

PANHANDLE WATER PLANNING GROUP

Minutes

April 16, 2002

A meeting of the Panhandle Water Planning Group was held on Tuesday, April 16, 2002, at 2:00 p.m. in the PRPC Board Room, 415 West Eighth Avenue, Amarillo, Potter County, Texas.

Mr. C.E. Williams, Chairman, presided.

MEMBERS PRESENT:

Ronald Bertrand, Texas Department of Agriculture; Richard Bowers, North Plains Ground Water Conservation District; Nolan Clark, USDA-ARS; Dan Coffey, City of Amarillo; Vernon Cook, County of Roberts; Charles Cooke, TCW Supply, Inc.; Jim Derington, Palo Duro River Authority; Rusty Gilmore, Rita Blanca Well Service; William Hallerberg; Gale Henslee, Southwestern Public Service Company; Denise Jett, Phillips Petroleum; Dean Looper, City of Canadian; Kent Satterwhite, CRMWA; Stefan Schuster, Texas Water Development Board; Frank Simms, Panhandle; Grady Skaggs, County of Oldham; John Sweeten, Texas Ag. Experiment Station - TAMU Ag. Res. & Ext; Rudie Tate, Collingsworth County; John Williams, Canadian River Municipal Water Authority; C.E. Williams, Panhandle Ground Water Conservation District

MEMBERS ABSENT:

Mickey Black, USDA-NRCS; Inge Brady, Amarillo; B.A. Donelson, First State Bank, Stratford; Bobbie Kidd, Greenbelt Municipal & Industrial Water Authority; David Landis, City of Perryton; Charles Munger, TWPD Canyon Fisheries Lab; Janet Tregellas

STAFF PRESENT: Jarrett Atkinson; Janice Blandford

OTHERS PRESENT: Simone Kiel, FNI; Steve Stevens, Mesa Water Inc.; Richard Morris, City of Pampa; Rick Storm, Amarillo Globe News.

1. CALL TO ORDER

Mr. C. E. Williams called the meeting to order and noted that a quorum was present.

2. ESTABLISH ATTENDANCE & RECOGNIZE DESIGNATED ALTERNATES

Four Designated Alternates were recognized: Ben Weinheimer for David Landis, Steve Amosson for Janet Tregellas, Cole Camp for Inge Brady and Brian VanZee for Charles Munger.

3. APPROVAL OF THE MINUTES

With the correction of several misspelled words, and the deletion of Grady Skaggs from the roll of Members Present, Bill Hallerberg made the motion to accept the minutes from the previous meeting held on March 21, 2002, as presented. Gale Hensley seconded the motion; motion carried by unanimous vote.

4. REVIEW AND CONSIDER REQUIRED RESPONSE TO THE POLICY QUESTION FOR THE INFRASTRUCTURE FINANCE REPORT PROJECT

Dan Coffey stated that a committee consisting of C.E. Williams, John Williams, B.A. Donelson, Bill Hallerberg, Dean Looper, Charles Cooke and Dan Coffey was appointed at the last meeting to develop a response to the required policy question for the Infrastructure Finance Report (IFR). On March 28, 2002 this committee met and developed a response (in draft form) for the PWPG's consideration. The proposed response reads as follows:

Regional water planning has proven to be an informative process of assessing and quantifying the water needs for the region and the state. Although many needs have been identified, it still remains the water provider's responsibility to plan and finance those improvements necessary to meet their future water demands. In order to finance these anticipated needs, the water suppliers should adjust their rates accordingly.

The State should have two roles concerning water supply projects:

First, it should be a facilitator. In this role, it should help bring various water suppliers together to solve common problems. It should eliminate or reduce various tedious and time-consuming requirements that result in very little enhancement of the project.

Second, the State should develop a loan guarantee fund for those occasions when water suppliers experience severe catastrophic conditions beyond the scope of prudent planning. Failure to plan or poor planning should not be an excuse for fund eligibility. Revenues for this program should come from a tax on bottled water and a percentage of revenue from the state lottery.

Charles Cooke questioned whether the phrase "severe catastrophic conditions beyond the scope of prudent planning" is unduly harsh and whether the response is penalizing entities that go out and get financing. Gale Henslee voiced concern on the same issue. Mr. Cooke stated that even with prudent planning, there are times you cannot do it without help. He made the motion that we add the following sentence, "Another possible source of revenue is a fee/surcharge, etc., to be assessed against retail water accounts dedicated to water supply projects." Vernon Cook seconded the motion; motion carried by unanimous vote. The response will read as follows:

Regional water planning has proven to be an informative process of assessing and quantifying the water needs for the region and the state. Although many needs have been identified, it still remains the water provider's responsibility to plan and finance those improvements necessary to meet their future water

demands. In order to finance these anticipated needs, the water suppliers should adjust their rates accordingly.

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First, it should be a facilitator. In this role, it should help bring various water suppliers together to solve common problems. It should eliminate or reduce various tedious and time-consuming requirements that result in very little enhancement of the project.

