City of Austin and LCRA
WATER PARTNERSHIP

City of Austin-LCRA Water Partnership
2018 Annual Report

I. Purpose of Annual Report

The City of Austin-Lower Colorado River Authority Water Partnership (Water Partnership) is charged with providing a written Annual Report on the status and direction of water supply discussions as considered by the Water Partnership during the previous year.

II. Background on Partnership

A. History

The Water Partnership was created through the June 2007 Austin and LCRA Settlement Agreement. The November 2007 Supplemental Water Supply Agreement provides additional details on roles, responsibilities and expectations related to the Water Partnership, including the establishment of a stakeholder group.

The Water Partnership was formed to provide a cooperative management structure through which Austin and LCRA staff can collaborate and more effectively manage both entities' water supplies and resources. The Water Partnership in effect formalizes the on-going meetings between the staffs of the two entities to assure regular communication on matters of mutual concern. Austin and LCRA have recognized the complex and diverse nature of water supply planning and management of water resources in the lower Colorado River basin. Through the Water Partnership, both entities seek to cooperate, improve communication and avoid future conflicts.

The Water Partnership and its various committees continue to meet on a regular basis and will continue to work cooperatively on water supply, conservation, quality and permitting issues. As needed, the Water Partnership presents recommendations to the Austin City Council and LCRA Board of Directors for approval.

B. Cooperative Management Structure

Under the leadership of the Austin City Council and the LCRA Board, as directed by the Austin city manager and LCRA general manager, the Water Partnership is composed of a series of committees headed by the Executive Management Committee (EMC). For reference, a depiction of the general organizational structure of the Water Partnership is shown in **Attachment A**.

B.1. Committees: General Purpose

The following are brief descriptions of current committees. Committee members in 2018 are listed in **Appendix 1**.

Executive Management Committee
The EMC is composed of two members from the Austin, designated by the city manager, and two members from LCRA, designated by the general manager.

The EMC is responsible for carrying out the purpose and scope of the Water Partnership. This committee oversees the work of the sub-committees, including among other things, evaluation of and implementation of any approved joint water supply strategies.

In 2018, Austin Water led the EMC meetings and will continue to do so in 2019 to complete the two-year cycle.

Technical Committee
The Technical Committee is a standing committee made up of Austin and LCRA staff members appointed by the EMC. The committee is charged with developing projections of water demands, coordination on water use reporting, identification and evaluation of water supply alternatives, reporting on water rights permitting activities, developing technical analyses and implementation plans for water supply strategies identified for further study, pursuing technical projects or issues as assigned by the EMC, and assisting with agenda development for the EMC.

In 2018, LCRA led the Technical Committee meetings and will continue to do so in 2019 to complete the two-year cycle.

B.2. Committees: Special Purpose

Water Conservation Committee
The Water Conservation Committee is a special committee made up of Austin and LCRA staff members appointed by the EMC. Consistent with the Settlement Agreement, the Water Conservation Strategies Report was developed and approved in 2008. The Water Conservation Committee also is charged with implementing the associated plans and scope of work, as approved by the EMC.

Water Quality Committee
The Water Quality Committee is a special committee made up of Austin and LCRA staff members appointed by the EMC. Consistent with the Settlement Agreement, the Water Quality Monitoring and Evaluation Plan was developed and approved in 2010. The Water Quality Committee also is charged with implementing the associated plans and scope of work, as approved by the EMC.

Stakeholder Committee
This stakeholder group is comprised of a balanced and diverse group of organizations and individuals interested in the parties' water supply discussions. The Stakeholder Committee is charged with providing feedback and input to the EMC when Austin and LCRA are

considering certain long-term water supply decisions covered by the Supplemental Water Supply Agreement between Austin and LCRA.

The Stakeholder Committee members, appointed by the Austin City Council and the LCRA Board, represent a wide-variety of interests including environmental, rate payers, business, agriculture, conservation, industrial, recreation and high growth.

