

TRANSCRIPT FROM AUDIO TAPE

Note : Great care has been taken to insure the accuracy of this transcript, however, the document may contain transcription or other errors.

Joe: Please come in. Am I on? I will use this. ...reminds me that we are recording everything tonight and the only to get what I am saying, is for me to speak into the mic. There may be some more people that come a little bit later. Of course, the time announced for the meeting was at 7 but I will have to admit that if you have not been to this facility before, its not the easiest thing to find. Even some of us that have been here before have difficulty finding it but we will deal with that as folks come in. From a safety standpoint if for some reason we should need to evacuate this building there are a couple of ways out. There is an exit sign over here behind you and there's one right here. I think the best thing to do if we should have to leave the building is everybody gather in the front parking lot so we can try to make sure that we got everybody out, number one. Number two, as you go into the parking lot later on, hopefully not in an evacuative mode, but when you get out there you saw it is just as dark as it can be. Unfortunately, there is no lighting out there so please be careful as you are getting to your vehicles. And then finally, when you get ready to leave I don't know if you noticed or not but TXDOT did not do the best job of designing 620 right on this stretch and there is very limited site distance to your right as you are heading out of the main drive here, so if you are going to be turning left heading back towards Lakeway and back to Austin in that direction, be real careful and take that last look before you turn because people come popping over that hill pretty fast. Before I make introductions I want to remind you that it was about two years ago now when we had a very similar meeting to the one we are going to have tonight and that's when this whole topic of a water sharing plan was offered up to the public. As you may recall, at that point and time, there was an idea that had been developed and before LCRA or anybody else began to move forward with that idea, we wanted to see what the public thought. And so we had a series of public meetings up and down the basin and received input from the public and listened to that input. That input was included within the water sharing plan that was finally developed. So the point I want to make to you is that this meeting is very important, that the public input process is very important. And, in fact, with where we are now with legislation that was passed this last time, public input by law is required. That is part of the legislation. Paul Thornhill tonight will give you a little more detail on that but the bottom line is before our board makes any kind of decision on this contract that you have seen and that we are talking about tonight, they are to receive public input and consider that public input so this is a real important function. We have another one Thursday night up in Burnet and then next Tuesday, a week from today we will be down in Wharton, again trying to cover the entire basin. We have a lot of LCRA board members here this evening and, of course, that shows their great interest in hearing what everybody has to say.

Our Chair, Gayle Lincke, is here. Gayle is from LaGrange. Bob Long from beautiful Bastrop County is here. John Matthews from down at the lower end of the basin is here. Scott Lagrone from Georgetown. Connie Granberg from over in Blanco. Patsy Kirk from San Saba. Ray Wilkerson from Travis. Rosemary Russ from the lower end of the basin as well. Hughes Able over here from Travis County as well. Ann Jones from Brownwood back here. Did I get everybody? Good.

We have some representatives from the legislature that are here tonight also, standing back over here is Robby Cook. Robby's district is from down in the lower end of the basin. Robby also is wearing two hats. He is here as a member of the Natural Resources Committee and will be taking notes and

observing what's going on here so he can report back to the chairman of that committee. He has been asked by the chairman to be here. Representing Senator Barrientos is Graham Keever right over here. Joe Morris is from Senator Wentworth's office and Trent Thomas is from Representative Turner's office, back over here in the black hat. We have some City Officials also, Chuck Smith with the Lago Vista City Council. Bob Miller is the City Manager of Lago Vista. Dave Benson, Lakeway City Manager over here. Finally, Robert Staluka the famous mayor of Round Rock, Texas is in the back here. From a format standpoint you see that we've got microphones set up here. What we are going to do is Paul Thornhill is going to give you a briefing of the contract itself, a little bit about the water sharing plan

itself and what we hope to accomplish tonight. Julie Fellows, over here, is going to be a facilitator. Julie has worked with LCRA before on a lot of controversial kind of projects. She is good at what she is fixing to do here tonight. What she will be doing is trying to capture what you are saying and say it back to you to make sure that we have captured what you are trying to say to us. So I think you'll find her involvement helpful to our process here tonight. After Thornhill speaks then we will be opening it up for your public input. I tell you what we're not going to do tonight and, by the way, all of this is being recorded. Everything that you will be saying we will have transcribed and it will be available in the public record. What we're not going to do tonight is debate the issues that you all are going to be talking to us about. That's not the purpose of this meeting. We are not going to defend the plan. What we will do if there are factual errors that may be put forth we will try to correct the record for that. What we will do is if a discussion gets to... for instance our water management plan which is whether or not water should be withdrawn from Travis before it is from Buchanan or vice versa, that is not what we are here to talk about tonight. That is a different issue. If you are concerned about the fact that the water levels within Lake Travis, within the Highland lakes are going to be higher than they otherwise would have because of this plan and you're concerned about flooding and you're afraid that that means that perhaps you'll be flooded more often, Thornhill will address that but that's not the case. So if that's what you want to discuss that's not what we're really here to talk about either. So let's try to keep it on the subject at hand and that subject is the input you want to give our Board as they consider the contract and they consider whether or not this contract meets these requirements that are within the law that Mr. Thornhill will go over. So if you would that's what the input needs to be focused on because that's all that our Board can consider when they consider this public input, so let's try to keep it on the subject if we could. In terms of time I'm not going to and we're not going to limit any speaker to a given amount of time. Take the time that you need. Be mindful that there may be a lot of people that do want to speak. Could I just have a show of hands of those that think you do want to speak? All right, that's not all that many. Take the time that you need and if you would try not to repeat what somebody else has said. You can agree with what they said or whatever, but we'll make this as concise as we can. Did I cover everything Paul? Julie, did I get everything you needed? Okay. Before we begin to recognize the... or Paul Thornhill gives his talk, I do want to ask Robby Cook if he has anything to say before we get the process started here.

