the Edwards Aquifer with an extended utility service area to the east. In 2015, the 84th Texas Legislature (House Bill 3405) expanded the District's jurisdictional area to include the portion of Hays County located within the boundaries of the Edwards Aquifer Authority excluding the overlapping area in the Plum Creek Conservation District. The newly annexed area, designated as "Shared Territory," excludes the Edwards Aquifer and includes all other aquifers, including the underlying Trinity. The District's jurisdictional area now encompasses approximately 420 square miles and includes both urban and rural areas in southern Travis County, central and eastern Hays County, and portions of northwestern Caldwell County.

The District's statutory authority is derived primarily from the enabling legislation creating the District, Senate Bill 988, 70th RS, now codified at Special District Local Laws Code Chapter 8802, and Chapter 36 of the Texas Water Code. The enabling legislation creating the District provides that the District may assess fees "on an annual basis, based on 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 water use fee not exceeding 60% of the sum of (1) the total production fees received from all permitted users, and (2) the water use fee of the City of Austin. House Bill 3405 further amended the District's enabling legislation by setting limits on the total annual water use fee assessed to 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.

BARTON SPRINGS/EDWARDS AQUIFER CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

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.

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

BARTON SPRINGS/EDWARDS AQUIFER CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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 nonoperating 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.

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, 2016, the carrying amount of the District's cash deposits was \$50,358, and the bank balance was \$198,826. Short-term investments of \$1,141,022 are invested with TexPool. The carrying value of these deposits and investments approximates fair value.

BARTON SPRINGS/EDWARDS AQUIFER CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 3: DEPOSITS AND INVESTMENTS

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.

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 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, 2016, the TexPool portfolio had a weighted average maturity of 42 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, 2016 amounted to \$32,383.

BARTON SPRINGS/EDWARDS AQUIFER CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

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.

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, 2016 the District's contribution to the Plan were \$56,620.

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
Construction in progress	0	127,706	0	127,706
Depreciable assets:				
Building and improvements	268,588	0	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>(564,746)</u>	<u>(30,990)</u>	<u>0</u>	<u>(595,736)</u>
	<u>\$357,337</u>	<u>\$96,716</u>	<u>\$0</u>	<u>\$454,053</u>

NOTE 8: ECONOMIC DEPENDENCY

50% of the District's revenue is from one permittee as required by the District's enabling legislation.

NOTE I – LITIGATION

The District was not actively involved in any litigation during FY 2015. However, there were other legal matters beyond general and personnel matters that required material expenditures for legal services in FY 2016.

1. With the passage of HB 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 continued from FY 2015 into FY 2016 requiring substantial legal expense to develop the necessary rules to implement the bill and the new permitting process in addition to a redistricting effort to redraw the three non-Austin precinct boundaries (Precincts 1, 2, and 3) to cover the annexed shared territory. Rules are in place and the majority of the temporary permits were converted to regular permits in FY 2016 without protest or contested cases. The District does, however, anticipate additional legal expense associated with the continued implementation of HB 3405 including expenses to address a likely contested case and/or legal challenge associated with the the one remaining temporary permit conversion.
2. The District has been actively involved in reviewing and providing comments to the TPDES permit application filed by the City of Dripping Springs to authorize an unprecedented direct discharge of treated effluent into Onion Creek above the recharge zones of the Trinity and Edwards Aquifers. This involved expenditures for legal services to prepare comments, resolutions, and confer with the applicant and affected parties. The District has further stated opposition to the draft permit and anticipates continued legal expense in FY 2017 if the permit is contested.

BARTON SPRINGS/EDWARDS AQUIFER CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 9: LITIGATION

Based to update

The District was not actively involved in any litigation during fiscal year 2016. 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:

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 HB 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.

NOTE 10: COMMITMENT

The District entered into a contract with an engineering firm in the amount of \$265,000 for Brackish Desalination Studies of the Edwards Aquifer. The contract can be canceled at any time with a five day notice.

DRAFT

Board of Directors and Management
Barton Springs/Edwards Aquifer Conservation District

COMMUNICATIONS WITH THOSE CHARGED WITH GOVERNANCE

We have audited the financial statements of Barton Springs/Edwards Aquifer Conservation District (District) for the year ended August 31, 2016, and have issued our report thereon dated DATE. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated information related to the planned scope and timing of our audit in our engagement letter to you dated 27 October 2016. Professional standards also require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Because an audit is designed to provide reasonable, but not absolute, assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Internal Control

In planning and performing our audit of the financial statements of the District, we considered the District's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2016. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the District's financial statements was:

Management's estimates of the useful lives of fixed assets, and the related estimate of depreciation expense are based on general knowledge of the assets involved and customary lives used by other organizations for similar assets. We evaluated the key factors and assumptions used to develop the estimated useful lives of fixed assets (and related accumulated depreciation), in determining that they are reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Board of Directors and Management
Barton Springs/Edwards Aquifer Conservation District
Communications with Those Charged with Governance
Page 3

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated DATE.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and management and is not intended to be and should not be used by anyone other than these specified parties.

DATE
Austin, Texas

Item 5

Board Discussions and Possible Actions

b. Discussion and possible action related to approving the District's FY 2016 Annual Report and submitting it to the TCEQ.



**Barton Springs
Edwards Aquifer**
CONSERVATION DISTRICT

**ANNUAL REPORT
FISCAL YEAR 2016**

Board-approved December 15, 2016

BOARD OF DIRECTORS (August 31, 2016)

Blayne Stansberry, President	Precinct 2	November 2014 – November 2018
Craig Smith, Vice President	Precinct 5	May 1998 - November 2018
Blake Dorsett, Secretary	Precinct 3	November 2012 - November 2020
Mary Stone, Director	Precinct 1	February 2008 - November 2020
Robert D. Larsen, Ph.D., Director	Precinct 4	May 2003 - November 2020

DISTRICT STAFF
August 31, 2016

John Dupnik	General Manager
Dana Wilson	Senior Administrative Manager Administrative Team Leader
Tammy Raymond	Administrative Assistant – Personnel
Shannon DeLong	Administrative Assistant – Accounting
Brian Smith	Principal Hydrogeologist Aquifer Science Team Leader
Brian Hunt	Senior Hydrogeologist
Justin Camp	Hydrogeologist Technician
Robin Gary	Senior Environmental Educator Education and Community Outreach Team Leader
Vanessa Escobar	Regulatory Compliance Team Leader
Kendall Bell-Enders	Regulatory Compliance Coordinator
Stephen Davis	Regulatory Compliance Technician

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1.0 BACKGROUND

The Barton Springs/Edwards Aquifer Conservation District ("District") Bylaws require the District Board President or General Manager to report on the status of the District and its programs annually to the Board and to the Texas Commission on Environmental Quality (TCEQ). This document is the Annual Report for Fiscal Year 2015, covering the period from September 1, 2014 to August 31, 2015.

According to District Bylaw 4-6, this report shall include:

1. The status of the aquifer and the District's programs;
2. A financial report to include the report of the annual audit and the security of any District investments;
3. A review and evaluation of professional services rendered to the District;
4. A status report of any capital projects of the District; and
5. The evaluation of the District's long-range plans pursuant to §36.107 (now §36.1071) of the Texas Water Code (TWC).

This introductory section provides an overview of the District, and summarizes the mission and vision of the District, and its Board-established critical success factors. Other major report sections that follow include a summary of the active programs in FY 2016; a recap of other specific information required by statute, including an assessment of performance in terms of objectives and performance standards identified in the prevailing Management Plan; and a financial summary. The annual audit report conducted by an independent audit firm is included in its entirety as Appendix A. The Board's assessment of progress toward the Management Plan's objectives by performance standards and the basis for that assessment are included as Appendix B.

1.1 General Information about the District

The District was created in 1987 by the 70th Texas Legislature, under Senate Bill 988. Its statutory authorities include Chapter 52 (later revised to Chapter 36) of the Texas Water Code (TWC), applicable to all groundwater conservation districts (GCDs) in the state, and the District's enabling legislation, now codified as Chapter 8802, Special District Local Laws Code (SDLLC). The District's legislative mandate is to conserve, protect, and enhance the groundwater resources located within the District boundaries. The District has the power and authority to undertake various studies, assess fees on groundwater pumpage and transport, and to implement structural facilities and non-structural programs to achieve its statutory mandate. The District has rulemaking authority to implement its policies and procedures and to help ensure the management of groundwater resources. The District is not a taxing authority. Its only sources of income are groundwater production fees, including water use fee supplement paid by the City of Austin; administrative processing fees; and occasional grants from various local, state, and federal programs for special projects.

Upon creation in 1987, the District's jurisdictional area encompassed approximately 255 square miles and was generally defined to include all the area within the Barton Springs segment of the Edwards Aquifer with an extended area to the east to incorporate the service areas of the Creedmoor-Maha Water Supply Corporation, Goforth Special Utility District, and Monarch

Utilities. In this area, designated as the “Exclusive Territory”, the District has authority over all groundwater resources. In 2015, the 84th Texas Legislature (House Bill 3405) expanded the District’s jurisdictional area to include the portion of Hays County located within the boundaries of the Edwards Aquifer Authority excluding the overlapping area in the Plum Creek Conservation District (see Figure 1). The newly annexed area, designated as “Shared Territory,” excludes the Edwards Aquifer and includes all other aquifers, including the underlying Trinity. The District serves southern Travis County, central and eastern Hays County, and portions of northwestern Caldwell County. The District’s jurisdictional area including the Shared Territory encompasses approximately 420 square miles and includes both urban and rural areas.

Water from the Barton Springs segment of the Edwards Aquifer serves as the primary water source for public water supply, industrial, and commercial purposes in the District and is a major source of high quality base flow to the Colorado River via discharge through the Barton Springs complex. The Barton Springs complex provides the only known habitat for the listed endangered Barton springs and Austin blind salamanders under the federal Endangered Species Act, requiring all activities that would or could adversely affect the species to represent optimal conservation efforts. The Trinity Aquifer, underlying the Edwards, is an important primary water resource in some parts of the District and is increasingly being developed as an alternative water supply to the oversubscribed Edwards Aquifer in both the Exclusive and Shared Territory. Some wells in the District also produce water from the Taylor and Austin Chalk formations as well as various alluvial deposits along river and stream banks.

A five-member Board of Directors (“Board”) governs the District. The Directors are elected in even-numbered years to staggered four-year terms from the five single-member precincts that comprise the District. As a result of legislation in 2011 and subsequent Board action in late FY 2011, director elections were moved from the May local elections date to the November general elections date.

In FY 2016, there was no District election held (the next election will be November 8, 2016 for District precincts 1, 3, and 4).

In accordance with District Bylaws, the Board elects its officers for one-year terms in December of each year. The elected officers in December 2015 were Blayne Stansberry, President; Craig Smith, Vice President; and Blake Dorsett, Secretary. As a local political subdivision of the State of Texas, all meetings of the Board are conducted in accordance with the Open Meetings Act, and the District’s business is subject to the Texas Public Information Act.

