City of Austin and LCRA
WATER PARTNERSHIP

City of Austin-LCRA Water Partnership
2020 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 2020 are listed in **Appendix 1**.

Starting March 2020, all meetings were held virtually for the remainder of the year due to the ongoing Covid-19 social distancing guidelines.

Executive Management Committee
The EMC is composed of two members from 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 2020, LCRA led the EMC meetings, beginning a two-year cycle. Beginning in 2022, Austin will lead EMC meetings for the next two years.

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 2020, Austin led the Technical Committee meetings, beginning a two-year cycle. Beginning in 2022, LCRA will lead Technical Committee meetings for the next two years.

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. Due to extensive recent stakeholder engagements by both LCRA and Austin, the Stakeholder committee has not been reconsititued.

III. Summary of Year 2020 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 2020. The current municipal supply contract between Austin and LCRA, which was negotiated in 1999, will meet Austin's demands up to 325,000 acre-feet per year. Note that Austin's 2020 annual diversion for municipal purposes was approximately 159,000 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. In 2020, Austin and LCRA continued discussion related to Water Availability Modeling for the application.

A.3. TCEQ Water Use Reporting

LCRA and Austin are coordinating on annual TCEQ water use reporting for submittal of TCEQ Water Use Reports for year 2020. The reports were submitted to TCEQ by March 1, 2021.

A.4. Zebra Mussel Monitoring and Response

In June 2017, Texas Parks and Wildlife Department (TPWD) and LCRA biologists confirmed the presence of invasive zebra mussels in Lake Travis. The reservoir was then given the invasion status of "infested" meaning it contained an established reproducing population of the invasive species. As LCRA monitoring efforts continued, new zebra mussel invasions were discovered in other Central Texas reservoirs and "infested" designations were given by TPWD to Lake Austin (February 2018), Lady Bird Lake (October 2018), Lake LBJ (August 2019), Lake Marble Falls (December 2019), and Lake Buchanan (December 2020).

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 has been recognized by TPWD as an active partner 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 three LCRA-managed waterbodies where established populations of zebra mussels have not been confirmed – Lakes Inks, 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 Buchanan, LBJ, Lake Marble Falls, Lake Travis, Lake Austin and Lady Bird Lake to help inform management decisions for all stakeholders.

Spawning trend data collected by LCRA from 2018-20 suggests zebra mussel reproduction increases when surface water temperatures are within about 18ºC to 28-30ºC. Austin Water constructed copper sulfate-based zebra mussel suppression systems at all its WTPs in 2020. In the next phase of zebra mussel

prevention efforts, copper ionization systems will replace the current systems at the plants. Diver inspections and cleanings will continue through 2021.

A.5. Region K Water Planning Process

Austin and LCRA each put in considerable effort in 2020 to participate in the Lower Colorado Regional Water Planning Group's process to develop the 2021 Region K Water Plan. Austin Water and LCRA staff participated as individual interest group representatives in the Planning Group and were involved in committees such as the Water Modeling, Water Management Strategies, and Legislative and Policy Committees. The Region K group approved the final 2021 Region K Water Plan on October 14, 2020, and it was submitted to the Texas Water Development Board in November 2020.

A.6. Algae Concerns in 2020 in Lady Bird Lake

Between July and November 2019, toxin-producing algae was detected in Lady Bird Lake. When cyanobacteria (also called blue-green algae) grow to excessive levels and produce cyanotoxins, these events are called harmful algal proliferations (HAPs) when referring to cohesive mats of algae, or harmful algal blooms (HABs) when referring to planktonic (i.e. freely floating phytoplankton cells in the water column) algae. The algae producing toxins in Lady Bird Lake was growing in cohesive mats and this event is therefore cateogorized as a HAP.

Lady Bird Lake experienced another HAP event in summer 2020. In August 2020, the EMC charged the Technical Committee with evaluating HAB/HAP incident risk associated with Lake Travis and Lake Austin. The Technical Committee HAB/HAP subgroup focused on identifying drivers and strategies to manage potential risk associated with a cyanotoxin event that could impact drinking water supply. The subgroup came to a consensus that the current risk of a HAB/HAP occurring in Lake Austin or Lake Travis and impacting Austin's drinking water supply is low. Key environmental variables that influence the risk of HAB/HAP occurrences were identified as water temperature, hydrology, and nutrient concentrations. Nutrient concentrations and inputs to the lake systems were identified as the most manageable variable compared among the three. Austin and LCRA will continue to monitor and collaborate on potential HAB/HAP risk management strategies.

Lady Bird Lake continues to meet State of Texas contact recreation standards, which are based on bacteria levels. Austin Water regularly tests algae levels on Lake Austin and Lake Travis near their intake pipes and has not seen levels of concern for drinking water. Currently, Austin Water does not use Lady Bird Lake as a source for drinking water.

