

**Citizens Advisory Panel
October 10, 2006
Meeting Summary**

Attendance:

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| Howard Peak | Ben Youngblood |
| Gene Dawson Jr. | Steven Schauer |
| Orlando Cisneros | Evelyn Bonavita |
| Susan Wright | Dr. Weldon Hammond |
| Jerry Green | Nettie Hinton |
| Rene Cortez | Eiginio Rodriguez |
| Richard Araujo | Tony Navarrete |
| Luci Cockrell | |

Excused:

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| Dr. Ed Roy | Joe Fulton |
| Marianne Kestenbaum | Dave Barton |

Absent:

SAWS Staff:

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| Joseph Rippole | Darren Thompson |
| Michelle Eisenhauer | Rene Gonzalez |
| Patrick Shriver | Elliott Fry |
| Karen Guz | Stephanie Bocanegra |

Board Member:

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| Michael Lackey | Roberto Anguiano |
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Call to Order

The meeting was called to order by Mr. Howard Peak at 6:00 p.m.

Approval of Minutes

Mr. Peak asked if there were any changes to the minutes. Mr. Green moved to approve the minutes, and Mr. Schauer second the motion. The minutes were approved for the September 12th meeting.

Drought Period Management Update (Karen Guz – Presentation)

Ms. Guz provided a presentation which discussed SAWS staff recommendations to the Board of Trustees on the drought period management plan.

- Background
- Existing Drought Stages
- Work Group #1 – Stage I-III Adjustments
- Work Group #2 – Alternate Stage Trigger
- Work Group #3 – Create Stage IV Rules
- Work Group #4 – Commercial Surcharge Structure
- Work Group #4 – Alternate Staff Recommendation
- Work Group #5 – Residential Surcharge Structure
- Work Group #5 – Alternate Staff Recommendation
- Why One Base Amount for Residential
- Work Group #6 – Surcharge Rate per 100 Gallons
- Work Group #6 – Alternate Staff Recommendation
- Surcharge Comparison
- Potential Savings During Drought
- Staff Recommendations

Comments & Responses:

In reference to Stage II reductions, Mr. Dawson asked if the 10% applies to the Edwards pumping only and not to the overall. Ms. Guz said that was correct. Mr. Naverrete asked where SAWS was getting the 7,481 gallons from. Ms. Guz explained that this is the number that SAWS uses for tier 1, and that it is pretty close to winter indoor average water use. Mr. Naverrete also asked where SAWS was getting the 12,717. Ms. Guz replied that was the tier 2 amount. She said these are numbers people are use to seeing. Mr. Dawson asked about the residential consumption in stage four and how is it possible for someone to utilize 60,000 while watering every other week. Ms. Guz replied that some residential homeowners have large landscapes that cover 2 acres. She also mentioned there is about a 1/2 percent of 300,000 residential customers that utilize that amount of water. Mr. Dawson asked if most commercial business have a separate irrigation meter from the production meter. Ms. Guz replied that most do have them, but there are a few that do not. Mr. Dawson then asked if the surcharge was going to be charged to the production meter use. Ms. Guz replied that if they are a customer of the assumed irrigation, there is an assumption in our System of how much of a percent is being used outside. Mr. Dawson asked if this process was calculated during the winter months. Ms. Guz stated the annual percentage is usually 29%. Mr. Dawson asked if our sewer bill is based on winter consumption. Ms. Guz replied yes. Mr. Dawson then asked why SAWS doesn't use the winter months consumption as the base floor. Ms. Guz replied that issue did come up, but the work group did not want the cutbacks to be that harsh. Ms. Guz stated to put it into perspective if SAWS would have shaved off all of the water use above 17,205 gallons (top of tier 2), the System would have reduced total pumping by 8% last month. Mr. Youngblood asked what would the reductions be if all outdoor commercial usage was cut back below 17,205 gallons. Ms. Guz stated she did not have that data at her disposal at this time, but that it was a good question and she would find out for him.

Workgroup on Drought Period Management (Bill Sartor – Presentation)

Mr. Sartor provided a presentation which discussed the sub-committee's recommendations on the drought period management plan.

