

Water Services

Quarterly Operations Report

Water Supply

Overview

One of the worst droughts in Texas history continues across most all of Texas, including the Colorado River basin. Although the drought only dates to last October, its intensity is among the worst on record according to the Palmer Drought Severity Index. The rain totals since last October are among the lowest on record. For example, Austin rainfall of 11.02 inches between Oct. 1 and July 1 is the third driest such period on record. Across most of the Hill Country, rainfall since last Oct. has been between 16 and 20 inches below normal. Across Central Texas and the middle Texas coast, rainfall is running more than 20 inches below normal. Although some rain occurred during the middle of May and in late June, the rain was not nearly enough to make a dent in the overall drought.

With the lack of rain this spring, temperatures heated up to record levels in June and July. Statewide, the months of June and July were the hottest such months on record. Across the Colorado basin, both months were the hottest ever recorded. The persistent hot and dry pattern has produced numerous 100 degree days. As of Aug. 3, Austin already recorded 50, 100 degree days so far this summer. The lack of rain combined with the extremely hot temperatures has caused drought conditions to intensify even further. According to the National Drought Monitor, on July 16, 75 percent of Texas and nearly all of the lower Colorado River basin was designated as being in exceptional drought, the worst classification of drought. The dry, hot weather has depleted most all soil moisture.

Long-range weather forecasts indicate rainfall will likely remain below normal through August and early September. Barring tropical activity out of Gulf of Mexico, generally dry and very hot weather will likely continue into September.

The levels of lakes Buchanan and Travis often rise during the wet spring months. However, inflows to the Highland Lakes were extremely low this spring. In June 2011, the Pedernales River and Sandy Creek ran dry in some places. The Llano River, the San Saba River, and the Colorado River above Lake Buchanan fell to extremely low levels of flow. The combined inflows to the Highland Lakes in June were less than half of the previous record low for June inflows set in 1984 and the fourth lowest for any month on record. Inflows in July were the third lowest for any month on record. Evaporation from the Highland Lakes from January through July of this year was about 122,000 acre-feet, or about thirteen percent more than in 2009. Demand for water for irrigation was high early in the season through May, but began to lessen in late June. Lake levels and storage in lakes Buchanan and Travis have fallen continuously from March through July. If the current dry conditions continue, as expected, storage levels in lakes Buchanan and Travis could drop below 900,000 acre-feet before September 2011. This would trigger LCRA to ask its firm customers to voluntarily reduce their water use by 10 to 20 percent.

Current Lake Level Conditions

As of Aug. 3, Lake Travis was about 639 feet above mean sea level (msl), or about 27 feet below its average monthly level of 666 msl for August. Lake Buchanan about 998 feet msl, or about 14 feet below its average monthly level of above 1,012 msl for August. The levels of lakes Buchanan and Travis were falling at about 1 to 1.5 feet per week.

Weather Outlook

The current drought began with the development of La Niña in the Pacific Ocean last fall. La Niña typically causes a pattern of drier than normal weather across all of Texas, especially during the fall and winter months. The La Niña, one of the strongest of the last century, reached its peak intensity in early January, steadily weakened over the spring and officially ended in June. A neutral Pacific is forecast through the middle of autumn. However, many long-range forecasts indicate weak La Niña could return by late fall or early winter. Although La Niña is no longer present, drier than normal weather will likely continue into early fall as summertime drought patterns are typically hard to break. Rain should become a little more frequent in September and October as the peak of the tropical weather season is reached and the first cold fronts of autumn arrive. However, an overall change in the long-term weather pattern is not forecast. This year's hurricane season is forecast to be quite active with an above normal amount of storms. Some of these storms could directly or indirectly affect our region with some rain.

Highland Lakes

As of Aug. 3, storage in Lake Buchanan was 463,000 acre-feet, or 53 percent of capacity. Storage in Lake Travis was 535,000 acre-feet, or 47 percent of capacity. Total storage in lakes Buchanan and Travis was 998,000 acre-feet, or 50 percent of capacity. Total storage in lakes Buchanan and Travis was falling at about 30,000 acre-feet per week.

Inflows to the Highland Lakes (Acre-Feet)

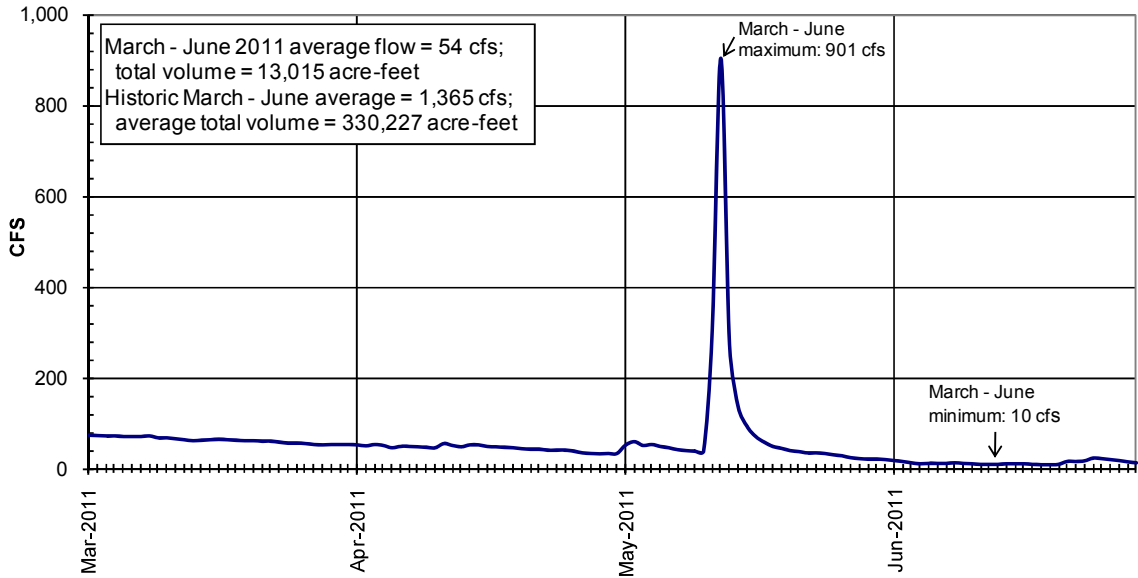
March, 2011 - July, 2011 *	36,229
March, 2010 - July, 2010	452,370
10-Year (March - July) Average *	614,177
12 Months Prior to Aug. 1, 2011 *	214,158
12 Months Prior to Aug. 1, 2010	1,151,336

* Based on provisional data that is subject to revision

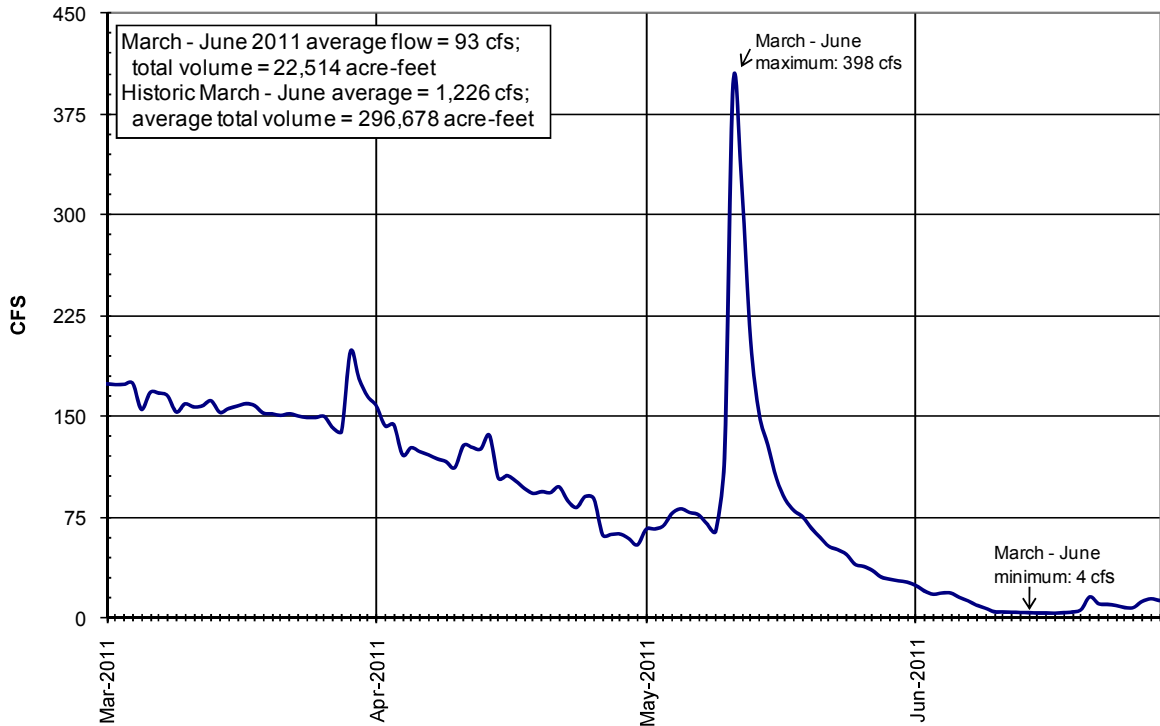
Streamflow Conditions Above the Highland Lakes

May and June are typically the two months with the highest inflows to the Highland Lakes, but not this year. Inflows to the Highland Lakes in May were about 11,200 acre-feet, or about 5 percent of average, and the second lowest May inflows on record since 1942. Inflows in June were about 1,340 acre-feet, or less than one percent of average for June, and the lowest June inflows on record. Inflows in July were about 720 acre-feet, or less than one percent of average for July, and the second lowest July on record. The dry conditions this spring continued the trend of low inflows to the Highland Lakes that began in October 2010. Total inflows from October 2010 through July 2011 were about 118,000 acre-feet, which was the lowest October through July inflows on record.