LCRA routinely collects phytoplankton samples in the Highland Lakes for analysis. There was no record of a confirmed HAB or HAP in the Highland Lakes in 2020. In 2020, LCRA launched a harmful algae website, which includes a bloom report

form where stakeholders could report sightings of suspected blooms. These reports are then investigated by LCRA scientists. Additional phytoplankton sampling and toxicity testing will be conducted in the Highland Lakes in 2021 and beyond.

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 (AMI) 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. In 2020, efforts to implement these Water Forward strategies included the start of pilot AMI meter installation and new code language for conservation and onsite water reuse requirements.

Another key component of Water Forward 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 community self-sufficiency through a locally-controlled second source of supply. In 2020, Austin's City Council approved negotiation and execution of a contract for Phase 1 ASR services, which are expected to begin in early 2021.

Austin Water is implementing the 2018 Water Forward plan as part of an adaptive management approach. Major Water Forward stakeholder engagement efforts during CY20 were somewhat limited due to COVID-19 protocols, but included use of SpeakUp Austin to gather public input on proposed codes and virtual workshops to present and receive feedback on proposed code language. Austin Water continues to engage in various community, industry, and public events to make presentations and share information about the Water Forward Plan and implementation efforts underway. 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 Water Forward plan implementation process and review and discussion of various plan elements at Technical Committee meetings, Austin Water also gave regular updates to LCRA on Water Forward implmentation 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 2020.

B.3. Austin Water Rights Activities

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 November 4, 2015. At the end of 2020, the Stoneledge Quarry application remained in technical review at TCEQ.

Austin Water submitted an application to TCEQ on December 11, 2019 to amend their 14-5489 water right, related to Walter E. Long Lake (also known as Decker Lake). This application seeks to add recreational use to the authorization to divert water from the Colorado River and to add recreational use to the authorization to divert and consumptively use water from the reservoir. TCEQ granted the amended water right (14-5489B) on June 2, 2020.

B.6. LCRA Water Management Plan Revision Process

An amendent to the LCRA Water Management Plan was submitted to TCEQ for consideration in February 2019 and approved in February 2020.

Some of the key changes in the 2020 WMP 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.7. LCRA Water Supply Status

On Jan. 1, 2020, Lake Buchanan was at a level of 1,016.16 feet msl, and Lake Travis' level was at a level of 669.54 feet msl. ENSO conditions started the year in neutral status.

- On March 1, 2020, the combined managed storage of lakes Buchanan and Travis was 1.716 million acre-feet. As a result of the combined storage amount, "Normal" water supply conditions were in effect, and up to 178,000 acre-feet of interruptible stored water was available for the first agricultural season of 2020. Environmental flow requirements from March 2020 through June 2020 were set to "Subsistence" levels for instream flows and "OP-3" levels for freshwater inflows to Matagorda Bay.
- On July 1, 2020, the combined managed storage of lakes Buchanan and Travis was 1.753 million acre-feet. As a result of the combined storage amount, "Normal" water supply conditions were in effect, and up to 66,000 acre-feet of interruptible stored water was available for the second agricultural season of 2020. Environmental flow requirements from July 2020 through October 2020 were set to "Subsistence" levels for instream flows and "OP-3" levels for freshwater inflows to Matagorda Bay.
- On November 1, 2020, the combined managed storage of lakes Buchanan and Travis was 1,541 million acre-feet. Environmental flow requirements from November 2020 through February 2021 are set to "Subsistence" levels for instream flows and "OP-3" levels for freshwater inflows to Matagorda Bay.

ENSO status changed to La Niña in the fall and inflows turned lower. The year ended with a combined storage of 1.506 million acre-feet on December 31, 2020.

B.8. 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.

In November 2018, reservoir construction was substantially complete, and initial filling and testing started. In March 2019, after approximately four months of filling,

staff observed groundwater seepage outside the exterior of the reservoir. LCRA Dam Safety staff and engineers stopped the filling and emptied the partially filled reservoir. Subsequent engineering analysis and testing have determined that an additional subsurface seepage cutoff wall will be required to control groundwater transference and allow the reservoir to be refilled.

Construction of the new subsurface cutoff wall and other related items necessary to control seepage and allow the reservoir to operate safely are underway. The projected in-service date is late spring 2022.

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 at the State Office of Administrative Hearings (SOAH) on the permits was held in October 2019, and a Proposal for Decision was sent to LPGCD in March, 2020.

B.9. LCRA Soil Moisture Monitoring

In 2018, LCRA and UT Arlington made a proposal to NASA to incorporate soil moisture data into flood modeling called “Integrating NASA Satellite Soil Moisture and Precipitation Products to Augment Operational Hydrologic Prediction Capabilities of River Authorities in the State of Texas”. The proposal was awarded a grant, and the first project report was presented in July 2019. The project is anticipated to be complete in June 2022.