- Work Group #4 – Commercial Surcharge Structure
- Alternate Staff Recommendation
- Work Group #5 – Residential Surcharge Structure
- Work Group #5 – Alternate Staff Recommendation
- Why One Surcharge Methodology for Residential and Commercial Customers
- How Much Water are We Talking About?
- Why One Surcharge Methodology for Residential and Commercial Customers

Comments & Responses

Mr. Schauer asked if the example of a commercial and residential customer using 85,000 gallons a month was feasible considering the information provided earlier stating that less than ½ percent of the residential customers use more than 60,000 gallons a month. Mr. Sartor replied the same calculations can be used for 30,000 gallons and more. Mr. Sartor summarized the presentation by stating the workgroup would like the CAP to consider the workgroup's recommendation which is equity for residential and commercial customers. Mr. Dawson asked if SAWS was in stage 3 and the community is watering every other week, what is the System predicting on the percent reduction in outdoor use. Mr. Sartor said the desired reduction is 65% of total pumpage. Mr. Schauer wanted to know what the equity is between neighboring residential customers where one customer wastes water and the other does not. Mr. Sartor said there are mechanisms in place

to take care of these issues. He added there is a program in effect at this time for homeowners who are in that high use list. Mr. Cisneros asked if there is a way for customers who conserve on a monthly basis to get some incentives. Mr. Sartor replied there are a large number of customers who participate in different programs that SAWS provides. He added this topic was talked about at length, but because the committee needed to keep on track, the issue was sent to the CCC Committee for more consideration as a long term program. Mr. Cortez asked what the baseline would be. Mr. Sartor replied it would be the summer average of three months in either the summer or in the previous non drought year. Ms. Bonavita asked if it was a requirement to cut back on the 4th stage to cut back another 10 percent. Ms. Guz replied that it was not a requirement. Ms. Bonavita asked how about the EAA rules. Ms. Guz replied said that we have a 23% cut by the time we get to stage 4.

Edwards Acquisitions Benchmarking (Benchmarking Open Discussion)

Mr. Thompson summarized the issues of the Edwards Acquisitions to be benchmarked which were identified in the water resource plan update. The Plan states SAWS needed sixty thousand acre feet of water from the Edwards Aquifer. The Plan also states from the 60,000; 35,000 would come from new acquisitions and the remaining 25,000 would come from the conversion of leased water rights to permanent acquisitions. Mr. Thompson stated the 60,000 acre feet would be a supply that would meet SAWS short term demand until the Regional Carrizo or the Brackish Desal projects come online.

Mr. Dawson asked if everyone understood that the questions in the benchmarking pertained to the acquisitions. With no questions Mr. Dawson read the first question and staff's comment.

1. Does this project reflect and incorporate a cooperative stance both within the SAWS area as well as with neighboring communities? How was this documented? Ms. Bonavita asked when the acquisitions and conversion of acquisitions would be completed. Mr. Thompson replied that the amounts are scheduled to be completed by 2011. Ms. Bonavita asked what amount was in the Regional water plan. Mr. Thompson stated the 60,000 is in the Regional water plan. Mr. Peak asked if anyone in the committee felt that the answer should be no for first question. Mr. Dawson asked if there could be some clarification why the Regional Water Resources Development Group, RWRDG was unsuccessful. Mr. Shriver replied the management council set the pricing of acquisitions at such a level that no purchases were being processed by the RWRDG. He also stated that as the agent for the group, SAWS played a major role, and that evaluating the Edwards market has been difficult over the past couple of years. Mr. Shriver talked about the current market values and how they were all over the board. He stated that each entity that was involved in the RWRDG had not maximized their equitable share over the years. There had only been three entities SAWS and two other smaller cities that took the opportunity to purchase water rights, and others just leased water through the program. SAWS took a look at the estimated TWDB needs of all of the cities that came up with an alternate vehicle. Ms. Bonavita replied that was why SARA was setup as the honest broker. Mr. Shriver stated originally SARA was needed as a third party vehicle and that SAWS has displayed over the past ten years we have held our purchasing appetite, if you look at the way that came up with those priority categories, so we could not purchase in that vehicle anymore. Ms Bonavita mentioned that it created some ill will among our partners. Mr. Shriver replied that it potentially did. Ms. Bonavita stated that we might want to mention something about the internal and external cooperation. Mr. Thompson stated that not everyone was excited about that. He felt that SAWS has mended those fences. Mr. Youngblood said basically it was set up as a purchasing agent, but that we were always chasing the market. Mr. Thompson replied that it became more of a leasing