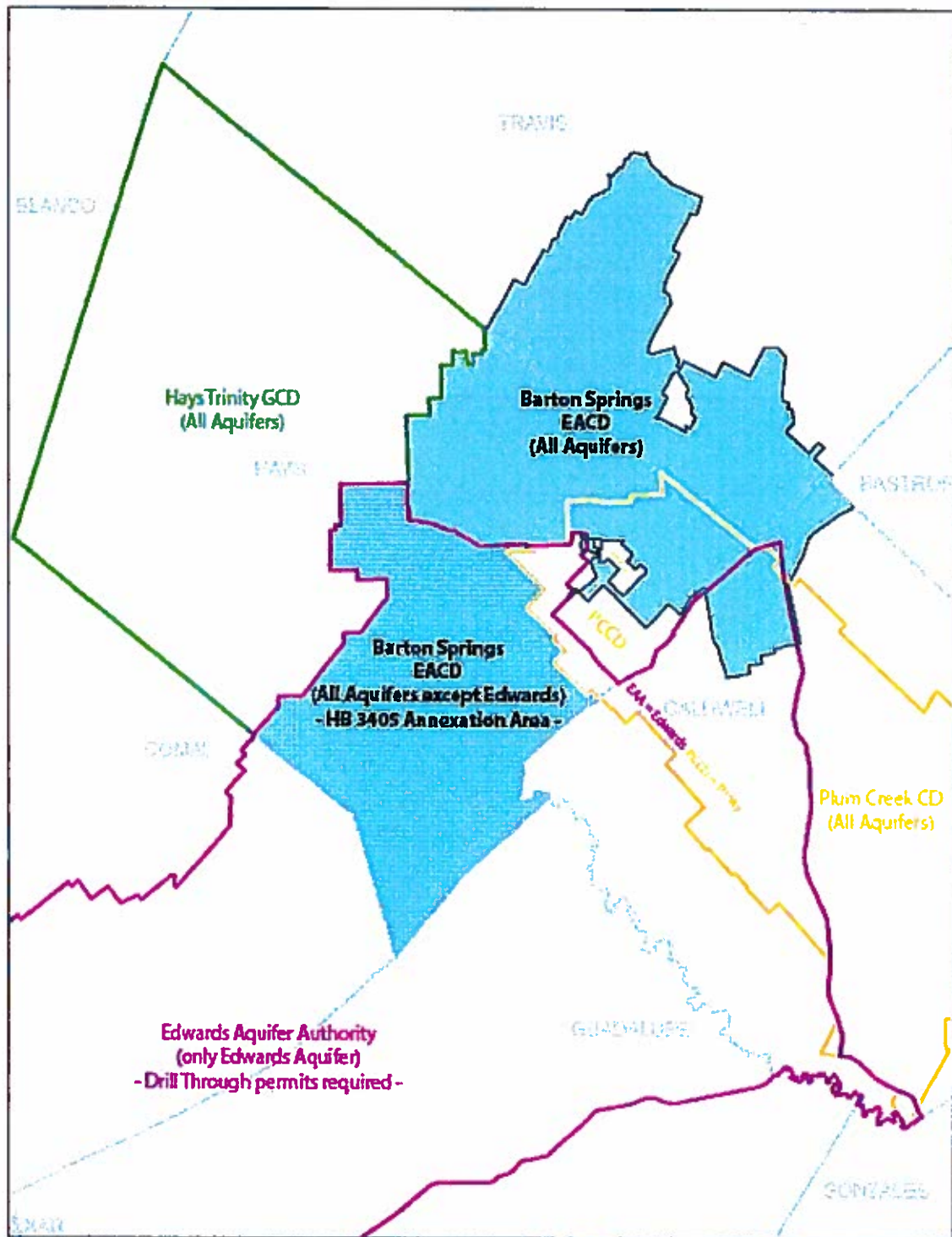


Figure 1 - The District's territory including the expanded Shared Territory and the adjacent Groundwater Conservation Districts and their respective jurisdiction over aquifers.

1.2 District Mission and Vision Statements

The Board of Directors of the District has assessed and articulated not only the mission of the District but also its vision and overarching strategic purpose.

The mission of the District is largely mandated by and adapted from its enabling legislation and statutes:

"The Barton Springs/Edwards Aquifer Conservation District, as the responsible public agency and authority, is committed to conserving, protecting, recharging, and preventing waste of groundwater and to preserving all aquifers within the District."

The vision of the District provides a succinct statement of the ultimate, continuing goal of the District, describing the standard by which it will execute its mission:

"The Barton Springs/Edwards Aquifer Conservation District will excel in its operations and administration so that it is considered the model and standard for other groundwater districts."

The overarching strategic purpose articulates more action-oriented direction consistent with the mission and vision:

"We will manage the District aquifers to optimize the sustainable uses of groundwater in satisfying community interests."

1.3 District Critical Success Factors

The District has established a set of continuing "critical success factors" that flow from and are generally consistent with the goals and objectives that are in the Management Plan. These critical success factors include:

- Providing sound science to support and form the basis of policy and tactical decisions made by the District that affect water supply users and endangered species habitat;
- Being highly efficient, accurate, and fair in administering staff activities related to all District programs;
- Developing and instituting an equitable and consistently administered regulatory program that is required to serve our mission;
- Becoming a respected and effective part of the state and local political landscape for water resource management and its stakeholder communities;
- Serving our permittees, stakeholders, and the public at large as a readily accessible source of first resort for reliable information about local water, groundwater, aquifer science, water use and conservation; and
- Providing the programmatic and resource basis for innovative, cost-effective solutions to augment the sustainable quantity of water in the District and to protect the quality of District waters required for various existing uses.

2.0 DISTRICT PROGRAM AREAS AND TEAM HIGHLIGHTS FOR 2016

The District continues to use successfully a team-oriented organizational structure, in which all staff members are assigned to a primary team but also support other teams as needs arise. Each staff member works under the direct supervision and direct reports to their respective team leaders who are responsible for executing team-specific responsibilities and duties. Each team leader works under the supervision and direct reports to the General Manager. All staff members ultimately report to the General Manager for administrative supervisory purposes.

This section of the report summarizes the operational teams that existed throughout FY 2016 and provides some highlights and notable achievements for each. Appendix B contains more information and details on the work undertaken by these teams in support of the various goals, objectives, and performance standards identified in the applicable 2014 District Management Plan.

2.1 General Management

Mr. John Dupnik served as the District's General Manager (GM). The GM is responsible for the day-to-day business of the District, and is an *ex-officio* member of all the other teams. The GM:

- Ensures the policies and direction of the Board of Directors are implemented effectively, appropriately, and efficiently;
- Provides leadership, both inside and outside the District organization, in accomplishing the mission, vision, and goals of the District; and
- Serves as an advocate for the staff with the Board and an advocate for the Board with the staff.
- The key areas of functional responsibilities for the GM include staff management and development, programmatic planning and execution, stakeholder relationship development and cultivation, and financial administration of the District.

In FY 2016, some highlights for the Office of the GM included:

- Coordinated the conduct of all of the District's FY 2016 business within FY 2016 budget constraints with only one mid-year budget amendment to adjust with the evolving work load and objectives.
- Maintained a productive, efficient, and motivated staff, and providing interns to assist the regular staff in continuing scientific investigations in an atmosphere of change and substantial additional workload associated with annexation activities and other special projects.
- Coordinated with the District legislative consultant, Sledge Law Group, and the Board Legislative Committee, in tracking the interim committee hearings on charges of interest to the District which included providing written responses to the area legislators in response to committee testimony, and initiating discussion with Legislators on potential District legislative initiatives in the 85th Session.

- Continued to manage extraordinary workload associated with annexation of the Shared Territory in Hays County and the implementation of H.B. 3405 which included supervision of additional rule making, processing of the more complicated and complicated temporary permit conversions, and redistricting of all five director precincts.
- Coordinated the work of the District's HCP consultant and staff to work closely with USFWS staff and consultants to modify and revise the draft HCP and EIS where it was approved by the Austin office for submittal to the Regional USFWS office in Albuquerque for review.
- Participated with the District's engineering consultant in CTRMA's technical working group on State Highway 45 Southwest stormwater control designs in accordance with the District consent decree through monthly meetings and review of the design plans. This culminated in submittal of formal technical comments on February 11, 2016.
- Participated actively in the joint groundwater planning processes of Groundwater Management Area (GMA) 9 and served as the District Representative to GMA 10, including related interfaces with the Texas Water Development Board (TWDB), other GCDs in the two GMAs, and stakeholder meetings. This year's efforts wrapped up the GMA's second round of planning with the "proposal" of updated DFCs including a revised DFC for the Saline Edwards Aquifer.
- Participated actively in regional water planning group activities, including serving as the GMA 10's voting Representative to Region K, and monitoring Region L groundwater-related planning activities. Efforts were successful in getting District-supported water supply strategies including: brackish Edwards's desalination and Edwards/Trinity ASR into the Region K Initially Prepared Plan (IPP).

2.2 Administrative Team

Ms. Dana Wilson serves as the Leader of the Administrative Team, with Ms. Tammy Raymond and Ms. Shannon DeLong as team members for administrative programs support. Ms. DeLong continued to work on a three-quarter time basis throughout FY 2016, including telecommuting one day per week.

The Administrative Programs Team is responsible for banking, accounting, timekeeping and payroll administration, records retention and management, facilities and vehicle fleet management, personnel and human resources administration, contracts administration, director compensation and reimbursement administration, and state/federal grant administration.

In FY 2016, some highlights for the Administrative and General Services Team included:

- Maintaining the financial records to receive a clean financial audit (see Appendix A);
- Administering the director elections, which was minimal for FY 2016 since the three directors ran unopposed;
- Supporting the District's biennium legislative process; which included supporting the legislatively-mandated Hays County Annexation process that added Shared Territory, required new rules, and acquired new permittees;

- Continuing the process of electronically scanning historical hard-copy records for archival purposes;
- Supporting the revisions of various parts of the Employee Policy Manual and subpolicies;
- Supporting the continuing phases of annual office updating/remodeling; and
- Assisting the District's information technology (IT) consultant in making improvements to the IT infrastructure and resolving various staff IT issues.

2.3 Aquifer Science Team

Dr. Brian Smith, P.G. serves as the Leader of the Aquifer Science Team, which is involved in various internally- and externally-funded groundwater research and assessment programs. The team is supported by Senior Hydrogeologist Brian Hunt, P.G., Hydrogeologic Technician Justin Camp, and from time to time other staff members, including interns.

To protect and manage the groundwater resources of the District's aquifers, the District continued an active research program that is designed to better understand the hydrogeology and hydrodynamics of aquifers in the District, and to advise the Board on policy-related decisions.

In FY 2016, some highlights for the Aquifer Science Team included:

- Developed new technical reports, presented numerous technical talks with published abstracts, publishing technical papers, and attended technical conferences including:
 - South Central Texas Water Research Interest Group (Uvalde, 6/9/16)
 - Austin Geological Society: Austin Chalk Symposium and Field Trip Guidebook (10/17-18/15)
 - 14th Sinkhole Conference in Rochester, Minnesota (October 2015)
 - Karst Waters Institute conference on karst and public health in San Juan, Puerto Rico (January 2016)
 - South Central Texas Water Research Interest Group (Bandera, 12/3/15)
- Presented technical information and studies to the public and students:
 - Barton Springs University (9/18/16)
 - Hydrogeo Workshop, Cave Without A Name (10/1-2/16)
- Collected hourly water-level data from about 40 wells in the Edwards and Trinity Aquifers, and water-level data from the District's two multiport monitor wells.
- Established about 12 Trinity monitor wells and collected water-level data and other data from the newly annexed area of Hays County in anticipation of the Electro Purification aquifer test.
- Finalized and published "Guidelines for Hydrogeologic Reports and Aquifer Testing" May 2016.