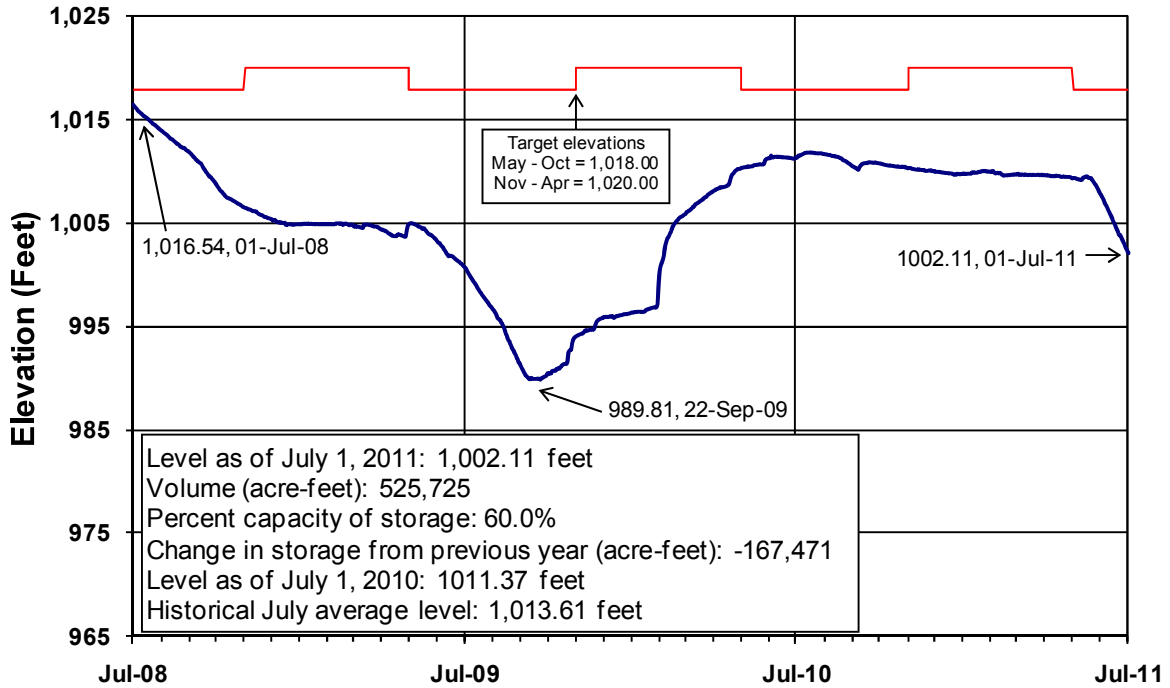
**Flow into Lake Buchanan
March 2011 - June 2011**



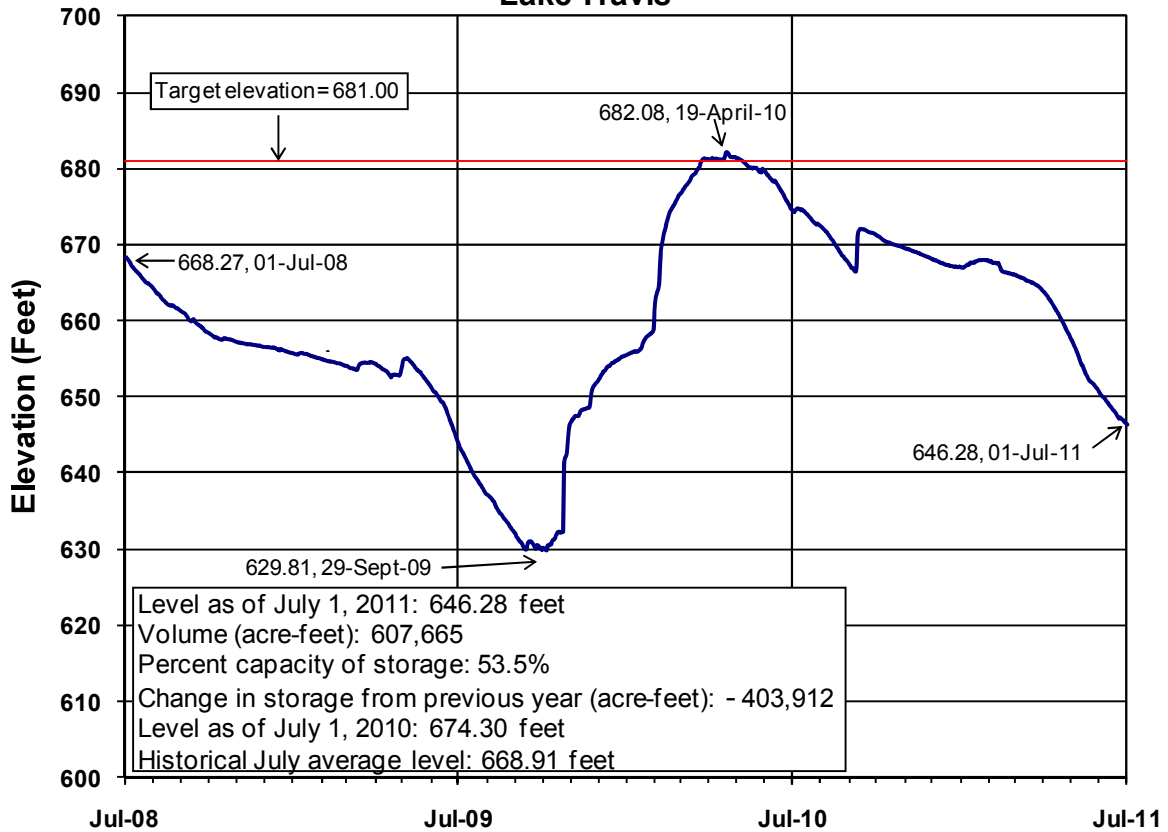
**Flow into Lake Travis
March 2011 - June 2011**