Robby: For you folks my name is Robby Cook. I am from Elake, Texas in Colorado County. I also happen to be, my other hat was I was the house author of this bill, 1629, and water issues are extremely important to me. There are two things that I want to mention here. First of all, I want to thank all the LCRA Board members that are here and have been active in this process. Have voted to and agreed to go through with the planning efforts up to this point in time and up to negotiations. It takes a lot of intestinal fortitude sometimes to try to get out ahead of some issues that are as controversial as water issues, so I commend each and every one of you and I have enjoyed working with you. Two things are extremely important that you have to realize in this process. When Joe mentioned the public process, we know as a legislative body a lot of times we get feedback that says, hey we didn't have the opportunity to give feedback. We didn't have the opportunity to say our piece one way or another. So we knew that this was extremely important because we're cultivating some new ground here. This is a very, very precedent setting plan for the state of Texas and probably for the nation, for that part. We wanted a lot of public input so we put that into law. The second thing is, this is a direct result... this plan is a direct result of the regional planning process. The process by which a couple of sessions ago we did Senate Bill One up here in state legislature and we inverted the water planning process for a state water plan in the state of Texas. It used to be you planned for it up here and then the Water Development Board and all the bureaucrats went down there and said, "Hey guess what? This is the water plan and what do you think about it?" We inverted that process so that everybody could participate at a local level. Okay? So this isn't any one persons brain child. This is a culmination of two regions, one with a very large set of needs so to speak, and region adjacent to them that has some conflict of interests if you will, but coming together and the beauty of this plan that I think we've seen up to this point in time as long as it meets all the criteria is that you have a bunch win-win scenarios and win-win situations. But it's a direct result of the localized regional playing effort for a lot of folks from two regions. That was extremely important and those that participated in Senate Bill One they kind of look at this and are anxious to see how this works because it could set a lot of good precedent if its done right and that's probably one of the most important things. But to the staff at LCRA and everybody else involved, Board members, thank you very much. And more importantly, thank you to each and every one of you public for being here.

Joe: Thank you Robby. You know one of the most fantastic things for me and my involvement in this was to be able to see the legislature do what it has done over the last four to six years as it relates to water. There has been really good focus and in all my years being involved in water planning in the state, this is my first time to see the legislature step out and do the kinds of things that they have done to allow this state to better plan for its future water supplies and then to do something about making sure that water does get where it is planned to be. All of our hats should be off to the legislature and the job that they did and we really do appreciate that. One last thing before I give this to Paul Thornhill and he will probably make this point also, but for the record I want to make this point. I told you all that were here a couple of years ago that if we moved forward with trying to make this water sharing plan happen, that we would not carry it to fruition if we could not determine that the environment within our system was protected. I have said that every time that I have gotten up before people. I am saying it here again tonight. Paul Thornhill is going to tell you that we are going to go through a six to seven year process and millions of dollars being spent to address that issue and I predict for you that at the end of that

process we will have a state of the art kind of analysis and process for doing an analysis better than any that has been developed in the state. I predict that the process that we use will finally become the model for what the rest of the state uses when this very same issue is addressed in other parts of the state. I'm here to tell you that we're not unique in the potential for water moving from one spot to another in this state. It may not be in my lifetime but ultimately I predict that water will be moved around the state and when it is then there are going to be impacts. So another reason why tonight is so important is that, and I believe this to be the case, some of the things that are going to be said here tonight apply to all parts of the state. It may not be just the Colorado basin that folks are talking to and that's fine and that's good. That's what the public input process is all about. So, again, I pledge to you we're going to do what we said we were going to do if, in fact, our Board moves forward with this and this contract is approved we will make sure, and we will have watchdog groups that will help us make sure that this project is going to be okay for the environment. That's certainly not a legacy that LCRA wants to leave behind, that the environment has not been protected. Okay I'll stop and Paul you want to take it?

Paul: They wired me up so I don't need that mic. Let me make one introduction of another individual that showed up. Andrew Smith from the San Antonio Water System has showed up. SAWS is the entity with whom the contract that we're addressing tonight. Should our Board approve it, it will be executed between our Board and SAWS. They are coming to observe the process, to listen to you all, and hear the comments that we're all going to hear this evening. The format that I'm going to follow is I'm going to spend about 15 minutes. We're going to have a presentation on this screen. Unfortunately, it didn't work to put it up here so everybody is going to either have to look sideways or rotate your chair around. So, if we could get the presentation started and turn off those back two lights. This should take about 10 or 15 minutes. What I'm going to focus on are the issues we're going to talk about tonight and then at the end tell you where we're going to go after tonight and then we'll begin taking public input.

Tonight we're here to take input on the Draft Water Supply Agreement. This is a draft. There are copies of it in back as well as some information that was on the website. All of this has been on our website. Next slide please.

We will go through a brief background. We're going to talk about what happens assuming the contract gets approved. We will go through the 7 concerns and issues that were in the legislation. They are highlighted here but we're going to go through them up there. We also have them written down in back if you all want a copy. Those issues are now a part of the LCRA Act. They are no longer just stand alone legislation. All of that is now incorporated into our Act. I will do sort of a summary of where we're going to go from here and then we'll take ya'lls input. Next slide.