- Determined and documented drought status, including keeping the District's drought monitor blog up to date.
- Participated with GMA 10 in technical discussions.
 - Refined the Edwards Saline Zone DFC to be 75 ft of drawdown and estimated resulting MAG.
 - Worked with Intera on developing modeling tools to assess the influence of large-scale pumping on the Middle Trinity DFC (Intera technical memo May 2016).
- Participated with GMA 9 in technical discussions regarding the Trinity Hill Country DFC and the explanatory report.
 - Proposed DFCs and non-relevant aquifers were voted on and approved at the September 28, 2015 (Dripping Springs) meeting;
 - The District Board approved the DFCs and Explanatory Report; GMA 9 approval of the ER on 4/18/16 (Dripping Springs);
 - Published technical note: Hunt, B.B., and B.A. Smith, 2016, Desired Future Condition Monitoring of the Middle Trinity Aquifer, Groundwater Management Area 9, Central Texas. BSEACD Technical Note 2016-0415. April 2016, 9 pp.
- Published: Hunt, B.B., A. Andrews, and B.A. Smith, 2016, Hydraulic Conductivity Testing in the Edwards and Trinity Aquifers Using Multiport Monitor Well Systems, Hays County, Central Texas. Barton Springs/Edwards Aquifer Conservation District Report of Investigations. BSEACD RI 2016-0831, August 2016, 39 p.
- Performed studies with the Edwards Aquifer Authority to characterize the groundwater flow in the Blanco Watershed.
- Published paper: Hunt, B. B., A. S. Broun, D. A. Wierman, D. A. Johns, and B. A. Smith, 2016, Surface-water and groundwater interactions along Onion Creek, Central Texas: Gulf Coast Association of Geological Societies Transactions, v. 66, p. 261–282.
- Continued studies and data collection with the Hays Trinity GCD and the City of Austin to characterize the surface and groundwater interaction in the Onion Creek watershed.
- Continued development and data collection of a geologic database of the Edwards and Trinity Aquifers in central Texas in cooperation with the EAA and the HTGCD.
- Maintained the Antioch Cave Recharge Enhancement Project as an ongoing part of the 319(h) grant from EPA and TCEQ, and maintaining a CWQMN site on behalf of TCEQ.
- Began work with the TWDB feasibility grant, including the drilling and installation of a multiport monitor well in the saline Edwards (August 2016).

- Implemented, in cooperation with Magellan Pipeline Company, an annual sampling program related to the operation of the Longhorn Pipeline that transports crude oil. In March 2016, staff sampled about eight springs and well sites for hydrocarbon contaminants as a screening test for BTEX and TPH. Staff also worked on locations for the installation of two new monitor wells anticipated in FY 2017.
- Assisted Drs. Thomas Grimshaw and Mark Helper (UT Austin) with the geologic mapping of the Mountain City Quadrangle. This included focused mapping areas such as the Rutherford Ranch.
- In cooperation with the Texas Water Development Board, Aquifer Science staff sampled about 30 wells and springs for major ions and isotope analyses.
- Worked with geochemist Bruce Darling to assess the quality of geochemistry database derived from the TWDB (Phase 1).
- Reviewed and analyzed the Needmore Water LLC aquifer test and hydrogeologic report (March 2016) and published a technical memo of the test and the potential for unreasonable impact from the permit request.
- Cooperated with Travis County on various groundwater studies including establishing a flow station at Shield Ranch, monitoring and logging some wells at Shield Ranch, and planning for installing a multiport monitor well in Travis County.
- Supported research in conjunction with the University of Malaga into the natural fluorescence and field parameters from the surface and groundwater.
- Brian Smith has continued serving on the City of Austin Environmental Commission.

2.4 Education and Community Outreach Team

Ms. Robin Havens Gary serves as the leader of the Education and Community Outreach Team. Ms. Gary, who is the District's Environmental Educator, GIS Specialist, and Public Information Coordinator, and is the primary member and team lead for the Education and Community Outreach Team in FY 2016. Ms. Gary collaborates regularly with other members of the staff, including interns, to maintain a diverse and effective Education and Outreach program.

The District continues its active, multi-dimensional educational program that emphasizes awareness of the finite and fragile aspects of the groundwater resources in the District. To increase awareness of District programs and roles, staff applied a multi-faceted approach. A new monthly digital newsletter began circulation in October. Feedback and metrics show that the more frequent updates in the mobile-friendly, digital format has been highly popular. Subscribers receive regular updates on permitting, aquifer science, events, and programs. Each monthly eNews was opened/accessed over 1,000 times. Additionally, the website was overhauled and updated to increase accessibility and content management. Social media posts increased distribution of announcements and news and received high view rates. Maps of scientific research results, expanded territory and shared jurisdiction, Director precinct redistricting, and expanded

management zones are available through the District website, viewable at the District, and/or in District publications. The 2016 Well Water Check-up was showcased as an open house that provided an opportunity for well owners, particularly those in the newly annexed area, a chance to meet staff and have their water analyzed for free. Over 2,000 postcards were mailed to homeowners in the shared territory in neighborhoods that have a high density of Trinity wells. Finally, general program overview advertisements were placed in the 2016 Football Programs of San Marcos, Hays, Lehman, Austin, Travis, Bowie, Crockett, and Akins High Schools.

FY 2016 was a unique year in that the District was not in any declared drought stage. Instead, in June 2016 the water level in the Lovelady Monitor Well reached the highest level in 24 years. This landmark was highlighted in a press release, in the eNews, and on the Hydro blog. In August, heavy rain caused a sewage overflow, though the City of Austin took corrective action before it reached the recharge zone; nearby well owners were individually notified and a press release went out. With the recent annexation of the Shared Territory, Education and Outreach efforts focused on increasing awareness of the importance of coordinated management, helping new residents determine which Director represents them, and continuing to develop relationships with well owners in the new area.

The Education and Community Outreach Team constantly seeks to maintain and create new partnerships with like-minded local entities to more efficiently and effectively carry out the District's mission. Through these partnerships, staff members augment their knowledge base and are able to make a contribution to efforts that reach larger and more diverse audiences. This year staff continued partnerships with the Austin Youth River Watch, Central Texas Water Efficiency Network (CTWEN), Capital Area Master Naturalists (CAMN), COA, City of Sunset Valley, Colorado River Alliance, EAA, Greater Edwards Aquifer Alliance, Hill Country Alliance, Keep Austin Beautiful, Lady Bird Johnson Wildflower Center, LCRA, Meadows Center, Save Barton Creek Association (SBCA), San Antonio River Authority, San Antonio Water System, Shield Ranch, Splash! Exhibit, Texas Cave Management Association, Texas Parks and Wildlife Department (TPWD), TWDB, University of Texas's Bureau of Economic Geology, and University of Texas Jackson School of Geosciences.

In FY 2016, some highlights of the Education and Community Outreach Team included:

- Transitioning to a monthly eNews bulletin with automated subscribe/unsubscribe capabilities,
- Participating in approximately 23 outreach events (including field trips, presentations, and events) that reached approximately 1,913 adults and 1,335 children,
- Hosting the fifth annual Water Conservation Symposium: "Conservation, Come Drought or High Water" in collaboration with the water providers and non-profits participating in the CTWEN,
- Hosting the 11th Annual Groundwater to the Gulf Summer Institute for Educators in collaboration with other state, local, and non-profit water educators, which trained 42 teachers who in turn reach over 4,200 students annually, and

- Providing support for the 2016 Rainwater Revival event that brings rainwater harvesting system installers, suppliers, water haulers and other experts together to serve as a resource for homeowners and business owners that are interested in using rainwater as an alternate supply.

2.5 REGULATORY COMPLIANCE

The Regulatory Compliance Team consists of two Regulatory Compliance Coordinators and one Regulatory Compliance Technician who are responsible for a wide range of the District's responsibilities including drought management, pumpage tracking/compliance assessment, rulemaking, rule and well construction standard interpretation, permitting, enforcement, well inspections, well pluggings, and drilling oversight. Regulatory Compliance Team members have also actively attended and participated in community outreach and regional development and planning groups, and served as District liaisons to local municipalities, political subdivisions, permittees, and licensed drillers and pump installers in the area.

Highlights of the Regulatory Compliance Team in FY 2016:

- **Continued Implementation of H.B. 3405:** The District's jurisdiction was expanded on June 19, 2015 through the passage of H.B. 3405, and well owners with an existing nonexempt use were immediately provided a three-month period to apply for a Temporary Permit. In early FY 2016 (September-October 2015) the District received and approved 21 Temporary Permit Applications. The Temporary Permits provided well owners with an interim authorization to operate a well prior to conversion to a Regular Historical Production Permit. The majority of those Temporary Permits were further evaluated and processed for conversion to a Regular Production Permit. At the April 28th Board Meeting, the District Board of Directors held a public hearing to approve 14 of the Temporary Permits for conversion to Regular Production Permits. There was a 20-day public comment period to provide an opportunity to submit comments or formal protests on proposed approval of the permit conversions. No comments were received and the Board approved all 14 permits as Historical Trinity Production Permits. In May – June 2016, two additional Temporary Permits (Texas Old Town &, Aqua Texas) were approved for conversion, and one Temporary Permit (Needmore Water LLC) remained under review for conversion as of August 2016.
- **Inspections & Investigations:** Staff completed a total of 32 inspections related to special investigations, site permittee inspections, and well permit applications.

FY 16 TOTAL Inspections/ Investigations/ Onsite Visits	32
Exempt Well Inspections	2
Limited Production Permit Inspections	4
Individual Production Permit Inspections	4
Test Well Inspections	0
Plugging Inspections	12
Special Investigation Inspections	6
Other Permittee Inspections	4

- **Conservation Credits:** The District issued a total of \$32,382.54 in credits in FY 2016 with \$20,239.09 being issued to 15 permittees, and \$12,143.45 being issued to the City of Austin.

Permittees donating credits back to the District's camp scholarship fund included Centex Materials (\$ 2,138.76), Creedmoor-Maha Water Supply Corporation (\$ 547.89), Goforth Special Utility District (\$ 600.00), Oak Forest Water Supply Corporation (\$ 130.22), and Texas Lehigh Cement Company (\$ 656.55).

- **Enforcement:** There were no formal enforcement actions initiated in FY 2016.
- **Rulemaking:** During FY 2016, the District adopted amendments and revisions to the Rules and Bylaws. A quorum of the District Board of Directors voted unanimously to adopt the proposed revisions at its regular meeting on April 28, 2016. The rule making process was formally initiated in January 2016 as part of an ongoing effort to implement H.B. 3405 which annexed new area in Hays County, and to better equip the District to manage prospective large-scale Trinity Aquifer water projects. There was a 20-day public comment period to provide an opportunity for rule review and to submit comments or formal protests on the proposed rules. A public hearing was held on March 24th and the Board delayed action on adoption of the rules to consider the entire set of comments received from the public. The proposed rule changes were further modified to address the public comments submitted and to better clarify the process and intent of the rules. The adopted rule amendments focused overall on:
 - Management strategies that will protect existing wells and preserve the long-term availability of water supplies from the Trinity Aquifer;
 - Aquifer test, notice, and monitoring requirements for large-scale groundwater projects; and
 - Establishing a policy and permitting framework for a science-based evaluation of the potential for unreasonable impacts to existing wells and the aquifer, and requirements to avoid or mitigate for such impacts.
- **External Reviews, Coordination, and Outreach.** Workgroups and projects involving staff participation included:
 - Aquifer Storage and Recovery Technical Workgroups,
 - SH 45 SW Technical Workgroups,
 - WPAP Wastewater Permit Reviews,
 - Regular meetings of the Regional Water Quality Protection Plan workgroup, and
 - Well permitting and registration efforts in the shared territory.
- **Drought Management:** The District declared No-Drought status on January 29, 2015 and remained in Non-Drought status throughout FY 2016.

Permitting Summary:

A summary of the new wells drilled in FY 2016 is provided in the table below.

FY 16 TOTAL New Wells		22
New Exempt Wells		5
Nonexempt Domestic Wells (LPPs)		13
Individual Wells		2
Test Wells		6*
Replacement Wells		2
<i>*Electro Purification's six Test Wells were drilled prior to annexation</i>		

A summary of permitting applications that were processed in FY 2016 is provided in the table below.

FY 16 TOTAL Permit Applications		81
Minor Amendment		1
Major Amendments		0
New Exempt Well		5
Limited Production Permit (Nonexempt Domestic Wells)		13
Individual Production Permit		6
New Individual Well Drilling Authorizations /Modification		3
Test Well		2
Well Plugging		12
Replacement Well		2
Temporary Permit		21
Regular Permit (Temporary Permit Conversion)		16

A summary of the individual production permits (including regular and temporary permits) that were processed in FY 2016 is provided in the table below.