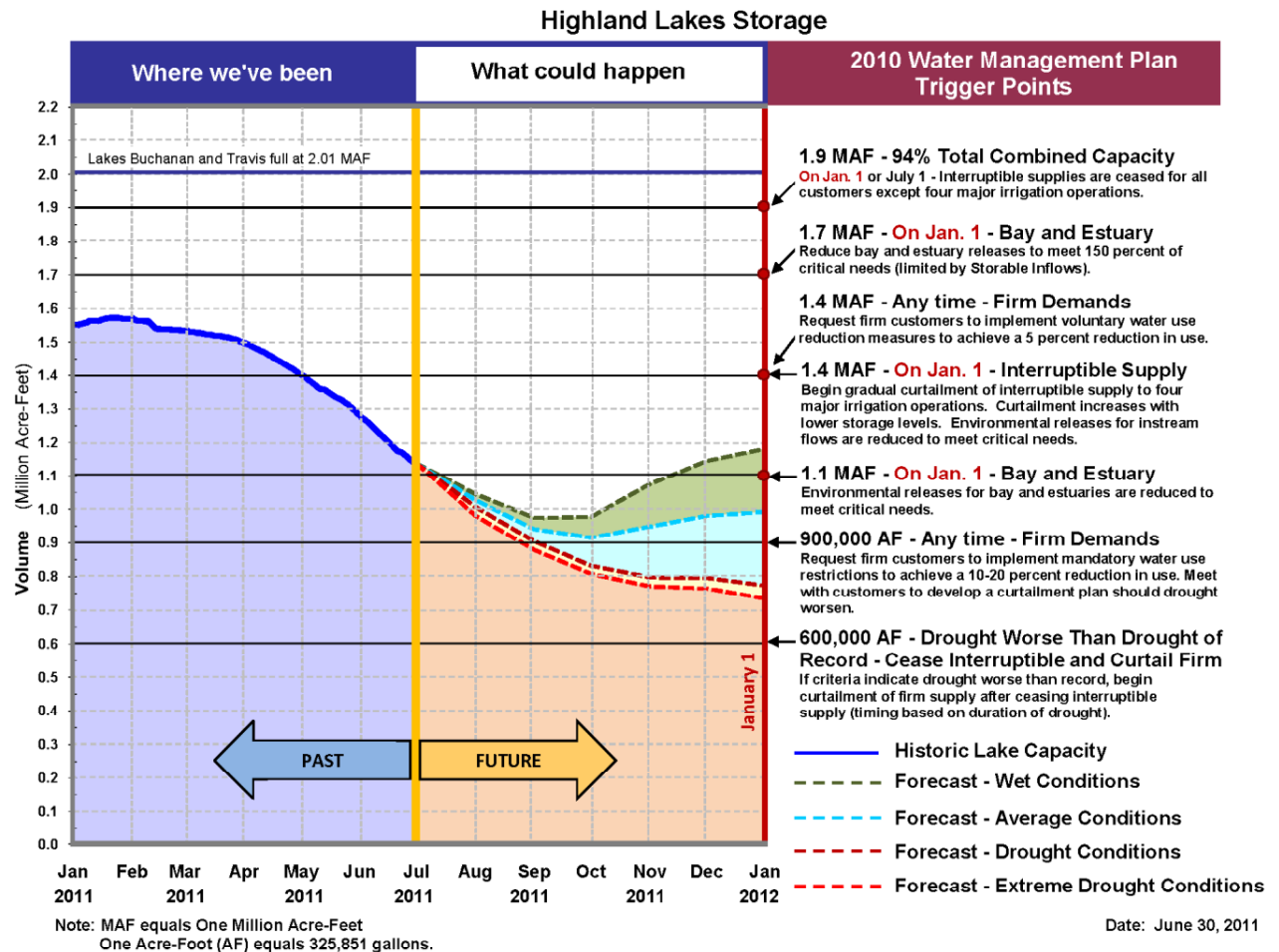
Lake Buchanan



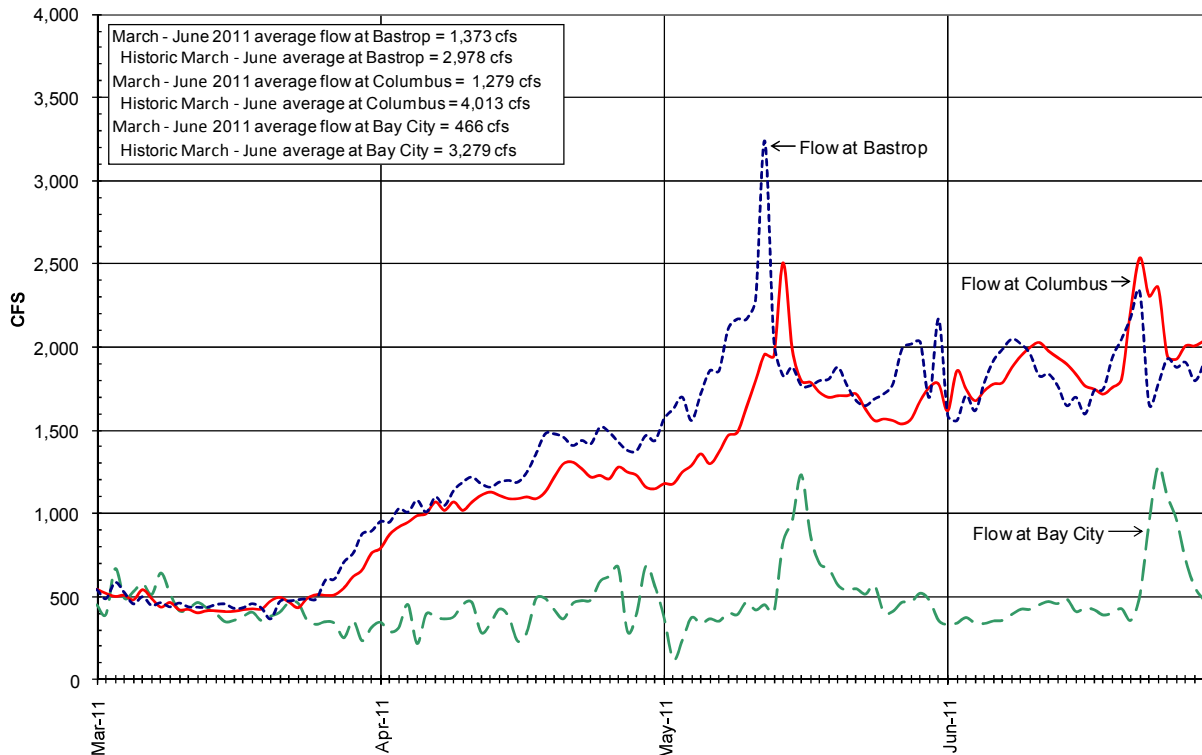
Lake Travis



A range of projections for combined storage under various inflow scenarios from Aug. 1 2011 to Feb. 1, 2012, is shown below. Combined storage in lakes Buchanan and Travis fell below 1.4 million acre-feet on May 2. Following the 2010 Water Management Plan, LCRA requested that firm customers implement voluntary water use reduction measures to achieve a 5 percent reduction in use. The storage projections indicate that if the current very dry conditions continue as expected, storage may fall to 900,000 acre-feet before September. Under the 2010 Water Management Plan, LCRA will request that firm customers implement mandatory water use restrictions to achieve a 10 to 20 percent reduction in use if storage falls below 900,000 acre-feet.



**Flow in the Lower River
March 2011 - June 2011**



Streamflow Conditions in the Lower Basin

Conditions were very dry in the lower basin. Streamflow was influenced mainly by releases from the Highland Lakes, with occasional small rises in flow due to passing storms.

In early March, releases were made as needed to meet environmental flow requirements, and streamflow in the lower river was about 500 cubic feet per second. As releases for irrigation and other downstream customers increased, streamflow increased to between 1,500 and 2,000 cubic feet per second.

LCRA's Firm Water Supplies - August 2011

To ensure that LCRA's customers have sufficient water supplies to meet their existing and long-term water needs, LCRA has acquired the rights to more than 2.1 million acre-feet of water per year. These include the right to divert and use up to 1.5 million acre-feet from lakes Buchanan and Travis and another 636,750 million acre-feet under downstream run-of-river water rights from the Gulf Coast, Lakeside, Garwood and Pierce Ranch irrigation operations.

As established in the 2010 Water Management Plan, the combined firm yield of lakes Buchanan and Travis, while honoring downstream senior water rights, is 535,812 acre-feet per year (AFY). Of this amount, 90,546 AFY is committed to O.H. Ivie Reservoir, making 445,266 AFY of firm water supply available from lakes Buchanan and Travis for LCRA to use to meet the firm water needs of its customers.

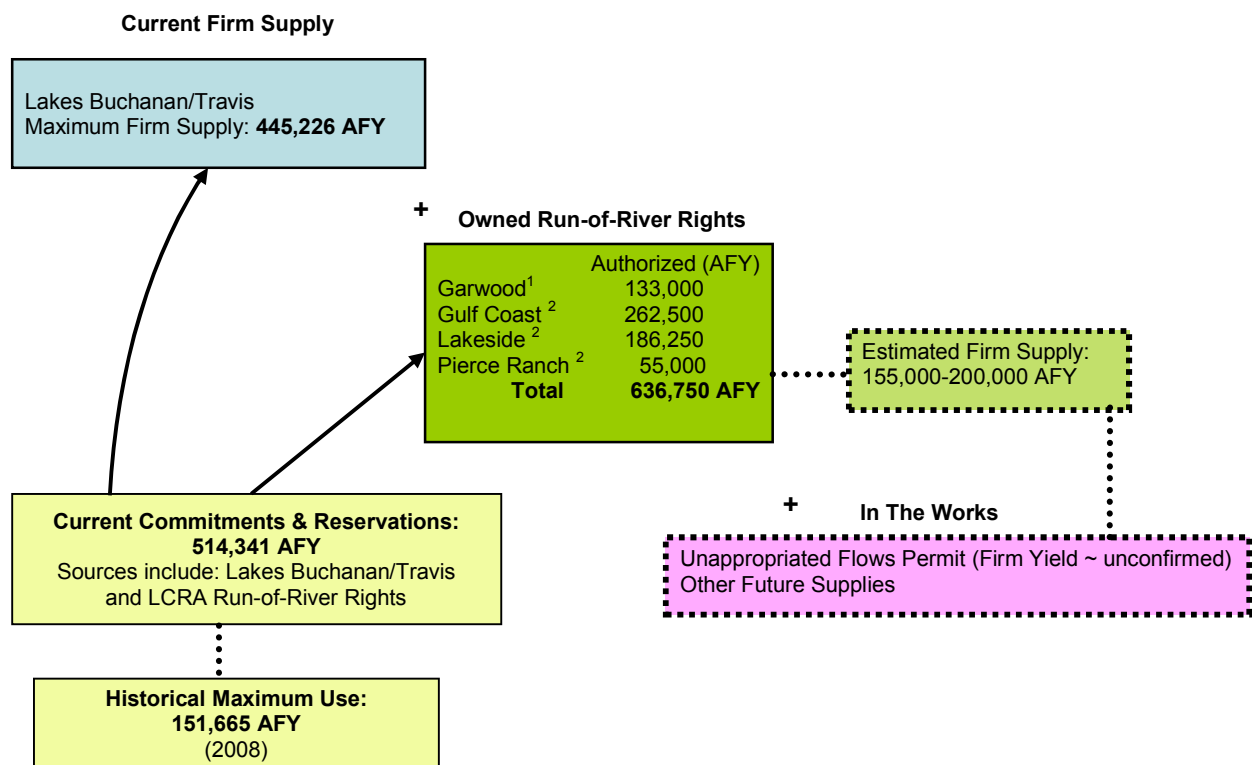
The total amount of firm water supply that could be provided from the downstream run-of-river water rights will vary depending upon where the water will be diverted and other regulatory constraints. See Figure 1 on the following page for a general description of the current firm water supplies that staff has identified in previous discussions with the Board. As firm water demands for

the region grow, LCRA will take steps to pursue any permits or amendments of existing run-of-river water rights and Board-approved infrastructure improvements that may be necessary to meet these demands. As discussed below, several applications for permits and amendments to existing water rights related to this issue are pending at the Texas Commission on Environmental Quality (TCEQ).