III. Summary of Year 2018 Activities

A. Highlights of Joint Activities

A.1. Austin Municipal Water Supply Discussions

There were no formal discussions directed towards LCRA securing additional municipal supplies for Austin in the previous year. The current municipal supply contract with LCRA, which was negotiated in 1999, will meet Austin's demands up to 325,000 acre-feet per year. Note Austin's 2018 annual diversion for municipal purposes was approximately 148,600 acre-feet. According to the Supplemental Water Supply Agreement, the Water Partnership must determine whether to begin a long-term planning process for additional supplies soon after Austin's municipal demand exceeds 225,000 acre-feet per year, but may decide to initiate those discussions at an earlier date. Supply planning for Austin's non-municipal water needs also may occur at any time.

A.2. Joint Application for Reuse of City of Austin Return Flows

Consistent with the actions required of the 2007 Settlement Agreement, Austin and LCRA filed a Joint Application for Reuse with the Texas Commission on Environmental Quality (TCEQ) on March 1, 2012. The application seeks legal authority to use Austin's return flows to help meet the city's long-term municipal needs and to help meet environmental needs and continued use of the water to meet other downstream water needs. TCEQ declared the application administratively complete in July 2012. Austin and LCRA staff worked with TCEQ on technical review requests. At year-end 2017, TCEQ awaited the outcome of joint efforts by Austin and LCRA on Water Availability Model modeling that incorporates the joint application and the anticipated permit. No further action was made in 2018. The EMC has identified this task for 2019.

A.3. TCEQ Water Use Reporting

LCRA and Austin coordinated on annual TCEQ water use reporting for submittal of TCEQ Water Use Reports for year 2018.

A.4. Zebra Mussel Monitoring and Response

In June 2017, Texas Parks and Wildlife Department (TPWD) and LCRA biologists confirmed the presence of the invasive zebra mussels in Lake Travis after an observant staff member at a local marina reported the sighting of a single zebra mussel attached to the outboard motor of a moored boat on the lake. In February 2018, TPWD declared a reproducing population was established in Lake Austin and classified the waterbody as

infested. Eight months later, Lady Bird Lake also was classified as infested with zebra mussels.

As a result of the initial 2017 zebra mussel discovery, LCRA developed internal protocols for decontaminating LCRA watercraft to help prevent the spread of zebra mussels and other invasive species to other waterbodies. LCRA conducts routine inspections on at-risk infrastructure and is currently reviewing management techniques to mitigate impacts of zebra mussels. LCRA also has partnered with TPWD and supports their public outreach campaign. The campaign focuses on educating anglers, recreators and other stakeholders about the negative effects of zebra mussels and the importance of watercraft decontamination.

Routine monitoring for early detection of zebra mussels is being conducted in all six LCRA-managed waterbodies currently not inhabited by zebra mussels – lakes Buchanan, Inks, LBJ, Marble Falls, Bastrop and Fayette. LCRA is monitoring the downstream dispersal of zebra mussels in the Colorado River below Lady Bird Lake. LCRA also is monitoring zebra mussel spawning trends in Lake Travis, Lake Austin and Lady Bird Lake to help inform management decisions for all stakeholders.

Spawning trend data from 2018 suggests zebra mussel reproduction increases when surface water temperatures are within about 18°C to 28-30°C. Following the October 2018 flood event, mortality of some adult and juvenile zebra mussels was observed throughout the basin. Review of post-flood spawning trend data also suggests a reduction in reproductive activity. This reduction in reproduction is suspected to be temporary with regular spawning activity resuming in the spring. All monitoring efforts will continue throughout 2019.

B. Highlights of Other Water Supply-Related Activities and Discussions

B.1. Austin Water Forward

A key recommendation of Austin's 2014 Austin Water Resource Planning Task Force was the development of an Integrated Water Resource Plan (IWRP). In December 2014, the Austin City Council passed a resolution creating the Austin Integrated Water Resource Planning Community Task Force (Water Forward Task Force) to support the development of the IWRP. This Task Force is made up of 11 Mayor and Council appointees and additional ex-officio representatives from eight Austin departments including Austin Energy, Watershed Protection and the Office of Sustainability and has typically been holding monthly meetings since May 2015. The IWRP is a collaborative effort led by Austin Water to provide a 100-year plan for demand management and supply-side options for Austin. The plan takes into account a wide-range of factors including population growth, drought, and climate uncertainty. Austin refers to this effort as Water Forward.