vehicle because there was not much purchasing going on. Mr. Eiginio asked a question if the ineffectiveness was related to the external cooperation. Mr. Shriver replied that through the new program, SAWS offered the other entities that we are still working with them and that we have this opportunity based on the math that we did to know how much of the acquisitions we did on the behalf of SAWS that we could work with those entities to also meet their needs and that we were not going out there to take the market. Mr. Peak stated that the only thing he noted was to reflect external discord. Mr. Green asked if SAWS buys some water would it put it on the market for other entities. Mr. Thompson replied that it would be ten percent for every drop of water that SAWS purchases that is available for our regional partners. Ms. Wright replied the statement said that it was up to ten percent. Mr. Shriver replied they do not have to take ten percent we just have to offer. Mr. Green asked if we were doing this outside of the RWRDG. Mr. Thompson stated that SAWS was no longer a member of the RWRDG. Mr. Green asked if all of the previous members get a notice when SAWS makes an acquisition and that we are sharing. Mr. Shriver replied the offer to the external cooperation that we are trying to exhibit only stands for entities that go into contractual agreements with SAWS. Today those members are City of Leon Valley, Kirby, and Green Valley. Mr. Dawson summarized the issues SAWS had with the RWRDG process. Mr. Thompson replied that was correct. Mr. Green stated that he feels that people are holding back. He added when they run out of water they think SAWS will come along and bail them out. Mr. Hammond wanted some information about the lease conversion. Mr. Thompson replied it basically states we have 25,000 AF of water that we currently lease and at some point we will convert some of that amount from leased to permanent water. Our executive and board wanted to get out of the lease market they wanted to own all of our Edwards. Mr. Hammond stated that we are not necessarily converting our current leases. Mr. Thompson said that was correct. Mr. Hammond asked if we were going to get new water, and how we were going to share that 10 percent with the other cities is it going to be the prevailing market rate or how are we going to determine the rate. Mr. Shriver replied it was based on price in our contractual agreements, it is only water acquired as of this point, because SAWS has already done some acquisitions. Mr. Dawson said he hoped that process was stated in the benchmarking. Mr. Hammond agreed that it needed to be spelled out. Mr. Dawson went moved on to question #2.

2. Does this project document a reliable or stable source of water and will the water be available for the project's duration? 2a. Does the project identify and quantify water sources?

Mr. Youngblood asked if it limited SAWS to just buying 35,000 AF. He asked if someone came to SAWS with more water would we purchase it. He added adopting this policy would hurt our ability to take advantage of water that might offer in the future. Mr. Thompson stated the board of trustees had a total of 60,000 AF was a markup to amount 60,000 AF he was sure if some odd amount of water showed up. Mr. Youngblood asked if the market had a lot more than the 60,000 AF of water rights. Mr. Shriver stated there was a reasonable amount that could be acquired. Mr. Youngblood wanted it stated that the CAP said that SAWS is not limited to buying this amount and if they have the opportunity to buy 40,000 instead of 35,000 buy the extra 5,000. Mr. Peak asked if the board has arbitrarily capped the entire system's purchase of Edwards's water to 60,000 AF. Mr. Thompson said in the 2005 Water Resource Plan Update it says the amounts to be acquired should be regarded as limits rather than goals. Mr. Peak agreed with Mr. Youngblood, he said that it did not make sense to him. He stated to have a rule that has to be undone did not strike him as the best policy to have. Mr. Dawson asked how the committee communicates in the document their concerns about it being a limit instead of a goal. Ms. Bonavita said there is also a concern of pumping everything out of the San Antonio Pool as opposed to over in Uvalde and what the effect will be on the whole aquifer. Mr. Youngblood