Allocation to Sources Other Than the Highland Lakes

Before LCRA can supply water to firm water customers from its downstream water rights, these rights may require further amendment to allow water from these rights to be diverted from additional diversion points for additional purposes and places of use. The approach of amending LCRA’s existing downstream water rights has been carried forward from the first two regional water plans and was recommended again as a management strategy in the most recent Region K approved Regional Water Plan (July 2010) for meeting future water demands identified for this region.

The level and combination of commitments allocated against lakes Buchanan and Travis or LCRA’s other sources of water supply will change periodically as updated hydrological data become available and as LCRA determines the most efficient method of fulfilling and reporting all water commitments against its current water supplies at any given time.



Note 1: Application to amend this water right is under TCEQ review.

Note 2: These three rights are subordinated to City of Austin’s senior municipal water right.

Figure 1. Current and Future Sources of Firm Water Supply

Current LCRA Commitments

As of July 11, LCRA's total commitments by contract or Board resolution for firm water supply were about 514,341 AFY. Maximum annual use of firm water supplies, excluding delivery losses over the last several years, has been 151,665 AFY (2008). Delivery losses are being assigned to older contracts when they are renewed or amended. In order to manage LCRA's dynamic and changing supply for meeting its existing and future firm water commitments, staff will be allocating the firm water commitments against both the firm supply from lakes Buchanan and Travis and from the run-of-river rights LCRA has acquired.

In the last quarterly operations report (March 2011), the total of LCRA commitments for firm raw water was 514,555 AFY, which includes the 50,000 AFY of water reserved by the Board for future uses. As of July 11, LCRA's commitments for firm raw water have decreased to 514,341 AFY. This is a decrease of 214 AFY. As of July 11, the total commitments by category are:

1. 1,423 AFY for domestic and temporary use.
2. 33,440 AFY reserved for environmental needs.
3. 50,000 AFY, which has been reserved by Board resolution and in the Water Management Plan for future uses.
4. 346,336 AFY related to existing contracts for municipal, industrial, irrigation, and other uses.
5. 40 AFY related to a Board reservation for the Stoneledge Quarry Edwards Aquifer Recharge Enhancement Project.
6. 5,000 AFY related to stream losses.
7. 78,102 AFY related to Board reservations for firm water for LCRA power plants, General Office Complex and Buchanan facilities, LCRA retail water operations and Windmill Ranch.

Use of Water Rights and Estimated Firm Yield

LCRA staff has proposed in current applications at TCEQ and in the Water Supply Resource Plan to obtain authorizations for new and existing downstream run-of-river water rights to allow water to be used at additional locations and for additional uses within its service area. Some of the downstream run-of-river water rights are considered more firm than others due to their priority dates and previous subordination agreements with upstream water rights holders. The current estimate of firm water supply that could be realized from the four downstream run-of-river water rights is significantly lower than the total authorized amount for these rights (636,750 AFY total shown in Figure 1). The actual amount of firm supply will not be confirmed until TCEQ issues final amendments to these four water rights. Their current estimated firm yield amount is about 155,000-200,000 AFY. The downstream rights, in combination with supplemental backup supply from lakes Buchanan and Travis, or in conjunction with supplemental water supplies to be developed by LCRA in the future, along with potential additional infrastructure, could provide a higher level of firm supply. Recent modeling indicates that if downstream rights were used in a conjunctive manner with lakes Buchanan and Travis to meet firm water demands; this could potentially increase the overall firm yield of these rights by up to an additional 170,000 to 190,000 AFY.

The scientific, social, regulatory and public policy issues that surround water rights and water supply management are complex. Creating a well-planned infrastructure, protecting water quality and conserving resources go hand in hand as LCRA works to extend the basin's natural resources to meet the needs of future generations. LCRA continues to work with its customers, regional interests, environmental interests, upstream water rights holders and adjoining Senate Bill 1 regional planning

groups to find sensible, equitable, beneficial and economical solutions to the water supply challenges that will face this growing region for years to come.

Pending Changes to LCRA Water Rights

Currently, LCRA has the following water rights or water rights amendment applications pending at TCEQ:

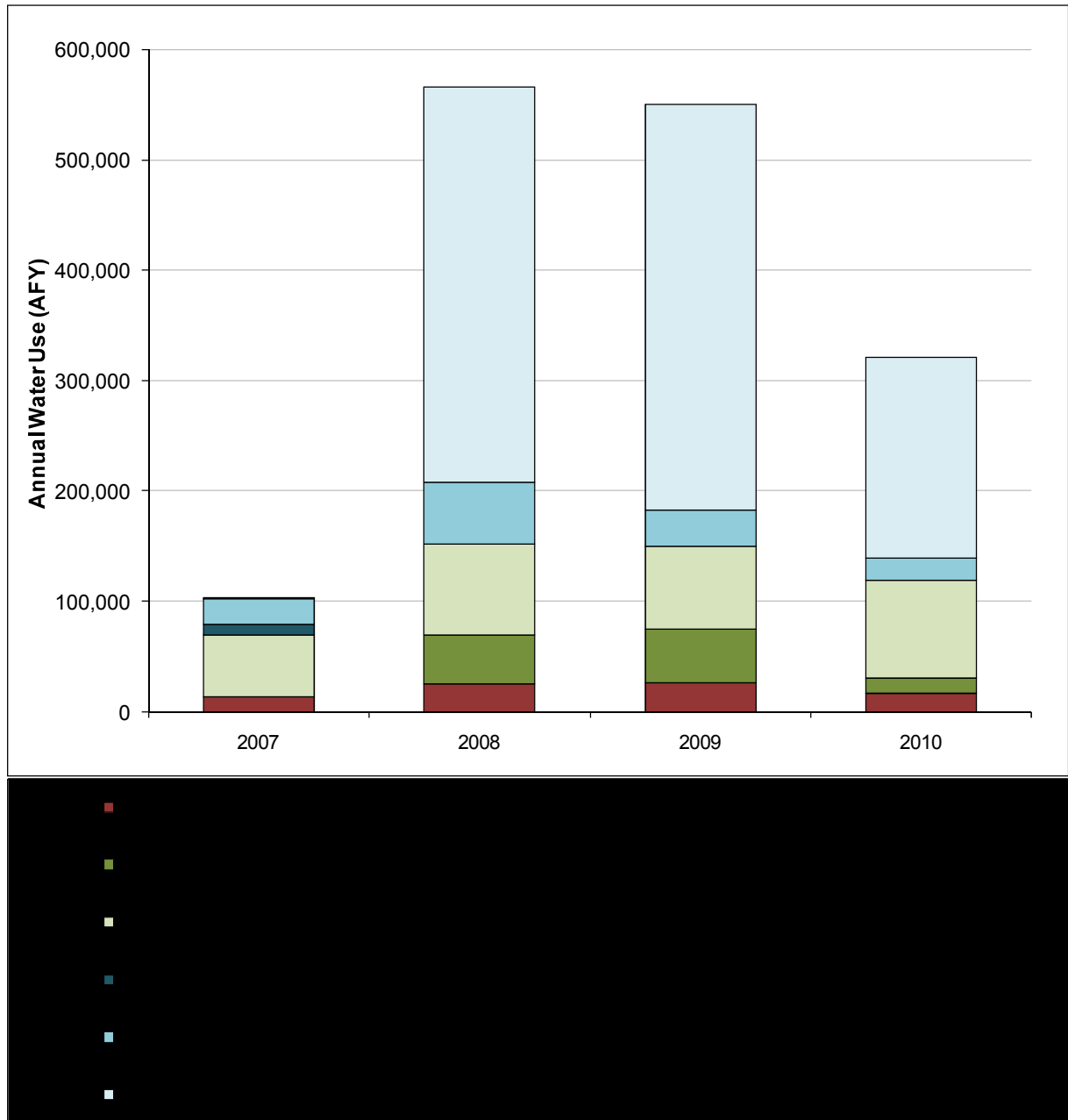
- Excess/unappropriated flows - the TCEQ approved this application at their April 20 meeting. The permit was issued on April 29.
- Amendment to Garwood water right - LCRA staff met with TCEQ staff on several occasions to address issues identified by TCEQ about LCRA's comment letter on the TCEQ's initial draft of a proposed amendment. TCEQ staff requested that LCRA submit a proposed accounting plan for their technical review. An updated accounting plan and other information was submitted to TCEQ in June. LCRA staff met with TCEQ on June 9 and a response from TCEQ is pending.
- Return-flow amendment applications to lakes Buchanan and Travis water rights - these applications are in abeyance at the TCEQ. City of Austin and LCRA staff are working on finalizing a new return flows application in accordance with the settlement agreement between the parties for filing with TCEQ in later summer or early fall. Once the joint application has been filed and declared administratively complete, the parties have agreed to withdraw the four previously filed applications by LCRA and the City pending at TCEQ.
- Lometa instream flow amendment - based on site-specific environmental studies at the Lometa diversion location on the Colorado River, LCRA applied to TCEQ in November, 2010 for an amendment to the existing water right to amend the instream flow requirements. If granted, this change would increase the ability of LCRA to divert water to Lometa Reservoir and provide more opportunities for water to be diverted under the water right, while still protecting instream flows and aquatic habitat. TCEQ and Texas Parks and Wildlife Department staff requested LCRA to provide them with a more detailed explanation of the site-specific instream flow study performed for this application. LCRA staff and LCRA's consultant, BioWest, met with the two agencies March 8 and answered questions about the study. LCRA staff met with TCEQ June 9 and a response from TCEQ is pending.
- Gulf Coast and Lakeside water rights amendments - applications were filed with TCEQ on April 11 to add municipal and industrial uses to these water rights. LCRA staff met with TCEQ on June 9 and TCEQ requested a minor change to the application. The minor change has been done and a response from TCEQ is pending.