The Austin Water-led Water Forward, Integrated Water Resource Plan is Austin's 100-year roadmap for a sustainable water future. The plan was developed using a holistic, One Water planning approach that balances multiple objectives including water reliability,

social, environmental, and economic benefits. The plan's transformative vision reflects a substantial collaborative effort that took place over the course of three and a half years. The Austin City Council adoption of the Water Forward plan in November 2018 was the culmination of extensive work with the Austin community, a citizen task force, and across multiple City departments, Boards and Commissions, and regional entities.

The plan embraces innovative strategies to address future water challenges including advanced metering infrastructure using smart technology and data analytics to identify potential customer leaks, as well as incentives for smart irrigation system controllers. The plan seeks to meet non-potable demands with non-potable source waters through centralized and decentralized strategies. As Austin grows, new development can help to implement onsite reuse strategies or can connect to the City's centralized reclaimed water system to incrementally meet growing demands.

One of the key components of the plan is an Aquifer Storage and Recovery (ASR) facility to save available water during wet times and store it underground, safe from evaporation, for use during drought or other emergency situations. Storage strategies such as ASR stretch Austin's existing surface water supplies and provide our community self-sufficiency through a locally-controlled second source of supply.

Austin Water is implementing the 2018 Water Forward plan as part of an adaptive management approach. The plan will be updated on a five-year cycle to incorporate information about changing conditions and allowing the utility to make adjustments as necessary.

In addition to regular updates on the planning process and review and discussion of various plan development elements at Technical Committee meetings, Austin Water also gave regular updates to LCRA on the planning process at EMC meetings.

B.2. Austin Drought Contingency Plan and Water Conservation Plan

Austin adopted water conservation and drought contingency plans that went into effect in May 2016. These plans include watering restrictions of no more than once a week for automatic irrigation systems and two days a week for hose-end sprinklers during evening or night time hours. Home car washing is allowed with a bucket or auto shut-off hose. Certain irrigation methods, tree bubblers, hand-held watering and drip irrigation are generally allowed any time on any day. Austin has a number of conservation-related rebate programs typically administered through the Austin Water Conservation Division. These provisions remained in place in 2018.

B.3. Austin Stoneledge Quarry Recharge Project

Austin's Watershed Protection and Development Review Department is considering the use of an inactive rock quarry adjacent to Little Bear Creek, a tributary of Onion Creek, as a means of recharge enhancement to the Barton Springs segment of the Edwards Aquifer. The intent of the additional recharge is to augment flow at Barton Springs. Austin, LCRA

and Barton Springs Edwards Aquifer Conservation District entered into an interlocal agreement in 2011. Austin staff worked on a draft water right application for the recharge project and, in August 2013, staff from Austin and LCRA met with TCEQ Water Permitting Division staff for a pre-application meeting. Austin and LCRA worked together to address follow-up items raised by TCEQ staff, including additional surface water modeling and incorporating recent flow data from Little Bear Creek. Austin submitted the water right application to TCEQ on Nov. 4, 2015. At the end of 2018, the application remained in technical review at TCEQ.

B.4. LCRA Water Management Plan Revision Process

On Nov. 18, 2015, TCEQ approved an amendment to the LCRA Water Management Plan (2015 WMP). In January 2018, LCRA began the WMP revision process consistent with the order approving the 2015 WMP. The order requires LCRA to include naturalized streamflow data through 2016. LCRA has used input from interested participants to develop every WMP. Throughout 2018, LCRA held numerous meetings to present staff-proposed changes to the WMP, present modeling results and solicit input from participants. Following each meeting, participants had the opportunity to submit written comments, and LCRA staff developed written responses to the comments. LCRA staff also was available for individual and small group meetings. Some of the key changes proposed in this WMP revision as compared to the 2015 WMP include:

Interruptible Stored Water Availability

- Updated volumetric limits on the amounts of Interruptible Stored Water available for diversion at the Gulf Coast, Lakeside and Pierce Ranch operations;
- Updated Combined Storage level for the cutoff of Interruptible Stored Water during the middle of the Agricultural Season;
- Additional criteria for entering Extraordinary Drought based on severe drought conditions similar to 2011 conditions; and
- New maximum limit on releases of Interruptible Stored Water from lakes Buchanan and Travis.