FY 16 Individual Production Permits Approved			
	Permit Volume (gal/yr)	Permittee	Permit Type
1	220,000	Rick Seiders	Historical Trinity
2	1,000,000	Jump Creek LLC	Historical Trinity
3	1,005,000	Plant at Kyle	Historical Trinity
4	80,000,000	Onion Creek Golf Group	Historical Trinity
5	1,260,000*	Mesa Oaks*	Historical Trinity
6	270,000,000*	TJ Higginbotham*	Conditional Edwards

**After permit approval these permits became expired/non-active during FY 2016*

FY 16 (H.B. 3405 Annexation) Temporary Production Permits Approved			
	Permit Volume (gal/yr)	Permittee	Permit Type
1	100,000	SWTX Pentecostal Church of God	Historical Trinity
2	100,000	Las Lomas HOA	Historical Trinity
3	180,000	Rolling Oaks Club Inc	Historical Trinity
4	240,000	General Telephone Southwest (Frontier)	Historical Trinity
5	490,000	Hays City Holdings	Historical Trinity
6	500,000	Tindol Restaurant Group LLC	Historical Trinity
7	500,000	St. John's Catholic Church	Austin Chalk/ Alluvial
8	750,000	St. Stephen's Episcopal Church	Historical Trinity
9	1,000,000	Tim deJong dba (Wimberley Glassworks)	Historical Trinity
10	1,000,000	St. Mark's Episcopal Church	Historical Trinity
11	1,200,000	First Christian Church	Historical Trinity
12	2,000,000	Log Cabin Plaza	Historical Trinity
13	2,000,000	Chuck Nash	Austin Chalk/Alluvial
14	2,000,000	Texas State University - Freeman Ranch	Historical Trinity
15	10,000,000	Texas Old Town	Historical Trinity
16	30,000,000	Aqua Texas - Sierra West	Historical Trinity
17	32,590,000	Electro Purification	Historical Trinity
18	179,965,440	Needmore Water LLC	Historical Trinity
19	General Permit - 500,000	Alexandra's House Bed and Breakfast	Historical Trinity
20	General Permit - 500,000	Sol De Mexico	Historical Trinity
21	Drilling Authorization	Dale Lowden	Middle Trinity Aquifer

FY 16 (H.B. 3405 Annexation) Regular Production Permits (Temporary Permit Conversions) Approved			
	Permit Volume (gal/yr)	Permittee	Permit Type
1	100,000	SWTX Pentecostal Church of God	Historical Trinity
2	100,000	Las Lomas HOA	Historical Trinity
3	180,000	Rolling Oaks Club Inc	Historical Trinity
4	240,000	General Telephone Southwest (Frontier)	Historical Trinity
5	490,000	Hays City Holdings	Historical Trinity
6	800,000	Tindol Restaurant Group LLC	Historical Trinity
7	500,000	St. John's Catholic Church	Austin Chalk/ Alluvial
8	750,000	St. Stephen's Episcopal Church	Historical Trinity
9	1,000,000	Tim deJong dba (Wimberley Glassworks)	Historical Trinity
10	1,000,000	St. Mark's Episcopal Church	Historical Trinity
11	1,200,000	First Christian Church	Historical Trinity
12	2,000,000	Log Cabin Plaza	Historical Trinity
13	2,000,000	Chuck Nash	Austin Chalk/Alluvial
14	2,000,000	Texas State University - Freeman Ranch	Historical Trinity
15	10,000,000	Texas Old Town	Historical Trinity
16	30,000,000	Aqua Texas - Sierra West	Historical Trinity

A summary of current permitted pumpage is provided in the tables below.

Total Permits Active to Date	
Total Historic Edwards Permits Issued to Date	74
Total Conditional Edwards Permits Issued to Date	24
Total Historic Trinity Permits Issued to Date	26
Total Alluvial/Austin Chalk Permits Issued	2
Total Individual Permitted Wells to Date	186
LPP General Permits	
Total Permits Issued	109
Total LPP Permitted Wells	109

Permitted Pumpage			
Edwards MZs	gallons	cfs	acre-feet
Historical (Ind.)	2,358,987,721	10.00	7,239
Historical (LPP)	2,500,000	0.011	8
Total Historical	2,361,487,721	10.01	7,247
Conditional (Ind.)	348,834,948	1.48	1,071
Conditional (LPP)	52,000,000	0.22	160
Total Conditional	400,834,948	1.70	1,230
Total Edwards	2,762,322,669	11.71	8,477
Trinity MZs	gallons	cfs	acre-feet
Historical (Ind.)	448,966,557	1.90	1,378
Other Aquifers MZs	gallons	cfs	acre-feet
Historical (Ind.)	2,500,000	0.01	8
Total Permitted	3,213,789,226	13.62	9,863

	Permitted Transport		
	gallons	cfs	acre-feet
FY 2016	0	0	0
Total Permitted	400,000,000	1.70	1,227.55

3.0 REQUIRED DATA AND INFORMATION

The District Bylaws and Management Plan require a number of specific items to be included in the Annual Report. This information is included in the following subsections of the Annual Report.

3.1 Aquifer Status

FY 2016 began in a status of No Drought following a very wet 2015 summer. Those summer rains augmented a trend which began back in September 2014 when water levels began to rise after above-average rainfall. Steady recharge continued to increase aquifer water levels as well as Barton Springs flow. In January 2015, the Board updated the drought status from Stage II Alarm Drought to No Drought. This change has remained in effect throughout FY 2016 as Edwards water levels have continued to rise. To note, recent measurements indicate the beginning of a decline starting October 11, 2016.

An overall wet FY 2016 produced long periods of recharge, resulting in the second highest water level elevation for the District's Edwards Aquifer drought index well, the Lovelady Monitor Well. Water levels peaked on October 5, 2016 at 545.8 ft-msl, second to the 547.2 ft-msl recorded on June 2, 1992. The Lovelady Monitor Well has recorded data since 1949.

Almost mirroring the rejuvenating effects of 2015, periods of heavy rainfall in FY 2016 have continued to boost the Edwards Aquifer. For close comparison, total rainfall for 2015, measured at Camp Mabry, was 59", and 2016 is coming in at a close 55."

3.2 Grant Programs

The District continued its ongoing initiatives associated with development of alternative water supplies for the District and its region throughout FY 2016. On January 28, 2015, the District submitted an application to the TWDB Board for a Regional Facility Planning Grant 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. After selection of Carollo Engineers as a subcontractor for the grant project, a kickoff meeting was held on February 25, 2016. A major portion of Category A of the project was the drilling and installation of a multiport monitor well near Creedmoor about a mile east of the fresh/saline water interface. The well was completed near the end of August 2016. Sampling and testing of the well was done in November 2016.

The District applied for grant funding from Rider 25 approved in the appropriations bill in the 84th Legislative session (HB1) for a feasibility and demonstration project for alternative water supplies available only through GCDs. However, the District was not awarded any funding from this grant program.

3.3 Professional Services

The District expended \$140,649 for professional services in FY 2016. This amount included legal fees of \$114,087 for general counsel support provided by Bickerstaff, Heath, Delgado & Acosta LLP of Austin. These fees included involvement of the District and its attorneys in the redistricting process and annexation of new shared territory.

There were no legal services associated uniquely with grant projects as grant-billable costs, as the grant project just got underway in August.

Additional professional services for FY 2016 also reported in the above amount include the District's third party retirement plan administrator, The Standard, for \$16,091.

The District retained Montemayor Britton Bender PC early in 2016 to perform its annual financial audit for FY 2015 (as the previous auditor quit doing governmental entity audits), and also for FY 2016. The fees for these professional services were \$9,000 for FY 2015 and \$11,000 for FY 2016, and are also included in the professional services total above.

Not included in the professional services total above, the District expended \$2,000 for the lobbying services of Sledge Law & Public Strategies for the 84th Legislative Session. The District has now changed the timing of when legislative issues are addressed from a biennial expense to an ongoing expense according to the new term of agreement dated July 1, 2016 through June 30, 2018, being a flat-fee structure bifurcated between legislative session months and legislative interim months spread across 24 months. During legislative months – November of even-numbered years through June of odd-numbered years, the fee will be \$4,000 per month. During legislative interim months – July of odd-numbered years through October of even-numbered years, the fee will be \$1,000 per month. So one year there will be \$36,000 in legislative expenses, and the following year there will be \$12,000 in legislative expenses.

These professional services do not include the contracted labor that comprises programmatic support to various team initiatives and that is budgeted as part of the individual team budgets.

3.4 Capital Projects

The District completed one small capital project in FY 2016 that remodeled the library area for \$5,000. Also there was need for exterior fence replacement for \$4,949.

3.5 Financial Report

As authorized in the District Bylaws, the Board utilizes the Texas Treasury Safekeeping Trust Company (commonly referred to as "TexPool") as a depository for its funds not required by its current operations. There are several built-in controls and safeguards in the TexPool account mechanisms. The District has established and maintains funds in several TexPool accounts to further minimize risk and to partition funds designated for certain potential uses. To facilitate payments and timely deposits, the District also maintains both checking and payroll accounts with Citibank (now transitioned to BB&T), which are FDIC-insured. Monies are moved electronically between these accounts and the TexPool accounts, generally keeping funds not required by current

operations in TexPool, and therefore the cash balances in the operating bank accounts as small as prudently feasible. The District has no additional monetary investments other than its cash fund accounts.

End-of-the-year cash and account balances and an independent assessment of financial controls will be found in the Annual Audit Report, to be included here as Appendix A, upon completion of the financial audit.

3.6 Evaluation of District's Long-Range Plan Pursuant To §36.1071

3.6.1 Background

Texas Water Code §36.1071 requires all GCDs to establish and maintain a long-range comprehensive plan for groundwater management in the District. This long-range plan is a ten-year plan called the District Management Plan. The Management Plan must be reviewed, revised as necessary, readopted, and reapproved at least once each five years. Under the code provisions, all GCDs are required to assess progress quantitatively toward the objectives in their prevailing Management Plan at least annually; this assessment is summarized in the following Section 3.6.2 and elaborated in Appendix B of this Annual Report.

3.6.2 Board Evaluation of Objectives and Progress Assessment

Section 2 of this report highlighted some activities for each of the operational teams. A more comprehensive and detailed listing of the activities of the District is included in Appendix B, which was prepared by the staff to assist the Board's evaluation of the progress made in FY 2016 toward the goals, objectives, and performance standards identified in the prevailing District Management Plan.

On November 17, 2016, the Board reviewed the information in Appendix B, discussed its conformance with the plan objectives and their subsidiary performance standards, and then took action to evaluate progress made by the District toward these strategic objectives, as specified in the metrics for each of the objectives. Following a proper motion and second, and discussion in a properly noticed Open Meeting, the Board of Directors unanimously approved the progress toward each and all objectives in FY 2016 as being satisfactory, and directed the staff to include a record of these actions and their basis in this Annual Report. That record and the basis for that decision-making are included as Appendix B.

APPENDIX A

Independent Annual Financial Audit Report

(Board-approved December 15, 2016)

APPENDIX B

Assessment of Progress toward Management Plan Objectives

(Board-approved November 17, 2016)

Item 5

Board Discussions and Possible Actions

c. Discussion and possible action related to adoption of Desired Future Conditions (DFCs) for Groundwater Management Area (GMA) 9.



**Barton Springs
Edwards Aquifer**
CONSERVATION DISTRICT

MEMORANDUM

TO: BOARD OF DIRECTORS
FROM: AQUIFER SCIENCE
SUBJECT: GMA-9 DESIRED FUTURE CONDITIONS
DATE: 12/9/2016

This memo and is meant to serve as a background information for the Board's consideration to adopt the appropriate GMA9 DFC described in the Explanatory Report that was officially accepted as administratively complete on November 23, 2016 by the TWDB.

- On September 28, 2015 (at Dripping Springs) GMA9 reviewed all elements and factors of the draft Explanatory Report. Proposed DFCs and non-relevant aquifers were voted on and approved at this meeting;
- GMA 9 DFCs and Explanatory Report were mailed by the GMA9 Chairman to the TWDB on April 25, 2016.