Actual Use of Water from Lakes Buchanan and Travis

Shown in Figure 2 below are the annual amounts of firm and interruptible water use from the firm supplies of lakes Buchanan and Travis during 2007 through 2010, including the total amounts of water released for use downstream of Lake Travis, where applicable. The maximum amount of firm water use from the firm supplies of lakes Buchanan and Travis during this period was 151,665 acre-feet in 2008. This use was 33 percent of the current total commitment of firm water supply. The maximum interruptible water released of 414,400 acre-feet also occurred in 2008. The maximum amount of interruptible water released for the four irrigation operations during this period

was 367,921 acre-feet in 2009. The two-year total sum of interruptible water released for the four irrigation operations was 726,441 acre-feet, or an average of 363,220 AFY.

Figure 2. Reported Use of Highland Lakes' Firm and Interruptible Water Supply (2007 - 2010)



LCRA - Region K Update

Region K met in June and selected AECOM as its contractor to help prepare the next regional water plan (2011-2015). AECOM was one of five firms that submitted statements of qualifications.

LCRA, on behalf of Region K, applied for and received grant funding in the amount of \$227,689 to begin the fourth cycle of regional planning. Region K has designated LCRA as its local political subdivision to apply, receive and administer regional planning funds for them. LCRA has been the designated as such for all previous cycles of regional planning. Currently, LCRA staff are working with Texas Water Development Board (TWDB) staff on finalizing the associated contract. This contract must be signed by both parties not later than Aug. 31, 2011. LCRA staff are also working with AECOM to develop and finalize a contract to be the consultant for Region K and to complete the associated tasks as identified by the TWDB for the fourth cycle of regional planning within the level of grant funding awarded to LCRA.

LCRA-SAWS Water Project Quarterly Update

The estimated budget for the study period increased from \$43 million, as stated in the Study Period Plan (Plan), to \$47.8 million in 2007. Additionally, \$1.2 million was spent to develop the Plan. A total of \$35.7 million has been spent through June 30, 2011, on the development and implementation of the Plan, which includes \$847,096 LCRA received in federal grants. As of June 30, 2011, there is \$1.39 million in the study period account. LCRA has not received the \$500,000 study period option fee from SAWS due March 1, 2011. SAWS is also delinquent in paying the \$500,000 study period option fee due March 1, 2010.

Current feasibility studies show that no water can be made available for SAWS under the terms of the Agreement and the LCRA Act. At San Antonio Water System's request, LCRA has taken steps to reduce ongoing study expenses. All feasibility studies are on hold and no charges occurred during the last quarter.

Water Conservation

Agricultural Conservation

Grant funding was awarded for 30 precision land-leveled fields for a total of 3,189 acres. The 2010 verification study survey was completed with an 83 percent response rate from farmers. A draft report is expected by late August.

A prototype gate has been fabricated for the Gulf Coast Irrigation Division canal rehabilitation project.

Firm Water Supply Conservation

The City of Burnet participated in the LCRA high-efficiency toilet and showerhead program in April and May, and the City of Marble Falls began its program in May, running through August. In addition, Travis County WCID 17 and the City of Cedar Park began distributing high-efficiency showerheads to their customers in June.

The LCRA Customer Conservation Coordinator (C3) Work Group held their third meeting at the Redbud Center on April 21. The focus of the meeting was on outdoor water use. A panel composed of LCRA customers discussed their irrigation evaluation programs, including program effectiveness and the benefits as a customer service.

The Highland Lakes Building Industry Association signed an interlocal agreement with LCRA to implement the Water Smart Home Program. The program highlights water conservation measures in new homes by certifying homes that meet conservation standards as a Water Smart Home.

Staff participated in several outreach events to promote water conservation. These included Springfest at the Hill Country Galleria, Texas Water Day at the Capitol, White Water Springs Environmental Fest, Pflugerville Deutschen Pfest, the Burnet County Master Gardeners Day, and the Earth Day celebration at McKinney Roughs Nature Park.

The Texas Agrilife curriculum and training sessions were completed, with good participation from LCRA customers. Participants included staff from the cities of Pflugerville, Leander, Cedar Park, Horseshoe Bay, and Austin, Barton Creek Lakeside, Lakeway MUD, and Travis County WCID 17.

Conservation staff attended the first meeting of the Central Texas Water Conservation Network in May. This group is a coalition of Central Texas water utilities with the goal of sharing and promoting information on water conservation and was formed as a result of the Central Texas Water Conservation Symposium.

Water Quality Index

LCRA's water quality index gives the public a snapshot of overall water quality conditions in the lower Colorado River basin. LCRA issues a water quality index monthly to characterize the general quality of the river, tributaries and Highland Lakes using ratings of "excellent," "good," "fair" and "poor." The index is based on a list of parameters, including dissolved oxygen, bacteria, nutrients (nitrogen and phosphorus), temperature and total dissolved solids. Monthly updates can be found at <http://www.lcra.org/water/quality/state.html>.

The month of June saw continued good to excellent water quality throughout the basin. Eleven of 15 locations earned excellent scores this month. The Highland Lakes, tributary streams and the Colorado River all reported dissolved oxygen measurements supportive of healthy fish populations. Bacteria and nutrient levels were low. Triple digit air temperatures and little rainfall brought water temperatures up and water levels down. Despite diminishing flows in many of the Hill Country streams, water quality conditions continue to be rated as excellent during June. Downstream of Austin, four locations received good ratings; the Colorado River at Smithville, La Grange, Columbus and Bay City, were influenced by a combination of warm water temperatures and slightly elevated nutrients.

The San Saba, Llano and Pedernales Rivers and all of the Highland Lakes earned excellent scores with dissolved oxygen measurements at optimal levels. Bacteria levels were low and therefore not a concern for contact recreation, and nutrients were also low. The San Saba and Llano Rivers and Lake Marble Falls were the warmest in the upper basin with water temperatures at 83 degrees. All other locations' water temperatures remained in the upper 70s. Water clarity on the San Saba, Llano and Pedernales Rivers were all greater than the total depth at these sites. Visibility in Inks Lake, Lake Marble Falls, Lake LBJ and Lake Buchanan ranged from three to six feet. Lake Travis was the clearest at eight feet.

The Colorado River at Austin, Bastrop and Wharton netted excellent scores in June. All water quality parameters measured were optimal for this time of year. The downstream locations that earned good scores; the Colorado River at Smithville, La Grange, Columbus and Bay City came in just under the required score for an excellent rating, due to water temperatures in the 80s and slightly elevated nutrients. Water temperatures at Austin and Bastrop remained in the 70s. Four monitoring sites were clear to the bottom; the river at Austin, Bastrop, Smithville and Columbus. Water clarity at La Grange, Wharton, and Bay City was about one foot.

Freshwater inflows to Matagorda Bay from the Colorado River continued to be very low because of lack of inflow into the Highland Lakes. If inflows continue at this pace, 2011 could go down as the “fourth driest” year in the past 60 years. Monthly inflows for June were 30,400 acre-feet bringing the yearly total to 190,000 acre-feet. Salinity ranged from 28 to 31 ppt (parts per thousand) and averaged 29.7 ppt (last month’s average was 31.0). Bay water temperatures continued to warm. Daily water temperatures ranged from 84 degrees to 88 degrees with an average of 86degrees for the month of June (78 degrees was the average last month).

Water and Wastewater Utilities

Regional Highlights

Hill Country Region

Staff has executed a water rights lease on the San Saba River for a raw water supply to the Lometa Water System. The application for moving the diversion point to LCRA’s intake on the Colorado River is awaiting approval from TCEQ. Four water systems, Lometa, Lake Buchanan, Smithwick Mills, and Spicewood Beach are currently under Stage 2 mandatory conservation measures.