Environmental Flows

- Additional Nov. 1 Evaluation Date used for determining the environmental criteria in place during the period from November through February;
- Modified Combined Storage level for instream flow conditions switching between Base-Dry and Subsistence from 1.9 million acre-feet to 1.8 million acre-feet;
- Modified obligation related to the supply of water to help meet environmental flow needs at Wharton when Combined Storage is below 900,000 acre-feet;
- Water stored in Arbuckle Reservoir is available to meet LCRA's obligation for bay inflows; and
- Updated limits on releases of water to help meet environmental flow needs.

Drought Worse Than Drought of Record

- Test for declaring Drought Worse than Drought of Record updated to reflect intensity and duration of the recent new Drought of Record.

B.5. LCRA Water Supply Status

On Jan. 1, 2018, Lake Buchanan was at a level of 1015.5 feet msl, and Lake Travis' level was at 669.25 feet msl for a combined storage of 1,704,100 acre-feet. Combined storage on the March 1, 2018, evaluation date was 1,703,800 acre-feet. Consistent with the 2015 WMP, the maximum amount of Interruptible Stored Water available for first season for agricultural customers in the Gulf Coast, Lakeside and Pierce Ranch operations was 202,000 acre-feet. On July 1, 2018, the combined storage was 1,547,500 acre-feet, which under the 2015 WMP corresponded to Less Severe Drought conditions. Following an extended period of low inflows, combined storage reached 1,358,842 acre-feet on Sept. 4, 2018. Subsequent flooding in October filled the lakes and LCRA began flood operations, which continued into November. The year ended with storage above the managed combined storage.

B.6. LCRA New Water Supply Projects

In October 2014, the LCRA Board unanimously approved construction of an off-channel reservoir project in Wharton County. LCRA built the reservoir, named the Arbuckle Reservoir, near Lane City. The reservoir, which formerly was known as the Lane City Reservoir, could add up to 90,000 acre-feet of water to the region's supply. It is the first project that will allow LCRA to capture and store significant amounts of water downstream of the Highland Lakes. It is expected to be operational in 2020.

LCRA owns the groundwater rights associated with the 5,000-acre Griffith League Boy Scout Ranch in Bastrop County, and is seeking permits to drill up to eight wells for the production of up to 25,000 acre-feet of water when the need arises to meet demand. On May 16, 2018, the LCRA Board approved moving forward with permitting and design of the groundwater project. LCRA submitted operation and transport permit applications to the Lost Pines Goundwater District (LPGCD) on Feb. 21, 2018. A hearing on the permits is scheduled for October 2019, and a recommendation back to LPGCD will likely occur in 2020.

B.7. LCRA Soil Moisture Monitoring

In 2014, LCRA began soil moisture monitoring around Gillespie County in coordination with the University of Texas at Austin Jackson School of Geosciences in anticipation of a 2015 launch of the NASA Soil Moisture Active Passive Satellite. LCRA updated the EMC on the ongoing collection of the data using LCRA's Hydromet system. LCRA has begun displaying NASA Land Information System modeled soil moisture at hydromet.lcra.org. In 2018, LCRA and UT Arlington made a proposal to NASA to incorporate soil moisture data into flood modeling.

B.8. Prairie Regulating Reservoir Project

LCRA received an $8 million federal partnership award to help construct a new irrigation regulating reservoir in Colorado County. The proposed reservoir would provide LCRA operational flexibility by helping meet the demands of downstream customers within the Lakeside Irrigation Division. The reservoir would increase water reliability and improve agricultural water use efficiency. The Prairie Regulating Reservoir project proposes a gravity-fed, up to 2,000 acre-foot, off-channel, regulating reservoir and improvements to the existing collection and distribution system. In 2018, LCRA initiated the federal watershed planning and National Environmental Policy Act analysis and permitting process.

