



**Victoria County Groundwater
Conservation District**

Fiscal Year 2007-2008 Annual Report
(October 1, 2007 – September 30, 2008)

Adopted: December 19, 2008

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Executive Summary for Fiscal Year 2007-2008

The District experienced a tremendous amount of success during the 2007-2008 fiscal year.

The most prominent success of this fiscal year was the development and adoption of the District's management plan and rules. This was a long and complicated effort that began prior to the fiscal year and concluded with the adoption of the plan on October 3, 2008 during the Board's monthly meeting.

The District's management plan and rules were developed in an open and inclusive manner which relied heavily on the input of community stakeholders gathered through a series of open meetings referred to as the Technical Workgroup Process (TWP). Ultimately, the information developed from the TWP and the evaluation of director preferences enabled the District to construct a management plan and rules that properly addresses the complicated groundwater resource situation within Victoria County. The management plan is currently under review by the Texas Water Development Board (TWDB). The District anticipates that the management plan will be determined to be administratively complete and approved by the TWDB in the near future.

In addition to this important policy work, the District was active in the community in a number of ways including the collection of water quality data as well as public awareness and education of District efforts.

In response to the public concern regarding potential groundwater contamination that may be associated with uranium mining in the northwest area of Victoria County, the District collected water samples from twelve (12) wells around the Mission Valley area of the County. These samples were analyzed to establish a pre-exploration/mining baseline of water quality. The results of this effort were made public as well as presented to the county residents at public meetings held in this area of the county.

The District participated in over 30 meetings, conferences, training seminars, regional planning meetings, and community meetings. In addition, the District held 24 Board of Director Meetings.

Finally, the District completed the transition to a new full-time general manager and secretary during the fiscal year. The transition was particularly difficult because this change in staff represented a 100% turnover of staff which meant that the only institutional knowledge of the District was possessed by the District Directors. Given the circumstances, the transition was as efficient as could be expected and the success is attributable to the Directors' dedication to the District.

Purpose of the Annual Report

The purpose of this report is to provide the reader with a summary and review of the District's efforts of the fiscal year beginning October 1, 2007 and ending September 30, 2008 (FY07-08). This report will include a basic summary of the financial transactions of the District as well as the operational efforts of the staff and directors. Although not in effect at the time of this report, the report includes an evaluation of the District's performance relative to the goals, objectives, and performance standards in the recently adopted management plan. This will facilitate the year-to-year evaluation of the District in subsequent years.

Financial Summary

The following section is provided to give the reader a basic overview of the financial management of the District as it relates to revenue, expenses, and the adopted budget.

District Revenue

For FY07-08, the District established an ad valorem tax rate of \$0.01 per \$100.00 value which was calculated to generate approximately \$456,112.75 to be used for the operation of the District. In addition to the tax revenue, the District projected that an additional \$11,402.82 would be realized in earned interest. The District collected \$469,916.81 and earned \$ 9,082.65 interest for a combined total of \$ 479,074.46 which represents a 102.47% of the anticipated amount. The overage is accounted for by the collection of past fiscal year taxes.

District Expenditures

For FY07-08, the District a budget that had expense accounts totaling \$443,000.00. These expense accounts are grouped into the following categories: Personnel & Benefits, Commodities, Contractual Services, and Capital Purchases. Below is a table that summarizes the expense by category:

Expense Category	Budget Amount	Actual Expenses	Actual of Budget
Personnel & Benefits	\$ 132,500.00	\$ 96,220.85	72.62 %
Commodities	\$ 68,500.00	\$ 31,738.50	46.33 %
Contractual Services	\$ 223,000.00	\$ 124,188.45	55.69 %
Capital Purchases	\$ 19,000.00	\$ 4,751.78	25.01 %

All money budgeted but not spent was pooled in the reserve fund which at the end of the fiscal year totaled \$457,196.59. These funds will be used to pay for the operation of the District in FY08-09 until sufficient tax revenue is collected. In

addition, the money in the reserve fund could be used to address any unforeseen expenses of the District.

Outstanding District Obligations and Refunds

The District has several outstanding financial obligations for services provided to the District during FY07-08 that are not yet quantified and are not reflected in the actual expenses summarized in the previous section. When the proper invoicing and board authorization is provided, the expense will be paid from the current fiscal year budget. In particular, the District anticipates invoices from Allison, Bass and Associates for legal services provided to the District during FY07-08 as well as invoices related to the multi-district weather station project. These expenses were anticipated and budgeted and the District's expectation is that the total will not exceed the adopted budgeted amount for their respective categories. Finally, the District is awaiting a refund for a conference that was not attended.

Fiscal Year 2006-2007 Audit

During FY07-08, the District engaged Goldman, Hunt, and Notz, L.L.P to conduct a financial audit of District for the fiscal year beginning October 1, 2006 and ending September 30, 2007. The audit report is archived in the District's records and has been review during previous board meetings. The audit found no significant problems or issues.