said that he was not saying that SAWS had to buy; he just wanted to give SAWS the flexibility to be able to. Mr. Dawson said so in addition to market conditions there were some scientific reasons to limit 60,000 AF. Ms Bonavita said that she did not think it was their rational. Mr. Schauer mentioned looking ahead to 2C and 2D maybe it would be better to mention something there about the 60,000 AF constraints. Mr. Dawson said that the committee is ok with the goal language, but it's the limit language that the committee has issues with at this point. Ms. Bonavita asked if staff had gone out for bids again. Mr. Thompson replied that October 20th would be the next bid date. Mr. Dawson summarized that they don't want a limit, they want a goal. **2b. Does the project identify and quantify volumes of water from each source during average and drought of record conditions (firm yield)?** Mr. Dawson asked the committee if they had any comments for this question. The committee felt the staff recommendation was sufficient and accurate. **2c. Does the project identify any conditions or constraints? If yes, identify?** Mr. Dawson made the recommendation of saying as of this date, staffs beliefs are correct, but based on the pending legislative session coming up the committee feels that this source could potentially be impacted. Mr. Peak asked who was making the decisions; he asked where Senator Wentworth got his information from. Mr. Shriver stated the 572,000 AF was what the EAA permitted and the reason it goes to 549,000 AF is complicated math but what this represents is every irrigator that proved up 2 AF per acre minimum and every municipal or industrial user that had a 3 year historic average that could be proved up. All of those numbers from a regional stand point add up to 549,000 AF. And at that level there would not be any opportunity for someone to say they did not get what the original legislation intended to provide them. Mr. Peak stated that whatever numbers are imposed on the System need to be as close to reality as possible, and not something that's enabled for someone's benefit, or is going to disadvantage some segment of the community. **2d. Does the project document water availability over the duration of the project?** Dr. Hammond stated if you total the excess agricultural demand it could total 60,000 AF. Ms. Bonavita asked what the life of the project. Mr. Thompson replied the project goal is to acquire the 60,000 AF by 2011. Mr. Dawson asked shouldn't the duration of the project the length of time we use the Edwards, which in this case would be forever. Mr. Green asked if we were leasing 25,000 AF right now, and if so what happens if we are not able to add the water permanently would we continue to lease. Mr. Thompson replied at this time we are not leasing water and the 25,000 AF that we have leased at this time would drop off by 2015. Mr. Youngblood asked once again does it not seem like a management deal where the committee is tying the hands of the board, if we convert 25,000 AF and we own it, but for some reason we need more does it not seem like we are preventing them from leasing more if that is the only water available. Dr. Hammond said it's going back to the issue of it being a goal and not a limit. Mr. Youngblood said that he did not want it to feel like the committee was tying managements hands and telling them that they can't lease water if that is the only way to get it for the System. Ms. Bonavita said she thought the Board made that decision themselves. Mr. Peak said from what he was sensing from the discussion goes back to page 1 where the committee recommended staff to do something different. **2e. Does the project quantify water demand for the various users based on best available projections of population growth?** The committee agreed with staffs determinations.

3. Will the project's conclusions be based on sound and reliable data, scientific knowledge, and engineering capability; has supporting documentation been provided? Ms. Bonavita asked if the question meant the information had been provided to the committee or provided to staff, because she stated that the information had not been provided to the committee. Mr. Peak asked if staff had the supporting documentation. He added that staff did not have to show it to the committee, but question is whether staff has the information available. Mr. Shriver stated

that this was one of the questions that staff was not sure of, because the Edwards is different from the other projects being benchmarked and the engineering he would say that staff looks at more policy and scientific data information to base staff's calculations. Mr. Dawson said that it brings up a good point if the committee looks at this benchmarking 2 years from now and someone asks why the committee did this and the committee leaves a question open has supporting documentation been provided. It implies the committee saw a bunch of information to answer this question. Mr. Rippole asked Mr. Thompson during the briefing at the previous CAP meeting did he go into some of the supporting documentation that lead up to some of the aspects of the project. Mr. Thompson said that he went over the supply and demand. Ms. Bonavita said the assumption would be is supporting documentation available for all of the questions. Ms. Wright suggested the committee comment to say "however research evaluated by staff to date supports current policy". Dr. Hammond suggested "the projects conclusions are based on best available data, scientific knowledge, and engineering", because this issue evolved from the bad water line. It may be proved that the aquifer can be over pumped and not affect the delineation of the line. Mr. Youngblood was uncomfortable with the last sentence in staff's comments. Mr. Peak agreed, and wanted to include Dr. Hammond's language to also be added.

4. Is this project consistent with the ecological needs of the affected areas; is the project sound ecologically? Ms. Bonavita asked if SAWS supported the HCP as it is currently written. Mr. Shriver replied that SAWS had written letters of support for the HCP process in all of the recent HCP drafts. The HCP went from a full blown document with an EIS contained within it, to now being a HCP that is in a draft format without an implementation agreement. Until the entire document is available he did not think overriding support could be offered. Ms. Bonavita replied that the document had been submitted to the Fish and Wildlife. Mr. Shriver stated the document was submitted in a draft format, and that the document as it was submitted was supported by SAWS, but it lacked lots of parts. Mr. Dawson asked if the group was comfortable with obtaining additional permits, and if the committee thinks the acquisition of those permits could be ecologically sound. The committee agreed with the exception of over pumping the San Antonio Pool. Mr. Green felt the over pumping of the San Antonio Pool would create more frequent critical periods. Mr. Peak asked if it would make sense to differentiate between the pools, he stated he had not seen any studies that say if you take water from the Uvalde pool it's not a problem. Mr. Peak stated it might be ok to pump from the Uvalde Pool. Ms. Bonavita just wanted to say there are concerns by increasing the pumping in the San Antonio Pool might alter recharge of the whole aquifer. Mr. Peak replied that he did not see any problem with putting in that concern. Mr. Youngblood asked if this was an ecological question. Mr. Shriver currently the EAA rules and transfers policies do not prohibit or limit any transferring except for across the Cibolo line into the Comal, Bexar County line. Mr. Green stated a permit is a permit and you can pump it anywhere. The EAA does not have any rules at this point for changing this issue. He agreed there is an imbalance there that could be detrimental, but at the same time he did not know whether buying more Edwards water would have any consequence on whether we buy it or don't buy it. Mr. Youngblood asked if the 60,000 AF affected the decision on this question. Mr. Dawson informed the committee that 7A of the benchmarking would be more suitable for this comment. Mr. Dawson stated that he had just read the 2004 Guyton report on springflow, and it states that 25% of the springflow does not even come from the Edwards. And there is some question of how much comes from the San Antonio Pool. So there is a lot more information on how the San Antonio Pool works with the Comal Pool and how it affects the springs. Ms. Bonavita thinks the region is realizing that the springs are operating in this drought, and the way the San Marcos springs won't rebound.