B.9. Tom Miller Dam Flood Gate Replacement Project

In 2018, LCRA began a project to remove and replace each of the nine floodgates at Tom Miller Dam in central Austin. The $9.9 million project is the second extensive renovation of the dam since it was completed in 1940. LCRA completed major structural improvements to the dam in 2005 as part of a dam modernization project. This project will replace the aging floodgates with new, custom-built floodgates that will help ensure the dam will continue to perform reliably and safely for generations to come. During the project, LCRA will replace one floodgate at a time. Work on each floodgate will take about six weeks. The dam will remain in service and available to respond to floods and water supply needs throughout the project.

B.10. LCRA Water Rate Changes

In 2018, LCRA made no changes to its firm water customer water rate of $145 per acre-foot.

B.11. October 2018 Flood Response

The Hill Country experienced historic flooding in October 2018 that brought more than a million acre-feet of water into the Highland Lakes, refilling conservation storage and raising water in the flood pool of Lake Travis up to elevation 704 feet msl. Releases from Lake Travis were made consistent with the Water Control Agreement between LCRA and the U.S. Army Corps of Engineers. The Llano River flooding event in October 2018 generated high turbidities in the river water flowing through the Highland Lakes system. This high turbidity water caused operational upsets at Austin's water treatment plants which led to a city-wide boil water notice issued on October 22, 2019. Austin's boil water notice was lifted on October 28, 2018. During the event, Austin Water coordinated with LCRA on Longhorn Dam operations and water quality investigations.

C. Other Activities and Discussions

C.1. Water Conservation Committee

Austin and LCRA water conservation staffs continued their ongoing focus on conservation in 2018. No Water Conservation Committee meeting was held in 2018.

C.2. Stakeholder Committee
No Stakeholder Committee meeting was held in 2018.

C.3. Water Quality Committee
The Water Quality Committee did not meet in 2018. There was no formal business for the committee to consider.

C.4. Staffing Changes
Changes to the Technical Committee in 2018 included the retirement of Jeff Fox from Austin Water and the addition of Helen Gerlach (Austin Water). Changes to the EMC included the retirement of Karen Bondy from LCRA and the addition of Monica Masters (LCRA), as well as the departure of Robert Goode from Austin and the addition of Kevin Critendon (Austin Water).

IV. Summary of Planned Year 2019 Activities

A. Upcoming Events
- Annual briefings to the Austin Water and Wastewater Commission and Austin City Council.
- Updates provided to the LCRA Board, as needed.
- LCRA pursuing a proposed updat to the 2015 WMP at TCEQ.
- Austin to submit updated 100-year water demand projections (Demand Schedule) to LCRA for use by the partnership.
- Austin Water to begin implementing Water Forward strategies.

A. Ongoing Activities
- Continue coordination on water supply and drought response measures and other items being addressed by the Austin-LCRA Water Partnership Technical Committee.
- Coordination on zebra mussel monitoring and remediation.
- Coordination of Tom Miller Dam Floodgate Replacement Project.
- Continue pursuing the Joint Application for Reuse of City of Austin Return Flows at TCEQ.
- Continue coordination on water use reporting.
- Continue coordination regarding LCRA and Austin pending water rights permits at TCEQ.
- Support implementation of the Stoneledge Quarry Recharge Project.
- Continue updates and review of LCRA's Water Resources Plan.

Attachment:
A. City of Austin-LCRA Water Partnership Organization Chart.

Appendix:
1. Committee Rosters

2. EXHIBIT A - COA and LCRA Water Resource Management Partnership From the: SETTLEMENT AGREEMENT BY AND BETWEEN THE CITY OF AUSTIN AND THE LOWER COLORADO RIVER AUTHORITY REGARDING JOINT WATER RESOURCE MANAGEMENT AND THE RESOLUTION OF CERTAIN REGULATORY MATTERS PENDING AT THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Approved By:

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Lower Colorado River Authority

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Director, Austin Water
City of Austin

John Hofmann
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Lower Colorado River Authority