The relevant aquifer for the District is the Trinity Aquifer. The DFC for this aquifer states to allow for an increase in average drawdown of approximately 30 feet through 2070 relative to conditions in 2008.

The TWDB will provide the Modeled Available Groundwater (MAG) for each aquifer within 180 days of November 23, 2016.

Texas Water Development Board

P.O. Box 13231, 1700 N. Congress Ave.
Austin, TX 78711-3231, www.twdb.texas.gov
Phone (512) 463-7847, Fax (512) 475-2053

November 23, 2016

Mr. Ron Fieseler
General Manager
Blanco-Pedernales Groundwater Conservation District
601 West Main
Johnson City, TX 78636-1516

Dear Mr. Fieseler:

The purpose of this letter is to notify you that the submitted desired future conditions explanatory report and other materials required by Texas Water Code §36.108(d-3) are administratively complete in accordance with 31 Texas Administrative Code §356.33.

On April 26, 2016, we received the explanatory report and other materials for desired future conditions adopted by groundwater conservation district representatives in Groundwater Management Area 9. Your submission included: (1) the explanatory report and the adopted desired future conditions for the relevant aquifers; (2) the signed resolution; (3) the postings, minutes, and voting record for the public meeting in which the desired future conditions were adopted; and (4) contact information for the representative of the groundwater management area.

We will provide you with modeled available groundwater values for these aquifers no later than 180 days after the date of this letter in accordance with 31 Texas Administrative Code §356.35. Please contact Dr. Rima Petrossian of my staff at (512) 936-2420 or rima.petrossian@twdb.texas.gov if you have any questions.

Respectfully,



Jeff Walker
Executive Administrator

c w/o enc: Matt Nelson, Water Supply & Infrastructure
Larry French, Groundwater Division
Dr. Rima Petrossian, Groundwater Technical Assistance
Temple McKinnon, Water Use, Projections & Planning

Our Mission

To provide leadership, information, education, and support for planning, financial assistance, and outreach for the conservation and responsible development of water for Texas

Board Members

Bech Bruun, Chairman | Kathleen Jackson, Board Member | Peter Lake, Board Member
Jeff Walker, Executive Administrator

Item 5

Board Discussions and Possible Actions

d. Discussion and possible action related to approval of an access agreement with the Hays County Emergency Services District No. 4) (dba Wimberley Volunteer Fire Department) to install and collect data from a multiport monitor well on their property.

Item 5

Board Discussions and Possible Actions

- e. Discussion and possible action on consideration of a District legislative agenda for the upcoming 85th Legislative session.**

TWCA Groundwater Committee Consensus Bills

1. **Advisory Committee Bill** – The proposed bill adds permissive authority for Groundwater Management Areas (GMAs) to add voting or nonvoting members to the GMA. The bill also requires the appointment of a joint planning advisory committee. Initial members include the chair of each regional water planning group located in the GMA, with additional members appointed by the GMA to represent other interest groups.
2. **Direct Deposit Bill** – The proposed bill authorizes direct deposit payroll, online bill pay etc., for groundwater conservation districts (GCDs).
3. **Proposed Export Amendments** – The proposed bill amends export permit provisions by altering and clarifying the factors to be considered by a groundwater district when issuing an export permit or adding an export condition to an operating permit and providing for automatic extension of an expired export permit or condition to conform to the term of the related operating permit. (export extension provision also as a stand-alone bill)
4. **Export Extension Provision** – The proposed bill provides for automatic extension of an expired export permit or condition to conform to the term of the related operating permit (part of the Proposed Export Amendments Bill).
5. **Appeal Party Status** – The proposed bill clarifies conditions under which a person denied party status to participate in a permitting contested case may appeal.
6. **Application Administrative Completeness** – The proposed bill limits the list of items a GCD can require for a permit application to what is already listed in statute as well as other information included in a district rule. The bill also states that a GCD may not require additional information for a determination of administrative completeness.
7. **Considering Registered Wells in Permitting** – The proposed bill provides for consideration by GCDs of impacts on registered exempt wells in permitting decisions (also in proposed export bill).
8. **DFC Adoption Process** – The proposed bill would require that the next set of desired future conditions (DFCs) be adopted by each district within the GMA by January 5, 2022 (deadline for next State Water Plan), and every 5 years thereafter. The bill also includes other cleanup provisions related to DFC adoption process.
9. **Groundwater as Alternate Supply** – The proposed bill provides for notice to a GCD where a permit applicant proposes to use groundwater as an alternate source if the groundwater to be utilized is within the GCD's jurisdiction. If ultimately TCEQ's permit includes groundwater as an alternate source, the bill provides that it be expressly stated that the permit does not authorize the withdrawal of groundwater.
10. **Modeled Sustainable Definition** – The proposed bill adds to Chapter 36 a definition of "modeled sustainable groundwater pumping" to mean the maximum amount of groundwater that the executive administrator determines may be produced from an aquifer on an annual basis in perpetuity using the best available science. The bill also adds modeled sustainable groundwater pumping to the list of hydrological conditions considered by GMAs in developing DFCs.

NOT APPROVED BY TWCA BOARD

1. Advisory Committee Bill

1 8/AN ACT

2 relating to the addition of voting and non-voting representatives and

3 the establishment of advisory committees in the joint planning process

4 in groundwater management areas.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Subsection (c), Section 16.053, Water Code, is amended
7 to read as follows:

8 (c) No later than 60 days after the designation of the regions
9 under Subsection (b), the board shall designate representatives within
10 each regional water planning area to serve as the initial coordinating
11 body for planning. The initial coordinating body may then designate
12 additional representatives to serve on the regional water planning
13 group. The initial coordinating body shall designate additional
14 representatives if necessary to ensure adequate representation from the
15 interests comprising that region, including the public, counties,
16 municipalities, industries, agricultural interests, environmental

NOT APPROVED BY TWCA BOARD

1 interests, small businesses, electric generating utilities, river
2 authorities, water districts, and water utilities. The regional water
3 planning group shall maintain adequate representation from those
4 interests. In addition, the groundwater conservation districts located
5 in each management area, as defined by Section 36.001, located in the
6 regional water planning area shall appoint one representative of a
7 groundwater conservation district located in the management area and in
8 the regional water planning area to serve on the regional water planning
9 group. In addition, each regional water planning group chairperson, or
10 their designee, shall, for each management area as defined by Section
11 36.001 that is located in whole or in part in the regional water planning
12 area, serve as a representative on a joint planning advisory committee,
13 as described under Section 36.1081(c). In addition, representatives of
14 the board, the Parks and Wildlife Department, and the Department of
15 Agriculture shall serve as ex officio members of each regional water
16 planning group.

17 SECTION 2. Subsections (a), (c), (d-3) and (d-4) of Sec. 36.108,

1 Water Code, is amended by amending to read as follows:

2 (a) In this section:

3 (1) "Development board" means the Texas Water Development
4 Board.

5 (2) "District representative" means the presiding officer
6 or the presiding officer's designee for any district located wholly or
7 partly in the management area.

8 (3) "Non-district representative: means any additional
9 voting or non-voting representatives added by written resolution
10 adopted by a two-thirds vote of the district representatives prescribing
11 the exact scope of voting authority for any representative added.

12 (c) The district representatives and non-district representatives
13 shall meet as a groundwater management area planning group at least
14 annually to conduct joint planning [~~with the other districts~~] in the
15 management area and to review the management plans, the accomplishments
16 of the management area, and proposals to adopt new or amend existing
17 desired future conditions. In reviewing the management plans, the

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1 groundwater management area planning group [~~districts~~] shall consider:

2 (1) the goals of each management plan and its impact on
3 planning throughout the management area;

4 (2) the effectiveness of the measures established by each
5 district's management plan for conserving and protecting groundwater
6 and preventing waste, and the effectiveness of these measures in the
7 management area generally;

8 (3) any other matters that the boards consider relevant to
9 the protection and conservation of groundwater and the prevention of
10 waste in the management area; and

11 (4) the degree to which each management plan achieves the
12 desired future conditions established during the joint planning
13 process.

14 (d-2) The desired future conditions proposed under Subsection
15 (d) must provide a balance between the highest practicable level of
16 groundwater production and the conservation, preservation, protection,
17 recharging, and prevention of waste of groundwater and control of

NOT APPROVED BY TWCA BOARD

1 subsidence in the management area. This subsection does not prohibit
2 the establishment of desired future conditions that provide for the
3 reasonable long-term management of groundwater resources consistent
4 with the management goals under Section 36.1071(a). The desired future
5 conditions proposed under Subsection (d) must be approved by a two-
6 thirds vote of all the voting members [~~district representatives~~] for
7 distribution to the districts in the management area. A period of not
8 less than 90 days for public comments begins on the day the proposed
9 desired future conditions are mailed to the districts. During the
10 public comment period and after posting notice as required by Section
11 36.063, each district shall hold a public hearing on any proposed
12 desired future conditions relevant to that district. During the public
13 comment period, the district shall make available in its office a copy
14 of the proposed desired future conditions and any supporting materials,
15 such as the documentation of factors considered under Subsection (d)
16 and groundwater availability model run results. After the public
17 hearing, the district shall compile for consideration at the next joint

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1 planning meeting a summary of relevant comments received, any suggested
2 revisions to the proposed desired future conditions, and the basis for
3 the revisions.

4 (d-3) After the earlier of the date on which all the districts
5 have submitted their district summaries or the expiration of the public
6 comment period under Subsection (d-2), the groundwater management area
7 planning group [~~district representatives~~] shall reconvene to review the
8 reports, consider any district's suggested revisions to the proposed
9 desired future conditions, and finally adopt the desired future
10 conditions for the management area. The desired future conditions must
11 be adopted as a resolution by a two-thirds vote of all the voting
12 members [~~district representatives~~]. The groundwater management area
13 planning group [~~district representatives~~] shall produce a desired
14 future conditions explanatory report for the management area and submit
15 to the development board and each district in the management area proof
16 that notice was posted for the joint planning meeting, a copy of the
17 resolution, and a copy of the explanatory report. The report must:

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- 1 (1) identify each desired future condition;
- 2 (2) provide the policy and technical justifications for
3 each desired future condition;
- 4 (3) include documentation that the factors under Subsection
5 (d) were considered by the districts and a discussion of how the adopted
6 desired future conditions impact each factor;
- 7 (4) list other desired future condition options considered,
8 if any, and the reasons why those options were not adopted; and
- 9 (5) discuss reasons why recommendations made by advisory
10 committees and relevant public comments received by the districts were
11 or were not incorporated into the desired future conditions.

12 SECTION 3. Section 36.1081, Water Code, is amended by amending
13 Subsection (b) and adding Subsection (c) to read as follows:

14 (b) During the joint planning process under Section 36.108, the
15 groundwater management area planning group shall ~~[district~~
16 ~~representatives may]~~ appoint a [and convene nonvoting] joint planning
17 advisory committee ~~[subcommittees who represent social, governmental,~~

NOT APPROVED BY TWCA BOARD

1 ~~environmental, or economic interests]~~ to assist in the development of
2 desired future conditions. The advisory committee membership shall
3 consist of persons appointed to represent the interests listed in
4 Section 16.053(c). The initial members of the advisory committee shall
5 be the chairperson of each regional water planning group located in
6 whole or in part in the groundwater management area, or their designee.
7 The groundwater management area planning group shall designate
8 additional members to serve on the advisory committee to ensure
9 representation of the interests listed in Sec. 16.053(c), to the extent
10 they are able to identify qualified persons willing to serve. Advisory
11 committee members are not required to reside in the groundwater
12 management area or of the regional water planning area. Upon request by
13 the groundwater management area planning group, the Texas Water
14 Development Board shall provide assistance in soliciting additional
15 persons to be considered to serve on the advisory committee. Upon
16 request by a majority of the initial members, the groundwater management
17 area planning group shall provide public notice in the manner set forth

NOT APPROVED BY TWCA BOARD

1 under Section 36.108(e) that describes the purpose of the advisory
2 committee and appraises interested persons of the opportunity to submit
3 nominations for membership on the advisory committee and a method for
4 submitting those nominations to the initial members for consideration.
5 Any vacancy on the advisory committee shall be filled by appointment in
6 the same manner as the initial appointments. The advisory committee
7 members may adopt written bylaws to govern the affairs of the advisory
8 committee to perform its purposes. The Texas Water Development Board
9 shall provide technical assistance to the advisory committee upon
10 request. An advisory committee created under this section is not subject
11 to the provisions of Chapters 551 and 552, Government Code. At least
12 once during every five-year period for the development and adoption of
13 desired future conditions under Section 36.108 and not less than three
14 years nor more than four years prior to the deadline for adoption of
15 the desired future conditions, the groundwater management area planning
16 group shall schedule a public meeting for the purpose of receiving
17 recommendations for desired future conditions from the advisory

NOT APPROVED BY TWCA BOARD

1 committee. The groundwater management area planning group shall
 2 coordinate with the advisory committee on the scheduling of the public
 3 meeting.