5. How does the project ensure water quality-does it meet the policy of no degradation of our drinking water? Dr. Hammond asked if the F&W had bought off on the 549,000 AF, because the cap was so much lower than that in the past. Mr. Shriver stated there was a letter drafted by a previous director that stated the region has a mechanism to get to 340,000 AF during drought conditions. Ms. Bonavita thinks the answer is no, but it is not official. Mr. Dawson summarized by stating does the Edwards have good water quality (answer yes), does SAWS have many programs in place to protect the water quality (answer yes) and will SAWS continue to monitor and have policies and procedures in place for preparedness in an emergency (answer yes). Mr. Peak asked the committee if they agreed with Mr. Dawson's statement. The committee all agreed.

6. Does the project honor the long-term hydrologic balance of aquifers (recharge = discharge while maintaining flexibility over the long-term); how is this documented? The committee agreed with staff's comments.

7a. Does this project adversely impact the aquifers involved; can mitigation resolve any impacts and at what cost? The committee wants to insert general language about transferring from the Uvalde Pool to the San Antonio Pool. **7b. Does this project adversely impact the surface water involved?** The committee did not think this pertained to the Edwards, but mentioned that GBRA might disagree. **Can mitigation resolve any impacts and at what cost?** No comments from the committee.

8. Is this project in accord with SAWS 50-year Water Resource Plan? The committee agreed the project is in accord with the SAWS 50-year Water Resource Plan.

Is this project in accord with the Region L Plan? Ms. Bonavita was asked if it was in accord with the Region L Plan. She stated yes. Mr. Thompson stated the two numbers that are documented are from the Draft Region L Plan. Ms. Bonavita would like the language "over the 50 year of the regional plan" because it is not all expected by 2011. Mr. Hammond wanted the language "face value" to be changed to "junior and senior" to be clear. The committee agreed that the project is in accord with the Regional L Plan.

9. Will this project support the economic growth of the SAWS service area in the foreseeable future? The committee agreed the project supports the economic growth of SAWS and its service area.

10. Is this project in accord with Texas & Federal water law or could it be subject to litigation? The committee agreed with staff's comments.

11. Is this project equitable for all geographic areas served by SAWS? The committee wanted the language "expansive" to be changed to "extensive". The committee also wanted to remove the word "vast" from the first sentence of staff's comments. With no further comments the committee reviewed and agreed with the rest of staff's comments.

12a. Has a cost-benefit analysis been done on this project? The committee reviewed and agreed with staff's comment on 12a. **12b. Has a social and economic impact analysis been done on this project?** Although the committee did not whole heartedly agree that the HCP was a true social and economic impact analysis for this area, it did feel that not being able to acquire the needed water would cause a social and economic impact here in the city. **12c. What is the**

cost per acre-foot for this project? The committee wanted to add the comment of SAWS bidding for water is the craziest thing they have ever heard. The committee feels SAWS's actions have artificially increased the base price of all the water rights available, and SAWS needs to re-evaluate its purchasing process. *12d. What is the effect on the ratepayers?* The committee comment was the effect of this project on the rate payer is less than any of the other projects under consideration. *12e. Where does this project (plan/policy) rate compared to other projects in regard to cost/benefit, economic impact analysis and financial feasibility?* The committee reviewed and agreed with staff's comments.

13. Overall, where does this project rank compared to other projects? The committee reviewed and agreed with staff's comments with one exception, removing the last sentence "However, given that additional analysis need to be completed on other supply alternatives it is premature to rank where this project sits amongst other projects."

Citizens to be Heard

Mr. Jack Finger gave his comments on the Edwards Acquisitions Benchmarking.

Schedule Next Meeting: November 14, 2006.

Adjournment: With no further business to discuss, the Citizens Advisory Panel Meeting was adjourned at 8:14 p.m., by Mr. Howard Peak.