The Region K or the Colorado Basin Plan was basically a concept to increase the amount of water to accommodation of demand reduction and new supplies that might be available by about 330,000 acre feet per year. The intent of this plan is to eliminate the shortages that were projected to occur within the Colorado Basin over the 50 year planning horizon and also to provide a part, not all but a part, of the short fall that was projected to occur for San Antonio. That was about 150,000 acre feet. Inherent in

this plan are the promises that are made and which we intend to follow are that we will protect the river and protect the environment within our basin and that the costs of this will be paid through rates that San Antonio would pay to us. Next slide.

How do you increase the water supply? Kind of super graphically here, the sources of water that were identified are in the upper left: A series of off channel reservoirs down near the mouth of the river, some pretty aggressive conservation strategies within the irrigation districts, and then a little bit of ground water. Those sources will add up to the 330,000 feet that I talked about earlier. The uses of the water would be to supply San Antonio for a limited period about 150,000 acre feet, the dedication of about the equivalent of 20,000 acre feet of firm yield to increasing lake levels in the Highland Lakes and then to meet the projected agricultural shortages of about 160,000 acre feet. Next slide.

The project proposal on a map essentially, the blue line is the Colorado River, the black area are the statutory counties or the Region K boundaries, excuse me. Starting in the upper left this project would provide a little bit of infrastructure assistance to provide water for rural communities in the upper basin. Again, about 20,000 acre feet will be dedicate to raise the levels of the Highland Lakes during a drought. By that I mean the lake levels would be higher than they would have been without this project during a repeat of the drought. They won't be higher than they are today. This is a drought condition that we're talking about. Cumulatively, we develop about 330,000 acre feet of which 160,000 would go to irrigation of the lower basin and 150,000 would be pumped from the Bay City area along the pipeline to go to San Antonio. In concept that's the project. Next slide.

Some of the vertical lines are a little difficult to read but consider this a timeline of how we got here. The regional plans were adopted under the Senate Bill One process in early 2001. The initial agreement with San Antonio, which was what led us here today, prior to the legislation actually was in February 2001. We had the session, the legislative session in early 2001 which resulted in House Bill 1629. From that the plans rolled up to the Water Development Board. A draft state water plan came out. And here we are today at public meetings, which are going to occur over the next two weeks as Joe said. Assuming the SAWS and LCRA Boards approve this contract in February, which is the current appointed time we will take to the LCRA Board and SAWS staff will take it to their Board, a study period will begin. That is the 7 year period that Joe mentioned. Next slide.

If the contract is approved starting in March of this year, in a couple of months basically, a 7 year study period will begin. During this study period is where the issues I suspect you all are going to raise this evening and which have already been identified in other work that we've done will begin to be addressed. The issues of how can we develop this project and still meet the commitments that we've made to protect the environment. Assuming that that 7 year study period results in a project which will move forward, that will begin a 50 year to 80 year implementation period, during which time projects would actually be constructed and developed. In other words, in the first 7 years nothing would be built. That is simply a study and feasibility period. Next slide.

Some of the major elements of the agreement are, again, the stated period. We will be developing a study plan during the first year of that 7 year period. I will talk about that at the end. Assuming that the study plan can be successfully developed we will then go into the implementation. We will build into that the protections to the Colorado River Basin and throughout that study period there are opportunities for the project to simply end if something cannot be solved or if costs are too high or for whatever reason there are provisions for terminating this contract during that period and during the implementation period. The difference between the two purple highlights is the study period is the first 7 years and the implementation period is the 80 years after the study period assuming that the contract does move forward. During that period the actual water sales will go into effect and we would be billing projects and operating them as we move forward over that 80 year period. Next slide.

This is a summary similar to this chart up here of the seven issues that the LCRA Board must consider and reach a finding on in their February board meeting in order to move forward with this contract. We're going to run through each of those in a little bit of detail so let's just go to the next slide.

The first finding is that the agreement, and what I'm going to do is read the blue part. The agreement will protect and benefit the lower Colorado River Watershed and the districts water surface area including municipal, industrial, agriculture, recreational, and environmental interests. Now the format for this, and on some of the handouts is the sections at the bottom that are highlighted in yellow or gold or whatever that color is, are the sections which we believe the contract addresses those issues. So throughout you'll see the sections referenced. If we had repeated those sections these slides would have been very, very long. Next slide.

The second issue that the Board must reach a finding on, is that the agreement is consistent with regional water plans filed with the Texas Water Development Board on or after January 5th. That's the Texas Water Plan that was filed that this plan was a part of. So I think it's fairly clear that that one has already occurred. Next slide.

The third finding is that the agreement will insure that the beneficial inflows remaining after any water diversions will be adequate to maintain the ecological health and productivity of the Matagorda Bay System. And you can see the sections of the agreement that discuss the environmental issues. Next slide.

Four, that the agreement will provide for instream flows. No less protected than those included in the districts water management plan for the Lower Colorado River Basin as approved by the Texas Natural Resource Conservation Commission. Finding three deals with flows into the basin estuaries, finding four, which is this one that deals with flow into the river itself, which we call instream flows. Next slide.

Finding five, that the agreement will insure that before any water is delivered under the agreement the municipality, which is San Antonio, has prepared a drought contingency plan and has developed and

implemented a water conservation plan that will result in the highest practicable levels of water conservation and efficiency achievable within the jurisdiction of their municipality. And you can see where that's addressed in Section 2.24. Next slide.

Finding six, that the agreement provides for a broad public and scientific review process designed to insure that all information that can be practicably developed is considered in establishing beneficial inflow and instream flow provisions. Again, referring to the Bay Estuary inflow and instream flow in the river in this finding. Next slide.

The last finding, finding seven, is that the agreement will benefit stored water levels in the districts existing reservoirs. That's the Lake Travis and Lake Buchanan issue of raising the lake levels with this.