4 SECTION 4. This Act takes effect immediately if it receives a
 5 vote of two-thirds of all the members elected to each house, as provided
 6 by Section 39, Article III, Texas Constitution. If this Act does not
 7 receive the vote necessary for immediate effect, this Act takes effect
 8 September 1, 2017.

2. Direct Deposit Bill

1 AN ACT

2 relating to a groundwater conservation district's use of electronic
3 fund transfers.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Subsections (b) and (c), Sec. 36.151, Water Code, are
6 amended to read as follows:

7 (b) Disbursements, other than federal reserve wire transfers or
8 electronic fund transfers, shall be signed by at least two directors,
9 except the board may by resolution allow certain employees of the
10 district, or a combination of employees and directors, to sign
11 disbursements on behalf of the board. The board may authorize payroll
12 disbursements by electronic direct deposit.

13 (c) The board may by resolution allow disbursements to be
14 transferred by federal reserve wire system or by electronic means to
15 accounts in the name of the district or accounts not in the name of the
16 district.

NOT APPROVED BY TWCA BOARD

1 SECTION 2. This Act takes effect immediately if it receives a
2 vote of two-thirds of all the members elected to each house, as provided
3 by Section 39, Article III, Texas Constitution. If this Act does not
4 receive the vote necessary for immediate effect, this Act takes effect
5 September 1, 2017.

3. Proposed Export Amendments

1 AN ACT

2 relating to exports of groundwater from a groundwater conservation
3 district.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 36.113(d), Water Code, is amended to read as
6 follows:

7 (d) This subsection does not apply to the renewal of an
8 operating permit issued under Section 36.1145. Before granting or
9 denying a permit, or a permit amendment issued in accordance with
10 Section 36.1146, the district shall consider whether:

11 (1) the application conforms to the requirements
12 prescribed by this chapter and is accompanied by the prescribed fees;

13 (2) the projected effect of the proposed production [~~use~~
14 ~~of water~~] unreasonably affects aquifer conditions, depletion,
15 subsidence, existing groundwater and surface water resources, [~~or~~]
16 existing permit holders, or registered wells that are exempt from the

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1 requirements to obtain a permit under the rules of the district or
2 this chapter;

3 (3) the proposed use of water is dedicated to any
4 beneficial use;

5 (4) the proposed use of water is consistent with the
6 district's approved management plan;

7 (5) if the well will be located in the Hill Country
8 Priority Groundwater Management Area, the proposed use of water from
9 the well is wholly or partly to provide water to a pond, lake, or
10 reservoir to enhance the appearance of the landscape;

11 (6) the applicant has agreed to avoid waste and achieve
12 water conservation; and

13 (7) the applicant has agreed that reasonable diligence
14 will be used to protect groundwater quality and that the applicant
15 will follow well plugging guidelines at the time of well closure.

16 SECTION 2. Section 36.122, Water Code, is amended to read as
17 follows:

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1 Sec. 36.122. EXPORT [~~TRANSFER~~] OF GROUNDWATER OUT OF DISTRICT.

2 (a) If an application for a permit or an amendment to a permit under
3 Section 36.113 proposes the export [~~transfer~~] of groundwater outside
4 of a district's boundaries, the district may also consider the
5 provisions of this section in determining whether to grant or deny
6 the permit or permit amendment.

7 (b) A district may promulgate rules requiring a person to
8 obtain a permit or an amendment to a permit under Section 36.113 from
9 the district [~~for the transfer of~~] to export groundwater [~~out of the~~
10 ~~district~~] to:

11 (1) increase, on or after March 2, 1997, the amount of
12 groundwater to be [~~transferred~~] exported under a continuing
13 arrangement in effect before that date; or

14 (2) [~~transfer~~] export groundwater [~~out of the district~~] on
15 or after March 2, 1997, under a new arrangement.

16 (c) Except as provided in Section 36.113(e), the district may
17 not impose more restrictive permit conditions on exporters

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1 ~~[transporters]~~ than the district imposes on existing in-district
2 users.

3 (d) The district may impose a reasonable fee for processing an
4 application under this section. The fee may not exceed fees that the
5 district imposes for processing other applications under Section
6 36.113. An application filed under ~~[to comply with]~~ this section
7 shall be considered and processed under the same procedures as other
8 applications for permits under Section 36.113 and shall be combined
9 with applications filed to obtain a permit ~~[for in-district water~~
10 ~~use]~~ under Section 36.113 from the same applicant.

11 (e) The district may impose an export fee or surcharge using
12 one of the following methods:

13 (1) a fee negotiated between the district and the
14 exporter;

15 (2) a rate not to exceed the equivalent of the
16 district's tax rate per hundred dollars of valuation for each
17 thousand gallons of water exported from the district or 2.5 cents per

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1 thousand gallons of water, if the district assesses a tax rate of
2 less than 2.5 cents per hundred dollars of valuation; or

3 (3) for a fee-based district, a 50 percent surcharge, in
4 addition to the district's production fee, for water exported from
5 the district.

6 (f) In reviewing a proposed [~~transfer of~~] groundwater export
7 [~~out of the district~~], the district shall consider:

8 (1) the projected availability and demand for groundwater
9 [~~of water~~] in the district and the projected availability and demand
10 for water in the proposed receiving area during the period for which
11 the water supply is requested; and

12 (2) [~~the projected effect of the proposed transfer on~~
13 ~~aquifer conditions, depletion, subsidence, or effects on existing~~
14 ~~permit holders or other groundwater users within the district; and~~]

15 [~~+3~~] the latest approved state water plan, regional water
16 plan and [~~approved~~] district management plan.

1 (g) The district may not deny a permit based on the fact that
2 the applicant seeks to export ~~[transfer]~~ groundwater outside of the
3 district but may limit a permit issued under this section if
4 conditions in Subsection (f) warrant the limitation, subject to
5 Subsection (c).

6 (h) The ~~[In addition to conditions provided by Section 36.1131,~~
7 ~~the]~~ permit shall specify:

8 (1) the amount of water that may be exported from
9 ~~[transferred out of]~~ the district; and

10 (2) the period for which the water may be exported
11 ~~[transferred]~~.

12 (i) The period specified by Subsection (h)(2) shall be:

13 (1) at least three years if construction of a conveyance
14 system has not been initiated prior to the issuance of the permit;
15 or

16 (2) at least 30 years if construction of a conveyance
17 system has been initiated prior to the issuance of the permit.

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1 (j) A term under Subsection (i)(1) shall automatically be
2 extended to the terms agreed to under Subsection (i)(2) if
3 construction of a conveyance system is begun before the expiration of
4 the initial term. A term under Subsections (i)(1), (i)(2) or this
5 subsection shall automatically be extended before expiration to a
6 term not shorter than the term of the then-current operating permit
7 issued for production of the water to be exported, and for each
8 additional period for which the then-current operating permit is
9 renewed or remains in effect in accordance with Section 36.1145 or
10 Section 36.1146. A permit automatically extended under this
11 subsection shall continue to be subject to all terms and conditions
12 contained in the permit prior to automatic extension.

13 (k) The amount of groundwater actually exported under a permit
14 issued under this section may not exceed the amount of groundwater
15 authorized to be produced under one or more associated operating
16 permits, if the district requires a separate operating permit to
17 authorize groundwater production associated with the export of

1 groundwater. A permit issued under this section may allow an amount
2 for export that exceeds the amount authorized to be produced under
3 operating permits associated with the export permit. [Notwithstanding
4 the period specified in Subsections (i) and (j) during which water
5 may be transferred under a permit, a district may periodically review
6 the amount of water that may be transferred under the permit and may
7 limit the amount if additional factors considered in Subsection (f)
8 warrant the limitation, subject to Subsection (c). The review
9 described by this subsection may take place not more frequently than
10 the period provided for the review or renewal of regular permits
11 issued by the district. In its determination of whether to renew a
12 permit issued under this section, the district shall consider
13 relevant and current data for the conservation of groundwater
14 resources and shall consider the permit in the same manner it would
15 consider any other permit in the district.

16 (1) ~~[A district is prohibited from using revenues obtained~~
17 ~~under Subsection (c) to prohibit the transfer of groundwater outside~~

1 ~~of a district. A district is not prohibited from using revenues~~
2 ~~obtained under Subsection (e) for paying expenses related to~~
3 ~~enforcement of this chapter or district rules.]~~

4 ~~[(m)]~~ A district may not prohibit the export of groundwater if
5 the purchase was in effect on or before June 1, 1997.

6 ~~{n}~~ This section applies only to a transfer of water that is
7 ~~permitted after September 1, 1997.~~

8 ~~{e}~~ A district shall adopt rules as necessary to implement this
9 section but may not adopt rules expressly prohibiting the export of
10 groundwater].

11 (m) ~~{p}~~ Subsection (e) does not apply to a district that is
12 collecting an export fee or surcharge on March 1, 2001.

13 ~~{q}~~ In applying this section, a district must be fair,
14 impartial, and nondiscriminatory.]

15 SECTION 2. This Act takes effect immediately if it receives a
16 vote of two-thirds of all the members elected to each house, as provided
17 by Section 39, Article III, Texas Constitution. If this Act does not

1 receive the vote necessary for immediate effect, this Act takes effect
2 September 1, 2017.

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4. Export Extension Provision

Proposed Act to Amend to Section 36.122 of the Texas Water Code

1. Texas Water Code Chapter 36, Subchapter D, Section 122, Subsection (j), is amended as follows:

Section 122. Transfer of Groundwater Out of District

...

(j) A term under Subsection (i)(1) shall automatically be extended to the term agreed to under Subsection (i)(2) if construction of a conveyance system is begun before the expiration of the initial term. A term under Subsections (i)(1), (i)(2) or this subsection shall automatically be extended before expiration to a term not shorter than the term of the then-current operating permit issued for production of the water to be exported, and for each additional period for which the then-current operating permit is renewed or remains in effect in accordance with Section 36.1145 or Section 36.1146. A permit automatically extended under this subsection shall continue to be subject to all terms and conditions contained in the permit prior to automatic extension.

...

2. Changes made by this act shall apply to any term under Texas Water Code Chapter 36, Subchapter D, Section 122, Subsections (i)(1), (i)(2), or (j) that expires after September 1, 2017.

5. Appeal Party Status

1 AN ACT
2 relating to the right to appeal a groundwater conservation district
3 decision on party status.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 36.251, Water Code, is amended to read as
6 follows:

7 Sec. 36.251. SUIT AGAINST DISTRICT. (a) A person, firm,
8 corporation, or association of persons affected by and dissatisfied
9 with any rule or order made by a district, including an appeal of a
10 decision on a permit application, is entitled to file a suit against
11 the district or its directors to challenge the validity of the law,
12 rule, or order.