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 displays NASA Land Information System modeled soil moisture at hydromet.lcra.org.

B.10. 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 is replacing 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. The dam remains in service and available to respond to floods and water supply needs. This project was completed in October 2020.

B.11. LCRA Water Rate Changes

In 2020, LCRA made no changes to its firm water customer water rate of $145 per acre-foot.

C. Other Activities and Discussions

C.1. Water Conservation Committee

Austin and LCRA water conservation staff continued their ongoing focus on conservation in 2020. No Water Conservation Committee meeting was held in 2020.

C.2. Stakeholder Committee

No Stakeholder Committee meeting was held in 2020.

C.3. Water Quality Committee

The Water Quality Committee did not meet in 2020. There was no formal business for the committee to consider.

IV. Summary of Planned Year 2021 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.
- Austin to submit updated 100-year water demand projections (Demand Schedule) to LCRA for use by the partnership.
- Austin Water will continue implementing Water Forward strategies.

B. 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.
- Continue to monitor and collaborate on potential HAB risk management strategies.
- 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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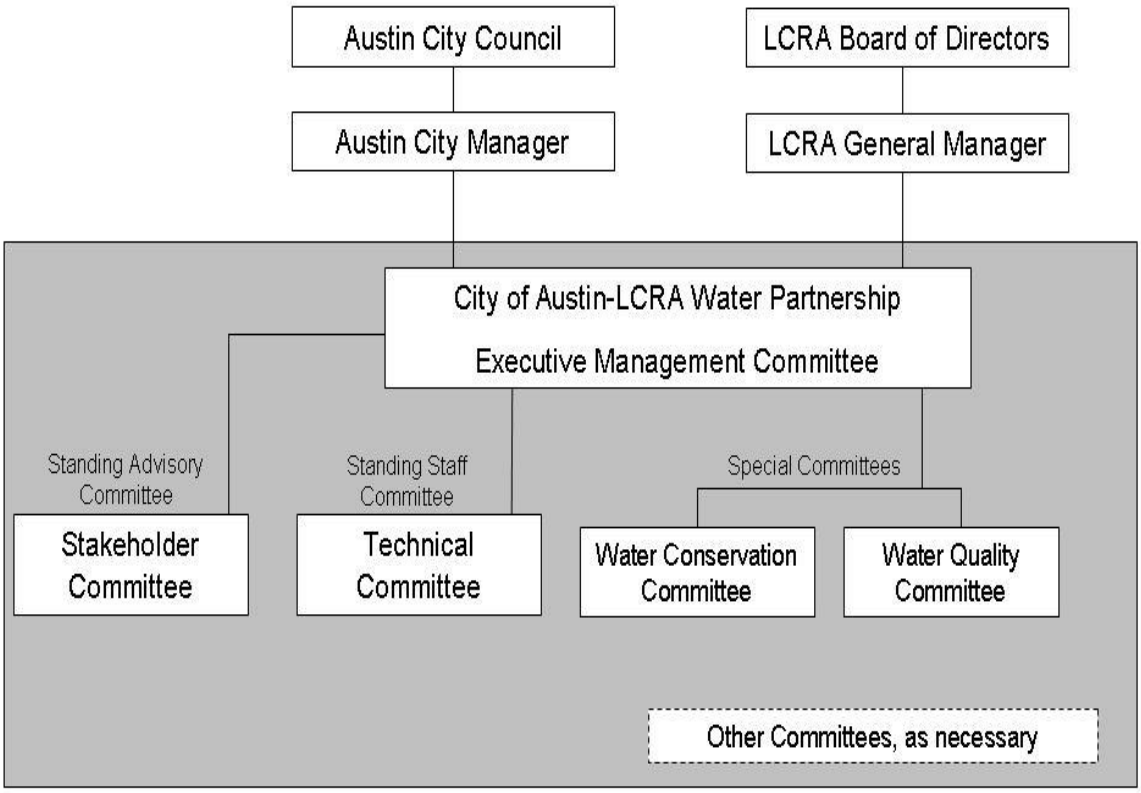
City of Austin-LCRA Water Partnership Organization



Attachment A

Appendices

Appendix 1
Committee Rosters
(as of December 2020)

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, Engineer A, Austin Water
Teresa Lutes, Managing Engineer, Austin Water
Ross Crow, Assistant City Attorney, Law Department

LCRA
Ronald Anderson, Chief Engineer
Rebecca Batchelder, Senior Engineer
Greg Graml, Associate General Counsel

Water Conservation Committee

City of Austin
Kevin Critendon, Assistant Director, Austin Water

LCRA
Valerie Miller, Manager, Water Contracts and Conservation

Water Quality Committee

City of Austin
Kevin Critendon, Assistant Director, Austin Water
Mike Kelly, 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")