Second, the State should develop a loan guarantee fund for those occasions when water suppliers experience conditions beyond the scope of prudent planning. Failure to plan or poor planning should not be an excuse for fund eligibility. Revenues for this program should come from a tax on bottled water and a percentage of revenue from the state lottery. Another possible source of revenue is a fee/surcharge, etc., to be assessed against retail water accounts dedicated to water supply projects. Presently available state financing programs should be maintained.

After reviewing the response, John Williams offered the following addendum:

One area where current state financial assistance programs could be improved which would benefit the High Plains area is the State Participation Program. This program has often been used to assure that surface water reservoirs are constructed to the optimum capacity, when the local sponsor cannot afford to do so as part of the initial construction. However, TWDB personnel have advised that it can be used to assist with the acquisition of groundwater supplies only for the purpose of providing for future *increased capacity*, not to reserve groundwater supplies for future use. In addition, the project must include construction of a supply pipeline.

There are currently municipalities in the High Plains which have no projected shortage within the planning horizon of the current Regional Plan, but which will face shortages farther in the future. Groundwater resources to meet those long-range needs are subject to export or exhaustion to suit short-sighted demands and economic desires of the current "private owners" without regard to future needs of the region. Expanded and less restrictive use of the State Participation Program could make funding available for municipalities to reserve the resources which will be needed in the future while satisfying the demand of the "private owners" for economic benefit. Where the resources are subject to use for agricultural purposes, the current economic benefit to the "private owners" could exceed the economic return of using the water for low-priced crops.

Bill Hallerberg made the motion that we take the draft response and insert the sentence, "Presently available state financing programs should be maintained." And then add John William's comments in behind that. Judge Cook seconded that motion. Motion carried by unanimous vote.

Several members suggested some additional word changes on the addendum authored by John Williams they are reflected below:

One area where current state financial assistance programs could be improved which would benefit the Panhandle area is the State Participation Program. This program has often been used to assure that surface water reservoirs are constructed to the optimum capacity, when the local sponsor cannot afford to do so as part of the initial construction. However, TWDB personnel have advised that it can be used to assist with the acquisition of groundwater supplies only for the purpose of providing for future *increased capacity*, not to reserve groundwater supplies for future use. In addition, the project must include construction of a supply pipeline.

There are currently many water users in the Panhandle which will face shortages farther into the future. Groundwater resources to meet those long-range needs are subject to export or exhaustion without regard to future needs of the region. Expanded and less restrictive use of the State Participation Program could make funding available to reserve the resources which will be needed in the future while satisfying the demand of the water owners for economic benefit.

John Williams made the motion to approve changes made to the addendum. Gale Henslee seconded the motion; motion carried by unanimous vote.

C.E. Williams asked for a vote on the response including the addendum as a whole. All in favor of the response as amended voted "aye". There were none opposed. The Policy Response in final form is attached.

5. REVIEW AND CONSIDER DRAFT INFRASTRUCTURE FINANCE REPORT

Jarrett Atkinson stated that the contract for the development of the Infrastructure Finance Report calls for a draft report to be submitted to the Texas Water Development Board at least 30 days prior the final deadline. Since the Final Report is due June 1, 2002, it is the intent of PRPC to have the draft report submitted before May 1, 2002. He stated that the Planning Commission is asking permission to turn this in as the Draft Finance Report.

After the group reviewed the condensed spreadsheet and the two policy statement responses, Charles Cooke made the motion to approve the work as a draft Infrastructure Finance Report. Bill Hallerberg seconded the motion; motion carried by unanimous vote.

6. FINANCIAL REPORT AND RELATED ITEMS

Nolan Clark presented the Independent Financial Report on Scope of Work Development, Infrastructure Finance Report and Local Funds. After discussion, Dr. Clark made the motion to approve the report. Vernon Cook seconded the motion; motion carried by unanimous vote.

7. COMMITTEE ACTIONS

Jarrett Atkinson stated that one consideration for a committee action at this meeting would be to authorize the Executive Committee to complete any required negotiations regarding our recently submitted Scope of Work and Supplemental Scope of Work. The TWDB is expediting the review of these two Scopes and intends to have all negotiations completed by the end of April. Explicit authorization of the Executive Committee to complete any required negotiations will help streamline the process on this end and will avoid the need for an additional meeting this month.

Charles Cooke made the motion to authorize the Executive Committee to complete any required negotiations regarding our recently submitted Scope of Work and Supplemental. Scope of Work. Bill Hallerberg seconded the motion; motion carried by unanimous vote.

8. OTHER BUSINESS

A. Report from Region B & O Liaison – Kent Satterwhite reported that Region O had approved their Scope of Work and has also begun discussion on the 50/50 goal established by the PWPG. No report from Region B

B. Report from the Texas Water Development Board – Stephan Schuster reported that all 16 Scopes of Work had been submitted and that initial review would be completed by April 30th.

C. Public Comment – None.

D. Other Business – None.

E. Consider Next Meeting Date – The next meeting of the Panhandle Water Planning Group will be May 30, 2002, 1:30 p.m.

9. ADJOURNMENT

There being no further business to come before the Planning Group, the meeting adjourned at 3:30 p.m.