West Travis County and Southeast Regions

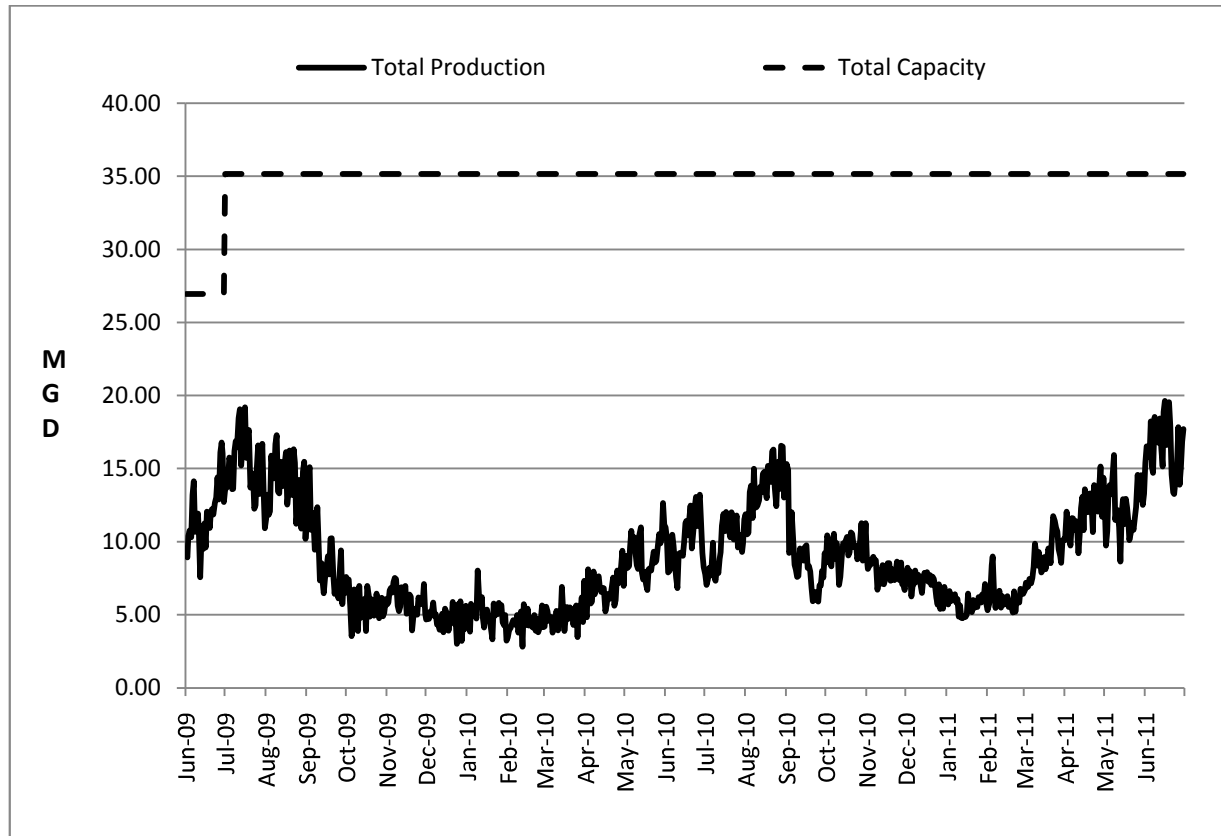
Staff successfully completed the expansion of the Lake Pointe Wastewater Treatment Plant from 525,000 gallons per day to 675,000 gallons per day. This was an extremely difficult construction project requiring significant coordination among operations, engineering, construction management and customer service staff. The construction had to be carried out while the plant was available to treat capacity flows and was accomplished with no excursions against the wastewater effluent permit parameters.

May 1 marked the beginning of mandatory outdoor watering restrictions for customers of the West Travis County Regional Water System. Customers are limited to no more than two days per week for outdoor watering. The mandatory restrictions usually end on Sept. 30 but may be extended if the drought does not lessen.

June 30 was the official closing date for the sale of the Elgin wastewater system, returning the plant to the City of Elgin. One operator position was eliminated as the result of that divestiture. A new well has been installed for the Matagorda Water System. Staff is currently seeking regulatory approval to connect the new water supply to the system.

Operations

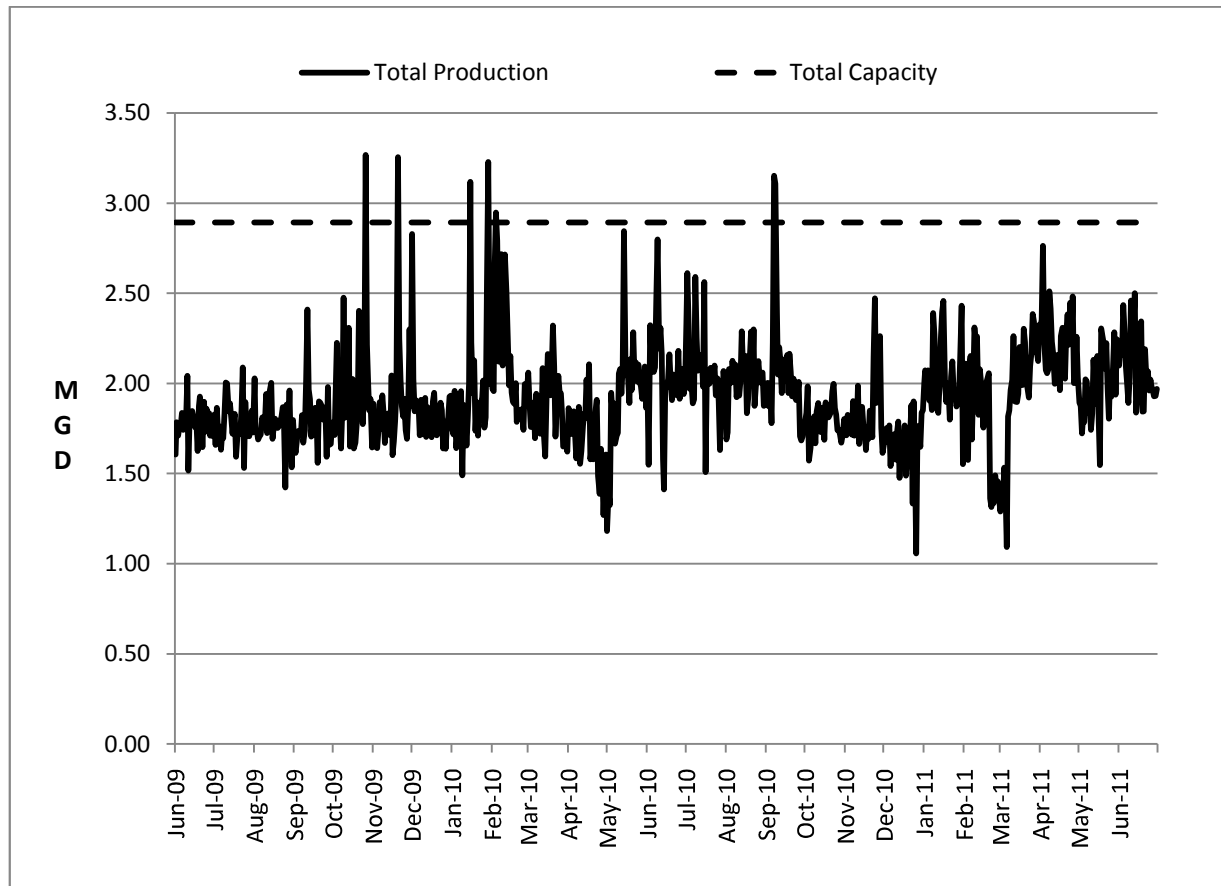
Water



This chart depicts the amount of potable water treated on a daily basis at LCRA's 15 water treatment plants from June 1, 2009, through June 30, 2011, and the combined installed capacity of the water treatment facilities. Systems where LCRA purchases wholesale water for resale (e.g., Sandy Harbor) or systems where LCRA sells raw water (e.g., Lakeway Raw Water System) are not included.

Water system capacity was increased from 26.9 million gallons per day (MGD) to 35.1 MGD in July 2009, as shown by the step increase on the graph. Water treatment plant capacity is designed to meet the peak day demands of the system. The total daily production of a water plant typically increases in the early spring and through the summer and then drops in the fall and winter.

Wastewater



This chart depicts the total amount of wastewater treated on a daily basis at LCRA's 10 wastewater treatment plants from Jun. 1, 2009, through Jun. 30, 2011, and the combined installed capacity of the wastewater facilities. The installed capacity is the capacity to treat and dispose of wastewater and is typically less than or equal to the permitted capacity as authorized by the TCEQ. In addition, wastewater treatment plant capacity is typically noted as 30-day average flow. Peak events can be higher and are normally associated with rain events. Peak-day flow excursions above the installed capacity are allowed by permit within specific constraints. Facility capacity is 2.9 MGD.

The total daily production shows periods of consistent flow indicating dry days and sharp peaks indicating rainy days. Weather impacts wastewater system flows primarily because of inflows and infiltration into the collection systems that transport sewage to the treatment works.

Regulatory

All water and wastewater treatment plants are regulated by the TCEQ and LCRA is required to report on specific parameters each month. The following is a list of exceedences between March 2011 and June 2011:

- In May, the Camp Swift Wastewater System exceeded the flow limits of the treatment plant.
- Also in May, the Lake Pointe Wastewater Treatment Plant had an exceedence on the maximum grab sample for fecal coliform.
- In June, the Lake Pointe Wastewater Treatment Plan exceeded the flow limits of the treatment plant.
- Also in June, the Camp Swift Wastewater System exceeded the flow limits of the treatment plant.