13 (b) Only the district, the applicant, and parties to a contested
14 case hearing may participate in an appeal of a decision on the
15 application that was the subject of that contested case hearing. A
16 person that was denied party status to participate in a contested case

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1 hearing may only appeal the district's decision to deny party status,
2 and may file suit only after a final decision has been issued by the
3 district on the permit application and after administrative remedies
4 under section 36.412 of this Chapter have been exhausted. An appeal of
5 a decision related to ~~[or]~~ a permit application must include the
6 applicant as a necessary party.

7 SECTION 2. Sec. 36.412, subsections (a) and (b), Water Code, are
8 amended to read as follows:

9 (a) An applicant in a contested or uncontested hearing on an
10 application, ~~[or]~~ a party to a contested hearing, or a person that has
11 been denied party status by a district, may administratively appeal a
12 decision of the board ~~[or]~~ related to a permit or permit amendment
13 application by requesting written findings and conclusions not later
14 than the 20th day after the date of the board's decision.

15 (b) On receipt of a timely written request, the board shall make
16 written findings and conclusions regarding a decision of the board on
17 a permit or permit amendment application. The board shall provide

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1 certified copies of the findings and conclusions to the person who
2 requested them, and to each designated party, not later than the 35th
3 day after the date the board receives the request. A party to a contested
4 case hearing, or a person denied party status by a district, may request
5 a rehearing before the board not later than the 20th day after the date
6 the board issues the findings and conclusions.

7 SECTION 3. Sec. 36.413, subsections (b) and (c), Water Code, is
8 amended to read as follows:

9 (b) Except as provided by Subsection (c), an applicant ~~[or]~~, a
10 party to a contested hearing, or a person that has been denied party
11 status to participate in a contested case hearing, may file a suit
12 against the district under Section 36.251 to appeal the [a] decision
13 on a permit or permit amendment application, or the decision to deny
14 party status, as applicable, not later than the 60th day after the
15 date on which the decision on the application becomes final.

16 (c) ~~A [An applicant or a party to a contested hearing may not~~
17 ~~file] suit against [the] a district to appeal a decision related to a~~

1 permit application, or to deny party status, may not be filed under
2 Section 36.251 if a request for rehearing was not timely filed [~~on~~
3 ~~time~~] under Section 36.412.

4 SECTION 4. Sec. 36.4051(d), Water Code, is amended to read as
5 follows:

6 (d) An applicant may, not later than the 20th day after the
7 date the board issues an order granting an uncontested [~~the~~]
8 application, demand a contested case hearing if the order:

9 (1) includes special conditions that were not part of the
10 application as finally submitted; or

11 (2) grants a maximum amount of groundwater production that
12 is less than the amount requested in the application.

13 SECTION 4. This Act takes effect immediately if it receives a
14 vote of two-thirds of all the members elected to each house, as provided
15 by Section 39, Article III, Texas Constitution. If this Act does not
16 receive the vote necessary for immediate effect, this Act takes effect
17 September 1, 2017.

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6. Application Administrative Completeness

__B. No. __

AN ACT

relating to administrative completeness requirements for permit and permit amendment applications for groundwater conservation districts.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 36.113(c), Water Code, is amended to read as follows:

(c) A district may only require that the following be included in the permit or permit amendment application, as applicable under the rules of the district:

(1) the name and mailing address of the applicant and the owner of the land on which the well will be located;

(2) if the applicant is other than the owner of the property, documentation establishing the applicable authority to construct and operate a well for the proposed use;

(3) a statement of the nature and purpose of the proposed use and the amount of water to be used for each purpose;

(4) a water conservation plan or a declaration that the applicant will comply with the district's management plan;

(5) the location of each well and the estimated rate at which

water will be withdrawn;

(6) a water well closure plan or a declaration that the applicant will comply with well plugging guidelines and report closure to the commission; ~~and~~

(7) a drought contingency plan; and-

(8) other information included in a rule of the district that specifies what information must be included in an application for a determination of administrative completeness, which information must be reasonably related to an issue that a district is authorized to consider under this chapter.

SECTION 2. Section 36.114(h), Water Code, is amended to read as follows:

(h) An application is administratively complete if it contains the ~~application—requires~~ information set forth ~~in accordance with~~ under Sections 36.113 and 36.1131. A district may not require additional information to be included in an application for a determination of administrative completeness.

SECTION 3. This Act takes effect September 1, 2017.

7. Considering Registered Wells in Permitting

1 AN ACT

2 relating to the criteria considered by a groundwater conservation

3 districts before granting or denying a permit.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Subsection (d), Section 36.113, Water Code, is

6 amended to read as follows:

7 (d) This subsection does not apply to the renewal of an

8 operating permit issued under Section 36.1145. Before granting or

9 denying a permit, or a permit amendment issued in accordance with

10 Section 36.1146, the district shall consider whether:

11 (1) the application conforms to the requirements

12 prescribed by this chapter and is accompanied by the prescribed fees;

13 (2) the proposed use of water unreasonably affects

14 existing groundwater and surface water resources, ~~[or]~~ existing permit

15 holders, or registered wells that are exempt from the requirement to

16 obtain a permit under the rules of the district or this chapter;

17 (3) the proposed use of water is dedicated to any

18 beneficial use;

19 (4) the proposed use of water is consistent with the

20 district's approved management plan;

21 (5) if the well will be located in the Hill Country

22 Priority Groundwater Management Area, the proposed use of water from

23 the well is wholly or partly to provide water to a pond, lake, or

24 reservoir to enhance the appearance of the landscape;

1 (6) the applicant has agreed to avoid waste and achieve
2 water conservation; and

3 (7) the applicant has agreed that reasonable diligence
4 will be used to protect groundwater quality and that the applicant
5 will follow well plugging guidelines at the time of well closure.

6 SECTION 2. This Act takes effect immediately if it receives a
7 vote of two-thirds of all the members elected to each house, as
8 provided by Section 39, Article III, Texas Constitution. If this Act
9 does not receive the vote necessary for immediate effect, this Act
10 takes effect September 1, 2017.

8. DFC Adoption Process

1 AN ACT

2 relating to the deadlines for establishing desired future conditions.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

4 SECTION 1. Sec. 16.053(e) is amended to read as follows:

5 (e) Each regional water planning group shall submit to the

6 development board a regional water plan that:

7 (1) is consistent with the guidance principles for the state

8 water plan adopted by the development board under Section 16.051(d);

9 (2) provides information based on data provided or approved

0 by the development board in a format consistent with the guidelines

1 provided by the development board under Subsection (d);

2 (2-a) is consistent with the desired future conditions

3 adopted under Section 36.108 for the relevant aquifers located in the

4 regional water planning area as of the most recent deadline for ~~[date]~~

5 the board to adopt the ~~[most recently adopted a]~~ state water plan under

6 Section 16.051 or, at the option of the regional water planning group,

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1 established subsequent to the adoption of the most recent plan;
2 provided, however, that if no groundwater conservation district exists
3 within the area of the regional water planning group, the regional water
4 planning group shall determine the supply of groundwater for regional
5 planning purposes; the Texas Water Development Board shall review and
6 approve, prior to inclusion in the regional water plan, that the
7 groundwater supply for the regional planning group without a groundwater
8 conservation district in its area is physically compatible, using the
9 board's groundwater availability models, with the desired future
10 conditions adopted under Section 36.108 for the relevant aquifers in
11 the groundwater management area that are regulated by groundwater
12 conservation districts;

13 (3) identifies:

14 (A) each source of water supply in the regional water
15 planning area, including information supplied by the executive
16 administrator on the amount of modeled available groundwater in
17 accordance with the guidelines provided by the development board under

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1 Subsections (d) and (f);

2 (B) factors specific to each source of water supply to
3 be considered in determining whether to initiate a drought response;

4 (C) actions to be taken as part of the response; and

5 (D) existing major water infrastructure facilities that
6 may be used for interconnections in the event of an emergency shortage
7 of water;

8 (4) has specific provisions for water management strategies
9 to be used during a drought of record;

10 (5) includes but is not limited to consideration of the
11 following:

12 (A) any existing water or drought planning efforts
13 addressing all or a portion of the region and potential impacts on
14 public health, safety, or welfare in this state;

15 (B) approved groundwater conservation district
16 management plans and other plans submitted under Section 16.054;

17 (C) all potentially feasible water management

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1 strategies, including but not limited to improved conservation, reuse,
2 and management of existing water supplies, conjunctive use, acquisition
3 of available existing water supplies, and development of new water
4 supplies;

5 (D) protection of existing water rights in the region;

6 (E) opportunities for and the benefits of developing
7 regional water supply facilities or providing regional management of
8 water supply facilities;

9 (F) appropriate provision for environmental water needs
10 and for the effect of upstream development on the bays, estuaries, and
11 arms of the Gulf of Mexico and the effect of plans on navigation;

12 (G) provisions in Section 11.085(k)(1) if interbasin
13 transfers are contemplated;

14 (H) voluntary transfer of water within the region using,
15 but not limited to, regional water banks, sales, leases, options,
16 subordination agreements, and financing agreements;

17 (I) emergency transfer of water under Section 11.139,

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1 including information on the part of each permit, certified filing, or
2 certificate of adjudication for nonmunicipal use in the region that may
3 be transferred without causing unreasonable damage to the property of
4 the nonmunicipal water rights holder; and

5 [(J) opportunities for and the benefits of developing
6 large-scale desalination facilities for marine seawater that serve
7 local or regional entities;]

8 (J) opportunities for and the benefits of developing
9 large-scale desalination facilities for seawater or brackish
10 groundwater that serve local or regional brackish groundwater
11 production zones identified and designated under Section 16.060(b)(5);

12 (6) identifies river and stream segments of unique ecological
13 value and sites of unique value for the construction of reservoirs that
14 the regional water planning group recommends for protection under
15 Section 16.051;

16 (7) assesses the impact of the plan on unique river and
17 stream segments identified in Subdivision (6) if the regional water

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1 planning group or the legislature determines that a site of unique
2 ecological value exists;

3 (8) describes the impact of proposed water projects on water
4 quality; and

5 (9) includes information on:

6 (A) projected water use and conservation in the regional
7 water planning area; and

8 (B) the implementation of state and regional water plan
9 projects, including water conservation strategies, necessary to meet
10 the state's projected water demands.

11 SECTION 2. Section 36.108, subsections (d), (d-2), (d-3), and (d-
12 4), Water Code, are amended to read as follows:

13 (d) Not later than May 1, 2021 [~~September 1, 2010,~~] and every
14 five years thereafter, the districts shall consider groundwater
15 availability models and other data or information for the management
16 area and shall propose for adoption desired future conditions for the
17 relevant aquifers within the management area. Before voting on the

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1 proposed desired future conditions of the aquifers under Subsection (d-
2 2), the districts shall consider:

3 (1) aquifer uses or conditions within the management area,
4 including conditions that differ substantially from one geographic area
5 to another;

6 (2) the water supply needs and water management strategies
7 included in the state water plan;

8 (3) hydrological conditions, including for each aquifer in
9 the management area the total estimated recoverable storage as provided
10 by the executive administrator, and the average annual recharge,
11 inflows, and discharge;

12 (4) other environmental impacts, including impacts on spring
13 flow and other interactions between groundwater and surface water;

14 (5) the impact on subsidence;

15 (6) socioeconomic impacts reasonably expected to occur;

16 (7) the impact on the interests and rights in private
17 property, including ownership and the rights of management area

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1 landowners and their lessees and assigns in groundwater as recognized
2 under Section 36.002;

3 (8) the feasibility of achieving the desired future
4 condition; and

5 (9) any other information relevant to the specific desired
6 future conditions.