Those are the seven findings. I think the last slide, the next one, and then we'll start taking input. I wanted to address what will happen after today. Today we're receiving input in the first of three public meetings. We will continue to take input by email, by phone call, by letter, however you want to do it through January 31st. If you go to the website its real easy to click on it and fire off an email if you want to do that. We will review the input that we receive up to that time, tonight's input as well as the two more meetings and all the other input we receive. We, at LCRA staff, will make recommendations back to our Board about whether or not revisions need to be made in the contract to include additional provisions that are brought up by this meeting and others. In February both the LCRA Board and SAWS Board will officially consider the revised contract. The contract that results after these meetings. I think our Board meeting is the 20th, February 20th, is when the LCRA Board will consider the contract. Assuming the Board approves the contract on its face, the contract will then become effective on March 1st. On March 1st we will begin a one year study plan development. And what that means is that of that 7 year period we will take the first year to scope, schedule, and cost the studies that will be performed over the remaining six year period and we are calling that the Study Plan. We will conduct a very intensive broad public input process during that development of that plan. We will create what we are calling for want of a better term, technical or science advisory councils or committees to advise us. Both committees and folks inside LCRA, if you will, but also externally and more importantly externally. People who will not be reimbursed, whose reputations, skills and knowledge of the issues will help guide us. Throughout the course of the year we will be bringing updates of that study plan back to our Board and then at the end of the one year period both LCRA and San Antonio will take a study plan back to each of our Boards and ask them to adopt it. For those of you who are familiar with the process is sort of adopting a capital improvements plan or something like that in municipal government. We will essentially have a thick binder with all of the costs, schedules, and studies described that we intend to perform. SAWS Board will approve that and our Board will approve that. Then we will begin, assuming they do, we will begin implementation of the following six years of actual studies which are years two through seven. Throughout that period, the years two through seven, we will be bringing back periodically, probably on varying frequencies all issues that require settling or resolving by our Board all approvals. We will be bringing that back to them throughout that period. So we are not going to go away in a vacuum and work for seven years and then come back. There will be continuous updates, continuous approval steps that get built into the study plan which we will begin developing in March. And with that, I believe we are done with the initial part and ready to go into the comments. Thank you.

Joe: Are there any questions at this point about what Paul Thornhill has gone over? Do you understand the process and what's to be involved?

Q: Are the seven criteria created by the State Legislature or who?

Joe: That they were developed by the State Legislature. The hearing was [inaudible]. The question was for the seven restrictions or the seven findings that the Board has to find, how did they come about? They came about through the legislative process as the House Bill 1629 was going through the process it was amended from time to time and through the public input process to our legislative body, the law was developed and this is now within the law.

Q: [inaudible]

Joe: This is Ira Yates, that is asking the question and the question that he has just asked is whether or not there is any process where the public can vote to determine whether or not LCRA proceeds with this project? The answer to that is no. Our Board is, as you know, appointed by the governor from the counties that are up and down the basin. Then some from our electric service area as well. That Board has the responsibility to implement our Act. Our Act has now been amended to include the legislation that within House Bill 1629. So our Board will make this determination. In terms of the ability to talk to the Board and to give them input, I am proud to say that you have 12 of the 15 Board members sitting here tonight waiting to hear what you have to say. So no you don't get to vote, but yes you can certainly influence the board. Any other questions before we take the public input.

Julie: Good evening. I want to go through the process just a little bit with you. You already know what the meeting goal is. The meeting goal is here for you to give input and for us to listen. I hope that each one of you from the public has at least one of these two forms. I hope everyone has the white form. Everybody have a white public comment form? Anybody need one? A couple up here staff if you wouldn't mind. This is an opportunity for each one of you whether you choose to speak or not to provide written input to the Board. So we ask you to use these. You may take them home with you but if you turn them in tonight it will save you 34 cents. So we encourage if at all possible to fill them in and turn them in tonight. Okay, another here on the side. There is a second form, a blue card that says yes I want to speak. Is there anyone here who would like to speak who has not yet filled out a blue form? Ira wants one. Anybody else want a blue card? Okay, this will help us take people in order and know who wants to speak. All right, let me tell you a little bit about how it's going to work. We are going to take up the cards in just a little bit, the blue cards of the people who want to speak and those will be given to me and what I'll do is not only tell you who the next speaker is but who, as it were, is in the batter's box so that nobody gets surprised by being called when they didn't expect to be called, okay? We will ask you to use the microphones because as Joe said we are recording and the transcription tonight will be made available to the Board. We will also have two recorders, Sarah who is wondering around somewhere, there she is and Gayle who will be taking notes about your comments. Now if you have two or three pages of prepared comments we would love for you to give those to us so

that these ladies hands don't fall off but for those of you who are speaking extemporaneously we will try to capture comments as much as possible using your own words, capturing the essence of it. It will be helpful, therefore, if you could speak kind of slowly and if you speak a lot to take a couple of deep breaths while they catch up. Its possible that I will interrupt you and say, "hang on just a second, let them catch up" while they are writing if you wouldn't mind please. All right.