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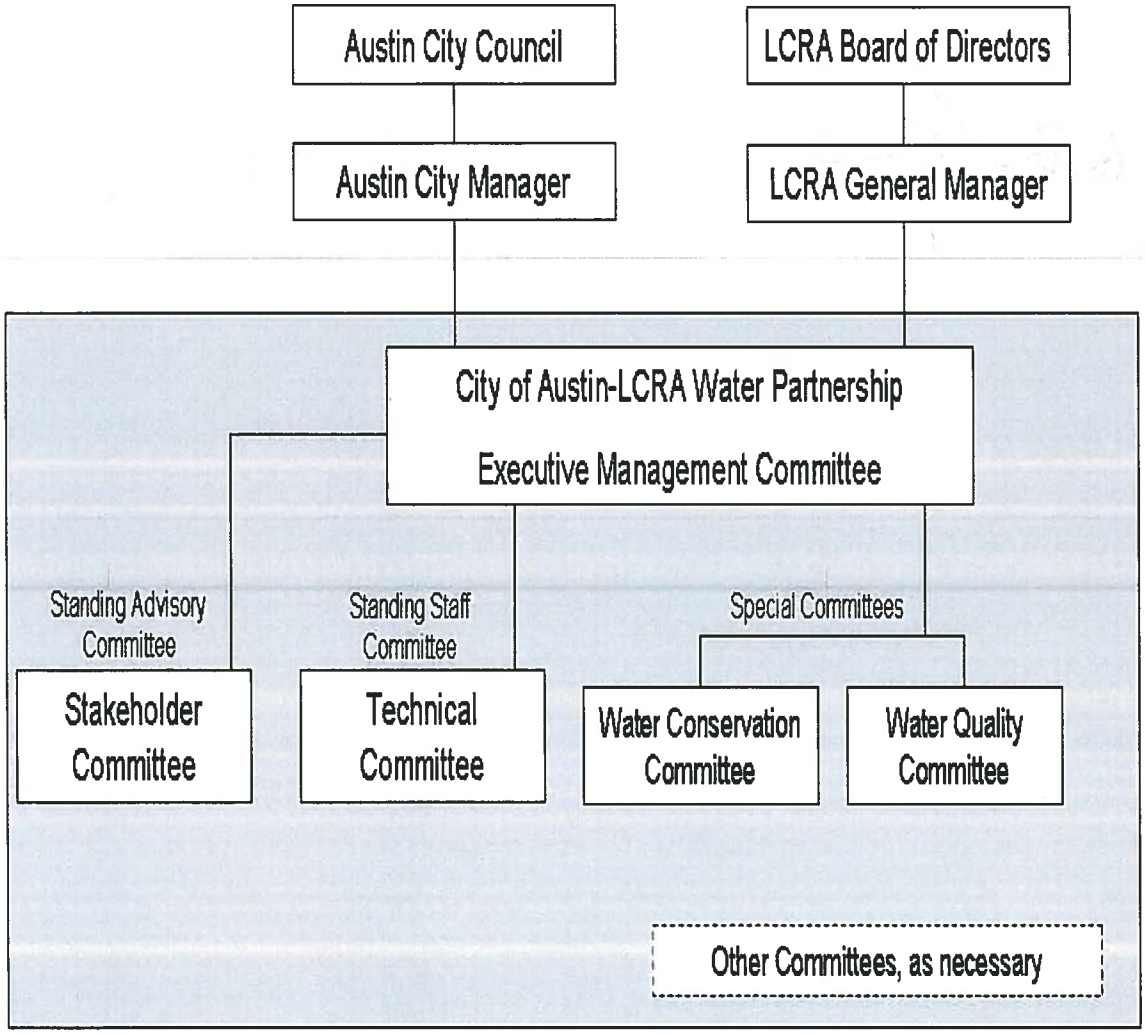
City of Austin-LCRA Water Partnership Organization



Attachment A

Appendices


CITY OF AUSTIN
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LCRA
ENERGY • WATER • COMMUNITY SERVICES

Appendix 1
Committee Rosters
(as of December 2018)

Executive Management Committee

City of Austin

Greg Meszaros, Director, Austin Water
Kevin Critendon, Assistant Director, Austin Water

LCRA

Monica Masters, Vice President, Water Resources
John Hofmann, Executive Vice President, Water

Technical Committee

City of Austin

Helen Gerlach, Graduate Engineer B, Austin Water
Teresa Lutes, Managing Engineer, Austin Water
Ross Crow, Assistant City Attorney, Law Department

LCRA

Ronald Anderson, Chief Engineer
Steve Kellicker, Manager, Financial Planning and Analysis
Lyn Clancy, Managing Associate General Counsel and Senior Water Policy Advisor

Water Conservation Committee

City of Austin

Daryl Slusher, Assistant Director, Austin Water
Drema Gross, Austin Water

LCRA

Valerie Miller, Manager, Water Contracts and Conservation

Water Quality Committee

City of Austin

Daryl Slusher, Assistant Director, Austin Water
Mike Personett, Assistant Director, Austin Watershed Protection

LCRA

Vic Ramirez, Associate General Counsel, Legal Services
Bryan Cook, Manager, Water Quality Protection

Appendix 2.