The TCEQ conducted the following inspections of the water and wastewater utilities between March 2011 and June 2011:

- Spicewood Beach Water System was inspected on May 17, 2011, and there were no violations.
- Bonanza Beach Water System was inspected on May 19, 2011, and there were no violations, however there were two additional issues noted. The average annual radium is above the compliance agreement limit, and the monitoring plan and operations manual need to be updated for the system.
- Lometa Wastewater System was inspected on June 23, 2011, and there was one violation found. A missing staff gauge at the effluent weir was noted. Since the inspection, the staff gauge has been installed.
- Hamilton Creek Water System was inspected on June 29, 2011, and there were no violations.

On April 30, 2011, there was a boil water notice at the Quail Creek Water Treatment System. A squirrel chewed through the electric line which caused the water pressure to drop below 30 psi.

There were multiple unauthorized discharges between March 2011 and June 2011.

- On April 14, 2011 there was an unauthorized discharge from the Lometa Wastewater Plant, when the return activated sludge line was blocked from the clarifier. Approximately 300 gallons of untreated wastewater overflowed. The line was unclogged, and the area was cleaned and disinfected.
- On April 16, 2011 there was an unauthorized discharge from the Windmill Ranch Wastewater Treatment Plant when the chain on the bar screen broke. The overflow was contained on site. Approximately 700 gallons of untreated wastewater overflowed.
- There were seven sanitary sewer overflows in the Elgin Wastewater System between April and May. The overflows occurred at manholes near the HEB and were caused by blockages from paper towels. A total of 10,150 gallons overflowed in this location.
- On June 24, 2011, there was a sanitary sewer overflow in the Ridge Harbor Wastewater System at a grinder pump station. Approximately 500 gallons of untreated wastewater overflowed.

Community Services

Quarterly Operations Report

Archaeology Services

On May 10, staff presented information to the San Saba County Extension Education Club monthly meeting about the archaeological and historical sites that were documented and identified for protection prior to construction at LCRA's San Saba River Nature Park.

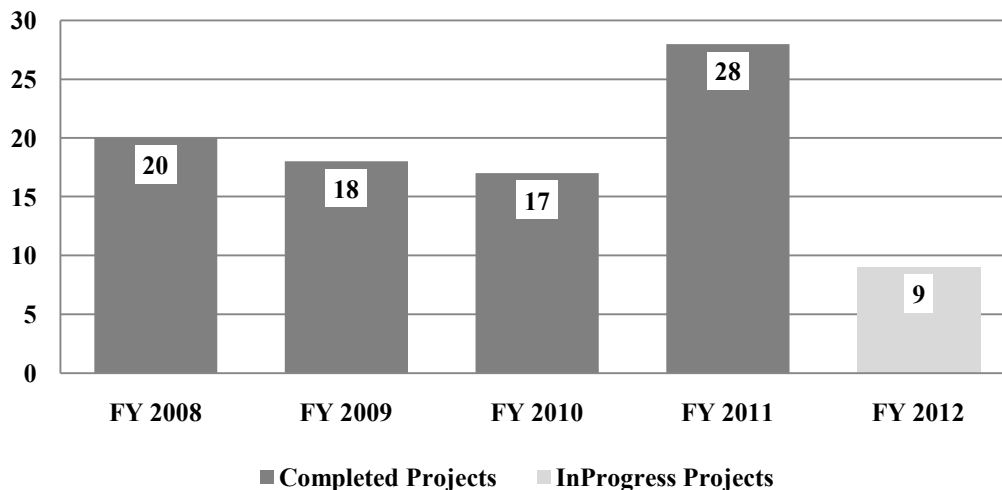
Community and Economic Development

In the fourth quarter of FY 2011, Community and Economic Development (CED) staff produced 52 deliverables, including services in comprehensive planning, research and analysis, strategic planning, economic impact analysis, financial incentives and due diligence, customized training, tourism development, and household hazardous waste technical assistance. The services were provided to 33 organizations or cities in 21 service area counties, including Austin, Bastrop, Blanco, Burnet, Colorado, Comal, DeWitt, Fayette, Gonzales, Guadalupe, Hays, Lampasas, Lee, Llano, Matagorda, San Saba, Travis, Waller, Washington, Wharton and Williamson counties.

During the last fiscal year, CED staff experienced an increase in strategic planning services as organizations and communities readjusted during the economic downturn. The strategic plans that were developed have positioned chambers of commerce to better serve their members, allowed local governments to allocate resources where citizens are concerned, and provided an opportunity for economic development organizations to capitalize on new market opportunities. This high level of demand is expected going forward into FY 2012 as communities re-emerge from the recession.

Below is a chart showing the growth.

**Community and Economic Development
Strategic Planning Assistance**



Highlights include:

- Provided assistance on a regional interview team in hiring an assistant director of economic development focusing primarily on business recruitment and retention priorities for the Greater San Marcos Partnership.

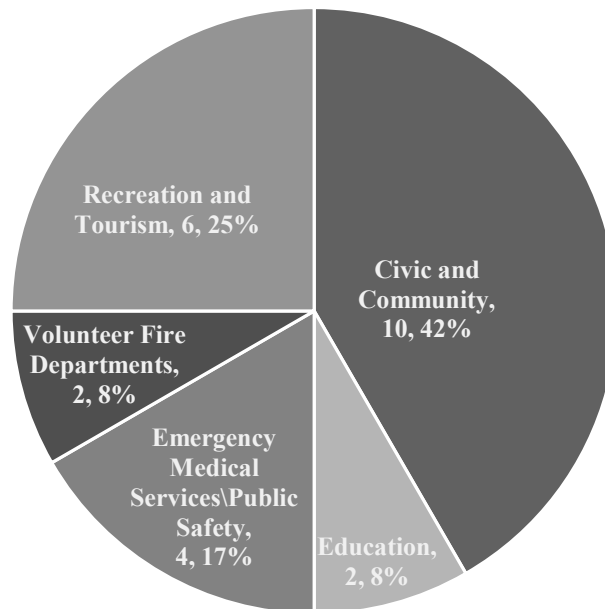
- Evaluated RFP's developed by the Economic Development Foundation of Brenham that will be submitted to the Governor's Office of Economic Development and Tourism for business recruitment proposals.

Community Development Partnership Program

Staff reviewed and scored 28 Community Development Partnership Program (CDPP) grant applications requesting more than \$570,000 in funding for the second cycle of FY 2011. The CDPP review committee, which includes LCRA directors Lori A. Berger and Scott Spears, met in May and awarded 24 grants totaling \$474,527. We have placed an emphasis on projects that include energy efficiency, water conservation or household hazardous waste and recycling collection facilities. Six of the projects being funded include conservation efforts.

Below is a pie chart showing the number of grants and program areas of the 24 grant awards.

24 Grants Awarded by Category



Conservation Services

On May 10, staff assisted the City of Austin's Wildland Conservation Division with the 15th Anniversary celebration of the issuance of the Balcones Canyonlands Conservation Plan (BCCP) regional 10(a) permit at the City of Austin's Reicher Ranch. This BCCP permit is a nationally recognized model program for balancing endangered species conservation and economic growth.

On May 12, staff met with Texas Parks and Wildlife Department (TPWD) representatives to discuss their public land management programs and conservation activities. This meeting is part of a continuing effort to benchmark with other public agencies having similar conservation and public land stewardship responsibilities.

On May 13, staff participated in the Fayette County Safety Day at the Fayette County Fairgrounds. This event focused on teaching fifth-grade students safety and health lessons they can use at their homes, farm or ranch. Progressive Agriculture Foundation sponsored this event and

other participants included Fayette County Soil and Water Conservation District, the Texas AgriLife Extension Service and local law enforcement and emergency response personnel.

On May 23, staff attended a two-day Urban Wildlife Management and Planning Conference in Austin. The conference provided the latest information and scientific research findings regarding recurring issues of wildlife management in populated areas.

On May 27, staff hosted a conservation easement workshop at LCRA's Riverside Conference Center in Bastrop. The workshop educated participating landowners about the role that conservation easements provide in the protection of their land for their current use and their family members of future generations.

On June 20, staff participated in a local work group meeting in Austin sponsored by the USDA Natural Resources Conservation Service (NRCS), the Texas State Soil and Water Conservation Board and the Caldwell-Travis Soil and Water Conservation District. The meeting focused on identifying local natural resource concerns that can be treated using conservation programs and activities. Recommendations will shape the funding, technical assistance and conservation work that will be available in Travis County for the upcoming year, and will be reviewed by the State Technical Advisory Committee to help implement conservation programs offered by NRCS.

On June 25, staff participated in a land stewardship workshop at the Burnet County Fairgrounds. This event was sponsored by the Central Texas Conservation Partnership, a collaborative effort of several public and private natural resource organizations, including the Texas Forest Service, Texas AgriLife Extension Service, Texas Parks and Wildlife Department and LCRA. The event served the combined purpose of providing a centralized, accessible resource for important information and guidelines for effectively conserving the natural resources of the state.

Natural Science Centers

By the end of FY 2011, the natural science centers provided services to almost 70,000 visitors promoting conservation and stewardship of the lower Colorado River basin's natural and cultural resources through educational and recreation opportunities. These program services occur at the McKinney Roughs Nature Park, Matagorda Bay Nature Park, and at outreach locations throughout the LCRA basin.