Again, Joe has told you what the focus of the meeting is. If its possible that other issues come up what we will do is record them on this bin. Someone asked me if that bin had anything to do with Laden, it does not. Those issues will be addressed one by one after the meeting. It is also possible that some of you... we have a number of Board and Staff members here. We can't stay too late but we certainly encourage you to say and talk with them individually if you like after all the comments have been done. Any questions about how we'll do the input part of the meeting? All right there are some discussion guidelines I would like you to consider tonight that I think will help our meeting be productive and efficient. We ask you to speak one at a time at the microphone. If at the last minute or you suddenly decide you have a burning desire to speak but you have not filled out a card, that's okay we will check before we end to make sure everybody has a chance. We are not going to set a time limit purposefully, but we ask you to keep your remarks concise so that everyone has the chance to participate. It may be that your feelings are very passionate and that you may bring up controversial issues, if that is the case we ask that you stay professional with no name calling or personal comments and to listen respectfully to all the differences of opinion. Are there any other guidelines that anyone would like to suggest? Okay. Will you nod your head if you agree to abide by those ground rules? Yes, thank you very much.

All right, does anyone who wishes to speak... has everyone filled out a blue card? Yes. All right. Staff do we have the cards? Okay. When you come to the microphone it will be very helpful, I'm going to call your name, but it would be very helpful if you would introduce yourself and tell us where you're from for the benefit of the transcription. So, the first person to speak will B. Fuller and the second person will be Laura Ball. So will B. Fuller please come to the microphone? Introduce yourself, say where you're from and make your comment.

- #1: My name is Brendi Fuller. I am with the Claravan Community Association, which is between here and Lakeway. We have a number of waterfront properties there. My concerns are with the environmental issues and I must say I am not very well informed and it seems as if this study plan isn't completely informed either so I'm too sure what I need to say. But I am concerned with Matagorda Bay and the inflow and also the review process. I am concerned that if the study takes place and they allow this to proceed, then what is in place if they need to terminate it? And also...
- Julie: Hang on just one second and let me make sure Gayle has got what you. Please give us feedback folks if they are writing something that does feel quite like what you said or wanted to say, please let us know.
- #1: And what would be an indicator if it needed to be terminated, would it be a species, would there be a count? You know, specifics in that regard?

Julie: So it'd be helpful to know what the indicators would be. Okay.

#1: And also with reference to the pledge that you know the environment is not going to be harmed. Through the years I have watched the San Antonio water line come into effect and first we were told that there would not be reservoirs and that there was no money for them. Secondly, we were told that it would not happen because of the transfer between water basins and here it is in a form in front of us that didn't follow that, so I am seeing the same thing with the pledge that says the environment will not be harmed. It also stated within our system, I am not clear as to what "within the system" is when we are talking about Matagorda Bay and that wouldn't seem to be in the watershed to me.

Julie: So you've seen some things change from what they said to begin with and now you're concerned about what else would change.

#1: Right. So they are basically environmental issues and what are the safeguards? Thank you.

Julie: Thank you very much. All right, Laura Ball will be speaking and Myron Hess will be next.

#2: I am Laura Ball. I am a hydrologist with Environmental Defense and we have prepared some comments on the plan. When this project was proposed Joe Beal stated numerous times it would not go forward if it had negative environmental impact and we were very pleased to hear that committee. Unfortunately, we don't feel that it's stated in the contract as strongly as we would have liked to have seen. We feel if it's true it should be stated clearly and explicitly in the contract. So we want to implement what Joe Beal has said and do it in a way that everyone has confidence. We have raised the idea in several means with the LCRA that an independent technical advisory committee should be designated to design studies, criteria for evaluating the studies, and evaluate the results. Paragraph 1.3 of the contract makes general reference to this review process but does not detail the creation of an independent committee with real authority to insure sound science. We hope that if you intend to use this process that the contract should state this explicitly and clearly. Secondly, we looked at the allocation of study money. We are pleased that the studies of a lower floor of \$500,000 of funding per year but we were hoping that the money could go to the environment and it is not designated as such. It could go to any of three broad categories with no regulations of any percentage of the money to be spent on environment. So its conceivable that all the money could be spent on studying more water efficient rice drains or the value added by laser leveling of rice fields. Although this is very valuable in creating the water to be sent to San Antonio, it is not necessarily looking at the potential environmental harm that this water development will cause to the coastal communities and economies. Again, the contract provides that any additional studies behind this \$500,000 SAWS has complete discretion to approve the additional funding of any additional moneys. So basically if a study suggested by the LCRA to study the environment is not to their liking they could refuse to pay for it and they have the ability to turn down any study for any reason even if they don't want to know the results. So we can see why SAWS would need that protection but we also believe that the contract should protect the LCRA more. The LCRA has the ability to negotiate out of the contract but still has to pay half of the costs of the studies that have already been performed. Next,

the contract contains findings of the seven things required by the legislature for water to be transferred to San Antonio. We think that the legislature required these findings to be found on facts based only after a study. Findings without study prevents factual analysis that is necessary to implement the promises made by Joe Beal. Thank you. The contract needs to state explicitly and clearly that the findings required by the legislature be based on the analysis of the facts. Section 1.8 of the contract requires a new set of findings by the LCRA Board upon completion of the study period, but the section merely says that the implementation of the water transfer will constitute a “confirmation of the previous finding”. Also, this section does not fully address the SAWS water conservation plan in our opinion. We believe that a fair analysis should be required looking at all the alternatives including San Antonio’s water conservation plan to determine what will be least costly and least environmentally destructive options to meet San Antonio water needs. While we recognize that San Antonio is one of the best conservation plans of Texas cities there are better plans in other states that could be examined as a template. Lastly, we found there is a lack of interim decision making points alluded to in the draft agreement. We believe the contract should include definitive need for interim decision making points so that whenever it’s found that this project is causing un-mitigable environmental harm it could be terminated. This project should not go forward just because it’s based on inertia and should have a number of go and no go decision deeds. Basically in conclusion, we believe one, the commitment to implement the project should only go forward if it does not harm the environment. Two, that there should be a significant role for the independent scientific advisory commitment that has been discussed at LCRA in previous meetings. Three, that the process should comply with requirements in the statuettes and there should be a process there. Four, that the problem for funding via additional funding of the study should be addressed, and five, the LCRA should be able to terminate if SAWS will not fund additional studies that they deem necessary. Also, six, to include interim decision making dates into the agreement. Thank you.