EXHIBIT A - COA and LCRA Water Resource Management Partnership

From the:

SETTLEMENT AGREEMENT BY AND BETWEEN THE CITY OF AUSTIN AND THE LOWER COLORADO RIVER AUTHORITY REGARDING JOINT WATER RESOURCE MANAGEMENT AND THE RESOLUTION OF CERTAIN REGULATORY MATTERS PENDING AT THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

EFFECTIVE DATE: JUNE 18, 2007

1. **Background:** Water is the lifeblood of Central Texas communities. Austin and LCRA have individually employed traditional water management strategies, focusing on solutions that have often unintentionally led to conflict. These conflicts, if left unresolved, may limit the ability of the Parties to meet their responsibilities as major water suppliers. As population growth and economic factors in the region increase the demand for water, the Parties recognize a different approach is needed. Collaborative water management strategies can offer new opportunities to optimize water supply solutions for the region.

2. **Vision:** Reliable and affordable water, managed in an environmentally responsible and collaborative manner, is critical to the vitality and economy of the region.

3. **Purpose:** LCRA and Austin, as the two largest water right holders in the lower Colorado River basin, have agreed to develop a cooperative management structure. Through this new approach, the Parties will jointly evaluate and implement strategies to optimize water supplies to meet water needs of their customers and the environment.

4. **Scope:** The scope of the partnership agreement will include joint water supply planning, as well as the ability to manage both entities' individual raw water supplies as an integrated system. All existing raw surface water supplies, including Return Flows, of each party will be included in this agreement. Future water supplies will be included as approved by the Executive Management Committee.

Day-to-day management and coordination of the river system including flood management, water quality protection and other functions will remain LCRA's responsibility. Day-to-day water/wastewater utility planning and operations will remain the responsibility of each party.

5. **Cooperative Management Structure:** The Parties shall establish an Executive Management Committee and Technical Water Resources Planning Subcommittee, with the following structure and responsibilities:

A. Executive Management Committee

i. Composition: The Executive Management Committee (EMC) will be composed of two representatives each of Austin and LCRA, to be designated by the chief executive officer of each organization.

ii. Duties and Responsibilities: The EMC will be responsible for carrying out the Purpose and Scope as follows:

1. establishing and implementing strategic goals and policies,
2. approval of joint water supply strategies and implementation plans,
3. continued supervision and oversight of approved joint water supply strategies and implementation plans,
4. obtaining any necessary approvals from and ensuring compliance with requirements of each party's governing body,
5. coordination of communication with internal and external stakeholders,
6. ensuring adherence to the decision-making guidelines set forth below,
7. creation and general supervision of any subcommittees necessary to carry out the Purpose and Scope, and
8. developing standard operating procedures and bylaws for the EMC and any subcommittees.

B. Technical Water Resource Planning Subcommittee. A Technical Water Resource Planning Subcommittee (Technical Subcommittee) shall be established as follows:

i. Composition: The Technical Subcommittee will be an interdisciplinary committee comprised of members appointed by the EMC.

ii. Duties and Responsibilities. The Technical Subcommittee will be responsible for:

1. Projections of water demands and identification of a wide array of supply alternatives, including Return Flows, and preliminary recommendation of alternatives for consideration by the EMC for further study.

2. In consultation with the EMC, develop any necessary technical analyses and implementation plans for strategies identified for further study.