7 (d-2) The desired future conditions proposed under Subsection
8 (d) must provide a balance between the highest practicable level of
9 groundwater production and the conservation, preservation, protection,
10 recharging, and prevention of waste of groundwater and control of
11 subsidence in the management area. This subsection does not prohibit
12 the establishment of desired future conditions that provide for the
13 reasonable long-term management of groundwater resources consistent
14 with the management goals under Section 36.1071(a). The desired future
15 conditions proposed under Subsection (d) must be approved by a two-
16 thirds vote of all the district representatives for distribution to the
17 districts in the management area. A period of not less than 90 days

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1 for public comments begins on the day the proposed desired future
2 conditions are mailed to the districts. During the public comment
3 period and after posting notice as required by Section 36.063, each
4 district shall hold a public hearing on any proposed desired future
5 conditions relevant to that district. During the public comment period,
6 the district shall make available in its office a copy of the proposed
7 desired future conditions and any supporting materials, such as the
8 documentation of factors considered under Subsection (d) and
9 groundwater availability model run results. After the close of the
10 public comment period [~~hearing~~], the district shall compile for
11 consideration at the next joint planning meeting a summary of relevant
12 comments received, any suggested revisions to the proposed desired
13 future conditions, and the basis for the revisions.

14 (d-3) After [~~the earlier of the date on which~~] all the districts
15 have submitted their district summaries [~~or the expiration of the public~~
16 ~~comment period under Subsection (d-2)~~], the district representatives
17 shall reconvene to review the reports, consider any district's suggested

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1 revisions to the proposed desired future conditions, and finally adopt
2 the desired future conditions for the management area. The desired
3 future conditions must be approved, by ~~[adopted as a]~~ resolution, by a
4 two-thirds vote of all the district representatives. The district
5 representatives shall produce a desired future conditions explanatory
6 report for the management area and submit to the development board and
7 each district in the management area proof that notice was posted for
8 the joint planning meeting, a copy of the resolution, and a copy of the
9 explanatory report. The report must:

- 10 (1) identify each desired future condition;
- 11 (2) provide the policy and technical justifications for
12 each desired future condition;
- 13 (3) include documentation that the factors under Subsection
14 (d) were considered by the districts and a discussion of how the adopted
15 desired future conditions impact each factor;
- 16 (4) list other desired future condition options considered,
17 if any, and the reasons why those options were not adopted; and

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1 (5) discuss reasons why recommendations made by advisory
2 committees and relevant public comments received by the districts were
3 or were not incorporated into the desired future conditions.

4 (d-4) After [~~As seen as possible after~~] a district receives
5 notification from the Texas Water Development Board that the desired
6 future conditions resolution and explanatory report approved under
7 Subsection (d-3) is administratively complete, the district shall adopt
8 the applicable desired future conditions in the resolution and report
9 no later than January 5, 2022 and every five years thereafter [~~that~~
10 ~~apply to the district~~].

11 SECTION 3. Subsection (d-5) of Sec. 36.108, Water Code, is
12 repealed.

13 SECTION 4. This Act takes effect immediately if it receives a
14 vote of two-thirds of all the members elected to each house, as provided
15 by Section 39, Article III, Texas Constitution. If this Act does not
16 receive the vote necessary for immediate effect, this Act takes effect
17 September 1, 2017.

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9. Groundwater as Alternate Supply

NOTE: this bill will be considered by the TWCA Surface Water Committee on December 7th

Sec. 11.132. NOTICE. (a) Notice shall be given to the persons who in the judgment of the commission may be affected by an application, including those persons listed in Subdivision (2), Subsection (d), of this section. The commission, on the motion of a commissioner or on the request of the executive director or any affected person, shall hold a public hearing on the application.

(b) If the proposed use is for irrigation, the commission shall include in the notice a general description of the location and area of the land to be irrigated.

(c) In the notice, the commission shall:

- (1) state the name and address of the applicant;
- (2) state the date the application was filed;
- (3) state the purpose and extent of the proposed appropriation of water;
- (4) identify the source of supply and the place where the water is to be stored or taken or diverted from the source of supply;

(5) identify any proposed alternative source or sources of water, other than state water;

(6) specify the time and location where the commission will consider the application; and

(7) give any additional information the commission considers necessary.

(d) The commission may act on the application without holding a public hearing if:

(1) not less than 30 days before the date of action on the application by the commission, the applicant has published the commission's notice of the application at least once in a newspaper regularly published or circulated within the section of the state where the source of water is located;

(2) not less than 30 days before the date of action on the application by the commission, the commission mails a copy of the notice by first-class mail, postage prepaid, to:

(A) each claimant or appropriator of water from the source of water supply, the record of whose claim or appropriation has been filed with the commission;

(B) if the applicant proposes to utilize groundwater from a well or wells located within a groundwater conservation district as an alternative source of water, to each groundwater conservation district with jurisdiction over the proposed groundwater production; and

(C) all navigation districts within the river basin concerned; and

(3) within 30 days after the date of the newspaper publication of the commission's

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notice, a public hearing has not been requested in writing by a commissioner, the executive director, or an affected person who objects to the application.

(e) The inadvertent failure of the commission to mail a notice under Subdivision (2), Subsection (d), of this section to a navigation district that is not a claimant or appropriator of water does not prevent the commission's consideration of the application.

(f) If, on the date specified in the notice prescribed by Subsection (c) of this section, the commission determines that a public hearing must be held, the matter shall be remanded for hearing without the necessity of issuing further notice other than advising all parties of the time and place where the hearing is to convene.

Sec. 11.135. ISSUANCE OF PERMIT. (a) On approval of an application, the commission shall issue a permit to the applicant. The applicant's right to take and use water is limited to the extent and purposes stated in the permit.

(b) The permit shall be in writing and attested by the seal of the commission, and it shall contain substantially the following information:

- (1) the name of the person to whom the permit is issued;
- (2) the date the permit is issued;
- (3) the date the original application was filed;
- (4) the use or purpose for which the appropriation is to be made;
- (5) the amount or volume of water authorized to be appropriated for each purpose;

if use of the appropriated water is authorized for multiple purposes, the permit shall contain a special condition limiting the total amount of water that may actually be diverted for all of the purposes to the amount of water appropriated;

(6) a general description of the source of supply from which the appropriation is proposed to be made, including any alternative source that is not state water;

(7) the time within which construction or work must begin and the time within which it must be completed; and

(8) any other information the commission prescribes.

(c) If the appropriation is for irrigation, the commission shall also place in the permit a description and statement of the approximate area of the land to be irrigated.

(d) If the alternative source is groundwater from a well or wells located within a groundwater conservation district, the permit shall expressly state that the permit does not authorize the withdrawal of groundwater.

Sec. 11.143. USE OF WATER FROM EXEMPT DAM OR RESERVOIR FOR NONEXEMPT PURPOSES. (a) The owner of a dam or reservoir exempted under Section 11.142(a) or (b) who desires to use water from the dam or reservoir for a purpose not described by that subsection shall obtain a permit to do so. The owner may obtain a regular permit, a seasonal permit, or a permit for a term of years. The owner may elect to obtain the permit by proceeding under this section or under the other provisions of this chapter governing issuance of permits.

(b) If the applicant elects to proceed under this section, he shall submit to the commission a sworn application, on a form furnished by the commission, containing the following information:

- (1) the name and post-office address of the applicant;
- (2) the nature and purpose of the use and the amount of water to be used annually for each purpose;
- (3) the major watershed and the tributary (named or unnamed) on which the dam or reservoir is located;
- (4) the county in which the dam or reservoir is located;
- (5) the approximate distance and direction from the county seat of the county to the location of the dam or reservoir;
- (6) the survey or the portion of the survey on which the dam or reservoir is located and, to the best of the applicant's knowledge and belief, the distance and direction of the midpoint of the dam or reservoir from a corner of the survey, which information the executive director may require to be marked on an aerial photograph or map furnished by the commission;
- (7) the approximate surface area, to the nearest acre, of the reservoir when it is full and the average depth in feet when it is full; and
- (8) the approximate number of square miles in the drainage area above the dam or reservoir.

(c) If the permit is sought for irrigation, the application must also specify:

- (1) the total number of irrigable acres in the area;
- (2) the number of acres to be irrigated within the area in any one year; and
- (3) the approximate distance and direction of the land to be irrigated from the midpoint of the dam or reservoir.

(d) Except as otherwise specifically provided by this subsection, before the commission may approve the application and issue the permit, it shall give notice and hold a hearing as prescribed by this section. The commission may act on the application without holding a public hearing if:

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(1) not less than 30 days before the date of action on the application by the commission, the applicant has published the commission's notice of the application at least once in a newspaper regularly published or circulated within the section of the state where the source of water is located;

(2) not less than 30 days before the date of action on the application by the commission, the commission mails a copy of the notice by first-class mail, postage prepaid, to each person whose claim or appropriation has been filed with the commission and whose diversion point is downstream from that described in the application; and

(3) within 30 days after the date of the newspaper publication of the commission's notice, a public hearing is not requested in writing by a commissioner, the executive director, or an affected person who objects to the application.

(e) In the notice, the commission shall:

(1) state the name and post-office address of the applicant;

(2) state the date the application was filed;

(3) state the purpose and extent of the proposed appropriation of water;

(4) identify the source of supply, including any proposed alternative source or sources of water, other than state water, and the place where the water is stored; and

(5) specify the time and place of the hearing.

(f) The notice shall be published only once, at least 20 days before the date stated in the notice for the hearing on the application, in a newspaper having general circulation in the county where the dam or reservoir is located. If groundwater from a well or wells located within a groundwater conservation district is proposed to be utilized as an alternative source of water in the application, notice shall also be provided to the groundwater conservation district and published at least 20 days before the date stated in the notice for the hearing on the application in the county or counties where the groundwater conservation district is located. At least 15 days before the date set for the hearing, the commission shall transmit a copy of the notice by first-class mail to each person whose claim or appropriation has been filed with the commission and whose diversion point is downstream from that described in the application.

(g) If on the date specified in the notice prescribed by Subsection (d) of this section, the commission determines that a public hearing must be held, the matter shall be remanded for hearing without the necessity of issuing further notice other than advising all parties of the time and place where the hearing is to convene.

(h) The applicant shall pay the filing fee prescribed by Section 5.701(c) at the time he files the application.

(i) The commission shall approve the application and issue the permit as applied for in whole or part if it determines that:

- (1) there is unappropriated water in the source of supply;
- (2) the applicant has met the requirements of this section;
- (3) the water is to be used for a beneficial purpose;
- (4) the proposed use is not detrimental to the public welfare or to the welfare of the locality; and
- (5) the proposed use will not impair existing water rights.

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Sec. 36.001. DEFINITIONS**10. Modeled Sustainable Definition**

(32) "Modeled sustainable groundwater pumping" is the maximum amount of groundwater that the executive administrator determines may be produced from an aquifer on an annual basis in perpetuity using the best available science."

Sec. 36.108. JOINT PLANNING IN MANAGEMENT AREA

(d) Not later than September 1, 2010, and every five years thereafter, the districts shall consider groundwater availability models and other data or information for the management area and shall propose for adoption desired future conditions for the relevant aquifers within the management area. Before voting on the proposed desired future conditions of the aquifers under Subsection (d-2), the districts shall consider:

- (1) aquifer uses or conditions within the management area, including conditions that differ substantially from one geographic area to another;
- (2) the water supply needs and water management strategies included in the state water plan;
- (3) hydrological conditions, including for each aquifer in the management area the total estimated recoverable storage and modeled sustainable groundwater pumping as provided by the executive administrator, and the average annual recharge, inflows, and discharge;
- (4) other environmental impacts, including impacts on spring flow and other interactions between groundwater and surface water;
- (5) the impact on subsidence;
- (6) socioeconomic impacts reasonably expected to occur;
- (7) the impact on the interests and rights in private property, including ownership and the rights of management area landowners and their lessees and assigns in groundwater as recognized under Section 36.002;
- (8) the feasibility of achieving the desired future condition; and
- (9) any other information relevant to the specific desired future conditions.

Item 5

Board Discussions and Possible Actions

f. Discussion and possible action related to the City of Dripping Springs TPDES permit application to authorize direct discharge of treated wastewater to Onion Creek in the contributing zone of the Barton Springs segment of the Edwards Aquifer.

Item 5

Board Discussions and Possible Actions

g. Discussion and possible action related to the annual election of the officers of the BSEACD Board of Directors.

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