Julie: Thank you very much Laura. Laura will provide her written notes for us so that we will get them into the record. Thank you very much. Myron Hess and Richard Eason is in the batter’s box.

#3: Hi, good evening, my name is Myron Hess. I am here representing the National Wildlife Federation. First I want to sort of set the stage a little bit in talking about some of the environmental issues which are of particular concern to the federation. Instream flows and bay/estuary inflows are important to the whole watershed. They are important throughout the state but freshwater inflows are critical for estuary systems to keep the species healthy and to help them thrive in that system. They depend on the fresh water to dilute salt water. That is, in turn, a critical component of the economy of those coastal areas. So protection of those freshwater inflows is extremely important in this system. The legislature recognizes that and I know that LCRA recognizes that. Similarly, flows in the rivers themselves are also important to the economies of the communities up and down the river. They are also very determinative of the basic quality of life, particularly in the rural areas along the river and even in the city of Austin. Historically, all of the flow of the Colorado River was instream flow and environmental flow went down to the Bay. Over time we have taken more and more water out for human needs, for agriculture, and for lots of different things. Fortunately, the Bay can tolerate that and it tolerates wet years and dry years. It

can put up with a loss of flows but there are limits and we have to be careful that we don't push it past the limit. This project could be the project that does push the system over the limit and we have to be very careful about that. We have a chart that sort of illustrates for people a little bit of why we are concerned about it.

Julie: Can everyone see this? We can put it here if you like.

#3: Okay, thank you. Basically, what we've got is one of the biggest concerns about inflows, as I said they vary from wet years to dry years. One of the biggest concerns is particularly in dry years when a certain amount of inflow is really critical to the Bay. If it does not get there the salinity can really get high. Some organisms can move away and some organisms can't and they will actually die if the salinity gets too high. The first bar on the left sort of illustrates the lower end of the river around Bay City. The lowest recorded inflow in any one year, so it's a little over 300,000 acre feet. That is relatively a very low inflow but that has occurred historically. There were a lot of diversions during that year. There was even some water captured in the lakes but that has happened. If you move down in that column there is sort of a dash line across and that is a study that LCRA has done sort of looking at what is a minimal amount of inflow to keep salinities above a critical level, again during these really dry years to try and provide a small refugium area for species where salinities aren't too high. The next column if you look at it is projections, without this project, as demands within the Colorado River watershed continue to grow as we take more water for human consumption you will see that the projected inflow into the Bay gets very near that critical inflow line. There is very little tolerance. So, again, even without the project that's a concern out in the future. That's a projection for 2050 that if we are not careful we could push the Bay over the line. The third bar is this project under at least some scenarios for its operation and that's the amount of inflow that would get to the Bay again during that critical dry year, only about 87,000 acre feet way below the critical inflow amount. It's that potential that causes us to be particularly concerned about this project and thinking it has to be looked at very carefully. The last one is to show what would be the 150,000 acre feet of water that would be proposed from the Colorado to go to San Antonio, which would be a lot more than what would actually make it to the Bay in that critical year. Thank you. So that is sort of to illustrate the reason we are very concerned about the environmental impacts of this project. The legislature has been alluded to in authorizing this project and putting specific protections into the law. We really appreciate the work Representative Cook did and Senator Wentworth and others to making sure that that happened. Those conditions are designed to make sure this project protects the people and resources of the Colorado River. They say that the contract has to do those things. The specific provisions are the health and productivity of the Matagorda Bay system, a very critical one. Insuring that SAWS has a good conservation method. I think what that is designed to, again, is to set a precedent. If you are going to take water and it's actually a reflection of some current law, if you're going to take water from one basin to another that the people that are taking it out have to be using their water very efficiently before it's appropriate to take somebody ... the water from another basin over there, so that's a very important protection as well. The broad review process for the public and the scientific community to participate, again, are very important protections. The draft contract as it is set up right now, basically, would have the Board making a finding that all of those are satisfied.

Our view is the Board is not in a position to do that. The answer about the health and productivity of the Matagorda Bay system I would put to you that the information that we have today is that you can't do this project the way its proposed, but we recognize that more studies can be done and there may be ways to configure a project that can be done. We are willing to continue to look at that, to see if there are ways that can be done. But the contract needs to stipulate that unless the studies demonstrate that the Bay will be protected the project not go forward and it doesn't do that.

Julie: Hold on just a second Myron.

#3: We will submit, I will submit written comments by the way.

Julie: Great, we appreciate that tremendously. Unless the studies demonstrate that the Bay is protected, how would you finish that sentence?

#3: That the contract should stipulate that the project will not go forward and that should be in the contract. As recognized there are studies that are proposed to look more specifically to find out can we fine tune the information that we have today. But, again, there needs to be a backup in the contract that says sort of how that determination is going to be made and unless it can be made there will be no movement of water. Again, on conservation the contract, again, would basically have the LCRA Board finding today that SAWS meets that test of the highest practicable levels achievable. I do not think there are facts to back that up at this point. Again, there needs to be a process for a study to make that determination. I think I have heard many SAWS representatives agree that they can do better. They are doing a great job, I think that's absolutely right that they have made a tremendous amount of progress, but they can do better. I don't think that they meet that high test and the Board should not be in a position of saying they do until they have information to back that up.