C. Decision-making Guidelines

i. Consensus decisions of the EMC shall be made using interest-based problem solving, mindful of the standards and mutual interests of the Parties as set forth below.

ii. The standards against which water supply strategies shall be evaluated include:
   1. Improve relationships between Austin and LCRA
   2. Cost effective and provides value to both Parties
   3. Obtain stakeholder input in an effort to fairly address multiple needs of the region

iii. The mutual interests of the Parties to be addressed by any water supply strategy selected by the EMC include:
   1. maintaining ownership and protecting the value of each party's individual water rights,
   2. preserving water quality and environmental health of the river and bay system,
   3. improving the Parties' relationship and building trust through enhanced information sharing, cooperation, and partnering,
   4. improving water supply certainty, including enhancing reliability and water availability, and
   5. responsible water resource management, mindful of the Parties commitment to a strong water conservation ethic.

iv. The Parties may, by consensus, modify the standards and mutual interests to be used in making decisions under this agreement.

v. If the EMC cannot reach a consensus decisions on whether to pursue particular water supply strategies recommended by the Technical Subcommittee, then the EMC shall request a decision from the chief executive officers of each organization.

6. Operating Guidelines:

A. The Parties agree to designate their representatives to the Water Partnership Executive Management Committee (EMC) within 90 days of the final approval of the Supplemental Water Supply Agreement called for in Paragraph 1V.B of the Settlement Agreement. The Parties also agree to convene an initial meeting of the EMC within 120 days of execution of the Supplemental Water Supply Agreement.

B. The initial tasks of the EMC include, but are not limited to:

i. Develop operating procedures and by-laws, to include but not be limited to:

1. Set meeting schedule to initially include a minimum of one EMC meeting per quarter
2. Set meeting logistics including chair, chair rotation schedule, meeting location, and record keeping, including meeting minutes, workplans, etc.
3. Set schedule and process to develop scopes and workplans for tasks to be accomplished by the COA and LCRA Water Resource Management Partnership
4. Set reporting schedule to include a minimum reporting schedule of at least one report to each the Austin City Council and the LCRA Board every two years
5. Set regular quarterly meeting format to include, as appropriate, but not be limited to:
   a. Report by each party on all activities that might affect either party's water rights or water supply, which may include any significant developments in the following:
      i. status of
         - all water rights applications
         - a water supply development projects (current or proposed Water Management Plan status)
         - any proposed water treatment, wastewater treatment or other related facilities
         - any direct reuse projects
         - water conservation efforts
      ii. status of joint efforts and suggestions for additional joint effort opportunities
      iii. updates on studies relevant to water supply availability

iv. updates on relevant environmental issues and implementation of environmental policies
v. relevant legislative updates including new statutes and pending legislation relating to water supply of the Parties
vi. Relevant administrative matters before the State Office of Administrative Hearings
vii. Updates on significant actions or decisions by the Texas Commission on Environmental Quality
viii. Update on water rates revisions
ix. Information on water sales, water usage, major diversions, new customers, and projected water demands (short and long-term)
x. Update on any LCRA Water Management Plan planned amendments
xi. State Region K regional water planning efforts
xii. Update on LCRA Board and Austin City Council actions relevant to water supply availability

b. Subcommittee reports
c. Other items as determined

6. Set meeting process to initially include a minimum of two work sessions per year
   a. Work session tasks may include, but not be limited to:
      i. develop joint basin management strategies in keeping with the mutual interests of the parties as outlined in Exhibit A. Section 5. C. iii., and updated, as needed, by the EMC.
      ii. develop plans for joint studies and projects,
      iii. develop any joint resolutions, proposed agreements,
      iv. Formulate subcommittees, as needed
      v. Evaluate on-going efforts of the COA and LCRA Water Resource Management Partnership including a re-evaluation of the scope and purpose, including progress of efforts to meet long-term water supply needs
7. Appoint the Technical Water Resource Planning Subcommittee
8. Develop initial scope and workplan to address the following:

a. Develop initial scope of tasks to be accomplished in the initial two years, including but not limited to:
    i. As per Settlement Agreement Section VII. D., develop proposal to address maintenance of Town Lake levels
    ii. Establish process to evaluate and implement joint water management strategies to optimize water supplies
b. Establish coordination of reporting, operations, and diversions
c. Develop a list of matters to be monitored by the EMC
d. Develop process for determining future tasks and work plans, once initial tasks are complete, including development of demand projections ("Demand Schedule")