Highlights for the fourth quarter include:

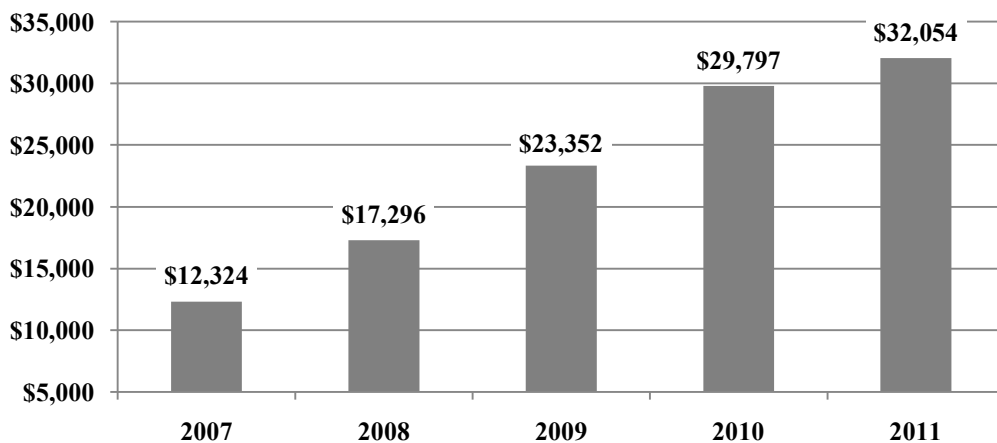
- The annual *Kids on the Colorado* program goal of putting 5,000 kids on the river in FY 2011 provides youth with an opportunity to raft on the lower Colorado River and learn about water conservation and stewardship. Staff served 5,244 youth with river rafting and kayaking programs in FY 2011 with 4,215 or 80 percent of the youth from underserved and at-risk population groups.
- For the seventh consecutive year, the natural science centers collaborated with the U.S. Department of Interior's Bureau of Reclamation and the *Catch a Special Thrill* (C.A.S.T.) Foundation to host a fishing and boater safety program at Lake Bastrop's North Shore Park for 212 special needs children and their families. More than 100 volunteers and corporate partners supported the event, including Bluebonnet Electric Cooperative, Chili's Restaurant, Aqua Water Corporation and Wal-Mart. LCRA's event was selected by Michelle Obama to be profiled on her "Let's Move Outside" effort to reconnect children with the outdoors. The U.S. Department of Interior's Assistant Secretary for Water and Science, Anne Castle, represented Obama at the event.
- The U.S. Environmental Protection Agency has announced its annual Gulf Guardian Awards for 2011, which included LCRA's Matagorda Bay Natural Science Center "River Stewards" being recognized in the youth education category from throughout Texas,

Mississippi, Alabama, Florida and Louisiana. Recognized agencies are selected for their efforts to protect, restore and maintain the health and productivity of the Gulf of Mexico ecosystem in economically sustainable ways. The “River Stewards” is a hands-on natural science educational program targeted at students from fifth through eighth grade, which fosters stewardship of the Colorado River and the Gulf of Mexico.

Parks

Over the past five years, cash receipts from the parks that LCRA directly operates have steadily increased during the Memorial Day holiday weekend. Along with increasing attendance, the development of staffed entrance stations with daily on-site presence by park hosts at the Lake Travis recreation areas, the addition of new recreational facilities at several parks at Matagorda Bay Nature Park, Lake Bastrop South Shore Park and Lake Buchanan Black Rock Park, etc., have contributed to the increase in LCRA parks income during the busiest weekend of the summer season.

Memorial Day Weekend Park Revenues



* Revenues shown were directly received by LCRA staff members. These figures do not include park partners or leases.

When compared to 2010 visitation, attendance was down slightly for LCRA’s parks and recreation areas during the start of the 2011 recreational season (April, May, June). The most likely causes were: (1) the very early onset of record heat; (2) rapidly receding Highland Lakes water levels with incrementally closing boat ramps; and (3) the implementation of a very restrictive outdoor burn ban on LCRA’s recreational lands that required campers to only use flames that they could turn on or off instantly (e.g., cooking devices that used white gas, electricity or propane) and that totally prohibited the use of charcoal or wood.

Despite ongoing drought conditions, Canyon of the Eagles Nature Park’s new operator, Calibre Management Incorporated, enjoyed successful spring months with very good occupancy rates at its resort on Lake Buchanan. Reflecting continual operational changes as the new resort owners become more familiar with the nature park, Calibre has assumed responsibility for all on-site camping reservations and transitioned away from the telephone reservation services previously provided through LCRA’s agreement with the Texas Parks and Wildlife Department. Canyon of the Eagles Nature Park customers can now contact the resort for all lodge and camping services directly through the Web at www.canyonoftheeagles.com or call them at 1-800-977-0081.

The following parks experienced typical visitation of the many large groups using LCRA public lands for outdoor recreation during the last quarter of the fiscal year: in May at Plum Park, Boy Scout Troop 599 from Houston brought 150 people to camp for a weekend; in June at Turkey Bend Recreation Area, Fleet Maintenance of Texas brought 50 people for a six-day corporate retreat; in June at Lake Bastrop South Shore Park, Dairy Queen, Inc. had a company picnic for more than 200 people; and in June at Muleshoe Bend Recreation Area, the Xterra Off-Road Triathlon brought more than 300 amateur athletes to the park.

On May 23, staff met with the Fayette Power Project Management Committee (FPPMC) to discuss the Oak Thicket and Park Prairie parks concessionaire operating agreement that will expire in April 2012. The committee was briefed on the proposed action plan to select a new operator. The FPPMC is responsible for oversight and long range planning for the Fayette Power Project (representing Austin Energy and LCRA, which equally split the park revenues).

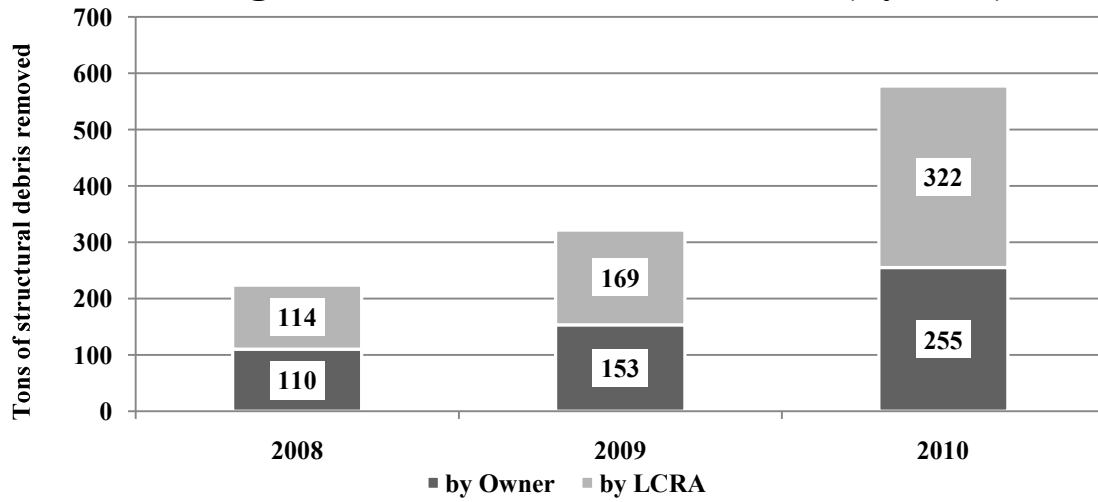
Water Surface Management

The Residential Dock Safety Program works to ensure public safety, navigation and protect water quality on the Highland Lakes. The Safety Standards for Residential Docks on the Highland Lakes (Standards) were needed due to an ever-increasing number of complaints received from the public. Development of the standards involved a two-year public input process that included five rounds of public meetings, two citizen work groups and a review by more than 1,000 interested citizens. The standards were approved by the Board in 2004. The top issue identified during the public input process was the large number of abandoned and dilapidated docks.

LCRA periodically conducts a survey of the number of residential docks on the Highland Lakes. Since 2006, the number of residential docks on the Highland Lakes has increased by approximately 24 percent, and now there are more than 7,200 docks. Since 2008, more than 500 tons of abandoned and/or dilapidated dock structures have been removed from the Highland Lakes, and residents have repaired approximately 370 tons of dock structures. Dock owners are responsible for all expenditures for repair or removal of dilapidated docks required by the standards. LCRA staff removes only those docks that are safety hazards where owners cannot be identified. While 90 percent of all of the dilapidated docks are removed by the dock owners, the tonnage removed by LCRA is greater due to the larger size of the structures removed by LCRA staff.

The following table does not reflect the communitywide cleanup efforts by Volente, Lakeway and the Marina Association of Lake Travis during the low levels of 2009. Water Surface Management also removes other hazards such as abandoned boats, old barrels, and fences in the lake, as well as other debris, when needed. Because of the substantial amount of dock debris that has been removed from the lakes in the past few years, staff has been able to reduce the amount of money dedicated for dilapidated dock removal in FY 2012.

Residential Dock Structures Removed from the Highland Lakes - Cumulative Total (By Tons)



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