Julie: So SAWS can do better on conservation.

#3: I am saying that and I am saying that the contract needs to be contingent on that determination, that they are doing the best they can. Finally, with respect to the review process I am concerned that the contract does not spell out how that review process will proceed. I do recognize that a lot of the details will have to be spelled out at some point in the future but the contract is, in my opinion, way to skeletal and just alluding to the fact that there will be a review process. The contract also talks about that review process only in the context of studies and I would submit that the legislation requires review process both for the studies and for the specific decisions about the conditions will implement environmental protection.

Julie: Hold on just a second and let's see if they got that.

#3: To implement environmental protections. I do acknowledge, appreciate, and applaud the continued commitment that Mr. Beal and LCRA staff have made that this project will not go forward unless the environment can be protected, will be protected. But, again, I am disappointed not to see that in the

contract and I think that is particularly critical because we do have a 7 year review period and at the end of that 7 year review period a lot of decisions have to be made and we don't know who will be in charge, on the Board, or at LCRA in 7 years and the contract needs to spell out the decision criteria for whoever the decision maker is. I think that is critically important and, again, is a missing piece. This is a contract that could be in effect and could be effecting this watershed for about 90 years and its really important that we put the protections in place to insure that it does a good job of protecting the people and the resources of the Colorado River watershed. I think the potential is there but there are some missing pieces of the contract. We will be submitting written contracts and continue to be willing to work to try to make this a reality. I appreciate Mr. Biel's comments also about this being a model, because I think it can be. I don't think it is yet but I think it can be.

Julie: Thank you very much Myron. Richard Eason will be speaking next and Cole Roland will be after that.

#4: I'm Richard Eason. Myron that's a hard act to follow. I appreciate all your comments. I think hardening up this contract I would have to concur with a lot of what you said. I have a long relationship with water. I think most of us do. Starting at 6-years-old I was in a competitive swimming class in San Antonio and swam competitively on the San Antonio aquatic club right on through high school. So I grew up in San Antonio. In 1972, 30 years ago I came up here to finish my degree in biology and chemistry and then pursued a career in the water business. I have worked since then and most recently joining Lakeway Municipal Utility District to become the purveyor of water for small community around here of 10,000 souls. In that capacity I have had a great relationship with LCRA and have grown to respect what they do with their charge and a few years later I was invited to join the Water Management Plan Advisory committee and got to work with a tremendous staff that is headed up by Clinton Martin. I gained a great respect for what they do and how they manage the entire river system. Two or three years ago when the what's called the dark cloud of the San Antonio hose began to become evident I was very, very skeptical and very protective of our water and appalled as I discovered how San Antonio had treated their supplies. But in the intervening last two years as this plan has come to fruition I feel it is a very practical and pragmatic approach to a large regional problem that inevitably is rooted in San Antonio but has its solution on the Colorado River. I would like to generally support what's going on and promote with certain caveats that have been brought up and no doubt will be re-amplified this evening, that this is a good plan and I support it. Thank you.

Julie: Thank you very much Mr. Eason. Cole Roland is speaking next and then Bob Hunts.

#5: My name is Cole Roland. I am a member of the Lower Colorado Regional Planning Group and I live in Lakeway. This plan is going to provide for 100% of the requirements for water of the Colorado Basin through the year 2050 and a big percentage of the water requirements down in San Antonio. Its going to help the lakes and its going to keep the rice industry as a viable industry through the year 2050, which I do not believe would have happened otherwise.

Julie: Mr. Roland hang on one second. Okay, great. Go right ahead.

#5: I support the plan and I commend the LCRA staff, in particular Dr. Quentin Martin and Paul Thornhill, for conceiving of the plan and for negotiating this contract. Thanks.

Julie: Thank you very much. Bob Hunts and then Ira Yates.

#6: My name is Bob Hunts. I am speaking as Chairman of the Governmental Liaison Committee for the Lake Travis Chamber. I am past Chairman of the Board of the Chamber. The Chamber represents those residences and businesses that live from 2222 along 620 to highway 71. I also speak as a resident. I live on Comanche Trail and wake each up morning the lake level isn't going to be lower each year and for that reason have watched and participated in this plan for two to three years. As a former county commissioner and professional city manager I will say that I will help passed the law that permitted intergovernmental contracts and Joe, once in awhile there are intergovernmental contracts that really do work for the people. There was one that made this building possible on fairly unproductive LCRA land between Travis County and LCRA. There is one that have made all the parks on Lake Travis on LCRA property be productive and those were good ones. This one has great promise and for that reason using a high degree of low animal cunning the Lake Travis Chamber has analyzed this plan and we concluded is good if implemented properly for three reasons. It brings more water to the basin through demand reduction and new water supplies, ultimately 330,000 acre feet. Number two, and people will have spoken to this, it brings more money to the basin. Money is not important they say. Joe Lewis said you know "money is not important but it calms your nerves" and because of the strength of this Colorado River Basin that LCRA planning and implementation and other governmental entities have made possible, it is possible to deal on a win-win basis to get more water and pretty well have San Antonio help pay for most of that, so it is good, it brings more money. But equally importantly those of us who went to the legislature to fight the hose from San Antonio knew that in time the political reality that millions of thirsty Texans in cities that maybe didn't do their planning, but in any case didn't have enough water would eventually win Governor's, Lt. Governor's, Senators and others because votes will win the battle in the long run. What we have done is what the Romans proved to be the best, not their military and not their roads, but they made Romans out of those they would have had to fight or had already fight. We are making Romans out of the San Antonion's in that this is good for them and I grew up in San Antonio. My partner, Red McCombs, lives in San Antonio. It is good to help San Antonio and its especially good to help San Antonio when it helps Austin and so for that reason it is a good plan. Now, that's the good news. The bad news or the cautionary statement that I have, is that it is a good plan. I do not think it's a perfect plan. I like that 7 years of additional study because that will allow you to improve it. And god in a plan like this is truly in the details and the implementation. So it falls on all of us here in Travis County and throughout the basin to watch the Board, and I will have to say I have never seen this many LCRA Board members all together except in a LCRA Board meeting and a couple of bars. I mean ... I think they were eating barbecue as a matter of fact. I commend them and I commend you. Without the strength of LCRA and the years of planning we couldn't have made this deal. Now it falls on your shoulders to implement it as you have promised, fairly in the name of the environment and in the name of keeping the water in the Colorado Basin that we need. It's a good step. We will try to be watching you as you go forward. Thank you very much.

Julie: Thank you Mr. Hunts. Ira Yates will be speaking and is there anyone else who has decided that they would like to speak? Ira, your closing.

#7: I am Ira Yates. My experience growing up in the agriculture community taught me that you need to live within your means and you need to live within your resources. And this is really not to me not an environmental issue, although there are certainly environmental issues to be considered, but this is a national resources issue. This is your dollars, this is your economic growth. I haven't read the 80 pages. I am becoming aware of the seven issues that the State Legislature has presented. I am very aware of how these things get started and how they are very impossible to stop. It would seem to me that logic has it that when I enter into a contract for an 80 year period, my lifespan, that I would go into a feasibility period. I wouldn't call it entering into a contract with an opt out after seven years. I would enter into a couple of years contract to study it. It wouldn't say anything about 80 years it would just say let's look at this, let's get the numbers. It's hard to get out of an 80 year contract. I have been in long term contracts and partnerships and everybody sues each other. And the attorneys and engineers and surveyors and all the people working on the project are the ones who end up with the money and the taxpayers end up paying, the rate payers in this case. I see LCRA as being many things. I see it being a wonderful steward of the land, of the river basin and could be and will be, especially with its wonderful, wonderful initiatives to protect the environment with its innovative programs. But I also see it as a big corporation. It's a huge corporation that is driven by money. It only stays in effect as long as it has money coming in and that's rate payers. The more rate payers you have, the more money you have, the more people you employ, the more you get bigger. All that sounds good until its your tax dollars or your rate payers are paying that. Now in relation to San Antonio vs the river basin, it does seem to me like there are lots of areas in this river basin that will probably need water over the next 80 years and I'm sure there are people who have looked at this and can answer my question with their projections. But have you ever tried to project 80 years into the future? We couldn't even project nine months into the future nine months ago. I mean the whole world is different today and you're entering into an 80 year contract. And you say its an 80 year contract with 7 years to get out but you're in the contract man, because everybody on that team is headed down that train because its in their benefit that this go forward. It's their job, its sounds like subsidies to the river basin because you end up having more water according to the proposals. You know, there's a thing called the sustainability. You know you only put 400 head of cows on the land when you know there's going to be food for them but there's dry years so you don't always put 400 head of cows out there. You figure out what the right amount is and my fear is that there are some other things in this contract, results of this contract. Most of the time when people enter into long term contracts, especially governmental type contracts people do not take into consideration the unintended consequences. I would suggest that it would take three years of my life to analyze the unintended consequences of an 80 year contract for water and from that standpoint I think it would be more prudent to actually enter a three year feasibility period and not say anything about 80 years. I have dreams and visions of the LCRA protecting our water, protecting our land, providing good utilities and good water to everybody in the Colorado River Basin. Somewhere along the line people like San Antonio, cities like San Antonio and other places are all going to have figure out how we're going to live on our own. On our own to the extent that we live within our means. We give all our

water to somebody else, what do we have? We have the promise that we really did not give all our water away, they paid for more water to be developed. That may be true or may not be true. I do not think an 80 year contract entered into right now is the right way to go. It wasn't so long ago that our great legislature decided that it was really a good idea to handle the school funding system in a particular way, that we would share our resources with those that didn't have everything and didn't have what they need. And there are lots of people today, now that are saying I really wish our state legislature hadn't made that decision. They call it the robinhood law. I would suspect that all of you all are probably wishing that wasn't in effect because your students are having to suffer because you're paying higher taxes and your money is going somewhere else for somebody else's purpose. Now I am not saying that the intent was bad, I'm telling you there were some unintended consequences. So I think slowing down, stopping, restructuring it in terms of a three year feasibility study is very prudent. It's prudent, very prudent. Thank you.

Julie: Thank you very much. All right is there anyone else who would like to speak? We encourage all of you to give us written comments. We encourage you to do it tonight. If you don't feel you can do it tonight, we advise you to take it and mail it back in or send it to the website. We thank you all for giving up your evening to give us your thoughts and have a pleasant and safe drive home.

Joe: One last thing before everyone leaves. I told you before that we've got a similar meeting to this in Burnet this Thursday night and one next Tuesday down in Wharton. You are welcome to come if you want to. Your statement has been recorded, we've got it so don't feel like you have to come and give the same statement again unless you just want to, if you do come again and we'll record it again. One last comment that Paul did not touch on and it is important that everybody in here know this. There are a series of permits of federal and state that will be required before this project can ever be constructed. And there is a whole process, another public process during that permitting phase. This law could have said that those permits were not required, it does not say that and, in fact, the permits are required. So rest assured should this project go forward before there is any construction the appropriate permits will have to be in place or it can't be built. With that, unless anybody has got anything else, really do appreciate you being here. Be careful going home. Thanks.