District Activities

The following section is provided to give the reader a summary of the major activities of the District staff and directors. This activity information is organized into broad subject categories of the District as opposed to a summary based on date or sequence. In addition to the activities described below, the reader should consider that there is considerable effort put into daily operations of the District's office and preparation for district meetings.

Management Plan and Rules Development

The District developed the District Management Plan as well as District Rules during FY07-08. The plan and rules were the product of a tremendous amount of work by the District's directors, staff, and consultants. Currently, the management plan has been adopted and is being reviewed by TWDB staff. The District anticipates that the plan will be determined to be administratively complete and approved by TWDB.

In order to facilitate the development of a management plan and rules that are reflective of the policy preferences of stakeholders and District Directors, the

District employed Dr. Uddameri of Texas A&M University – Kingsville to conduct the Technical Workgroup Process (TWP) as well as director interviews. The TWP provided the opportunity for stakeholders to learn about groundwater management and key topics that influence groundwater management. Through a series of public meetings, the participating stakeholders established the framework (such development scenarios and preferences to be considered) through which their groundwater management preference values would be analyzed. The TWP concluded with the development and presentation of the final reports by Dr. Uddameri to the District. While all portions of the final reports were used to develop the management plan and rules, the most public interest was expressed regarding the groundwater availability estimate range. Based on analysis of the stakeholder preferences the availability range was 25,000 ac-ft/yr to 75,000 ac-ft/yr. In addition to the TWP, the Director's preference values were captured through direct and individual interview of the Directors by Dr. Uddameri. The Director's preference values were analyzed in the same manner as the TWP preference values. The Director's preference values resulted in the refinement of the groundwater availability estimate range to 25,000 ac-ft/yr to 45,000 ac-ft/yr. Ultimately, the District established the estimate of available groundwater at 35,000 ac-ft/yr.

In addition to the TWP and director interviews, the District received a considerable amount of feedback from the public regarding the management plan and rules prior to adoption. The feedback was used to improve and adjust the management plan and rules.

The management plan and rules were originally adopted on October 3, 2008. The District re-adopted the management plan on October 24, 2008 after formally correcting a data table relating to surface water management. Currently, the District awaits the approval of the management plan which, according to the resolution adopting the District's rule, will establish the effective date of the District's adopted rules.

Joint Planning / Groundwater Management Area 15

The District is required participate in the GMA 15 joint planning process which will, among other things, develop a set of Desired Future Conditions (DFCs) for the GMA which encompasses Victoria County. These DFCs will be processed by TWDB to produce a modeled estimate for the Managed Available Groundwater (MAG). The establishment of a MAG for Victoria County could have a significant impact on the District and the groundwater uses within. Therefore, the District has been, and will continue to be active in the GMA process. During FY07-08, the District hosted each of the GMA 15 meetings

which were held on the following dates: November 8, 2007; February 20, 2008; and April 23, 2008. During these public meetings, member GCD representatives considered various aspects of DFCs and the potential impacts as well as requested and review modeling request made of TWDB by GMA 15.

Regional Planning (South Central Texas Regional Water Planning Group – Region L)

The District recognizes the importance of being involved in the regional water planning process and therefore has prepared for and attended each of the quarterly meetings of Region L. Below is a list of meetings attended during FY07-08:

Date	Meeting
November 1, 2007	South Central Texas RWPG (Region L) – 1 st QTR Meeting
February 7, 2008	South Central Texas RWPG (Region L) – 2 nd QTR Meeting
May 1, 2008	South Central Texas RWPG (Region L) – 3 rd QTR Meeting
August 7, 2008	South Central Texas RWPG (Region L) – 4 th QTR Meeting

Texas Alliance of Groundwater Districts (TAGD)

The District is a voting member of TAGD and has actively participated in the quarterly meetings of the organization. In addition to the quarterly meeting and business meetings, the District is a member of the TAGD Legislative Committee which considers matters that may impact upcoming legislative sessions. The District has attended the following TAGD meetings:

Date	Meeting
November 28, 2007	TAGD Quarterly Meeting and Business Meeting
January 30, 2008	TAGD Quarterly Meeting and Business Meeting
March 26, 2008	Legislative Committee Meeting
June 10, 2008	Legislative Committee Meeting
July 28, 2008	TAGD Quarterly Meeting and Business Meeting
September 17, 2008	Legislative Committee Meeting

Cooperative Projects and Programs

During FY07-08, the District participated in a multi-district weather station project. The purpose of the project was to improve the areas understanding of environmental phenomenon that effect groundwater modeling such as evapotranspiration and aquifer recharge. In addition, the District began its participation in a collaborative project with Goliad County Groundwater Conservation District, Pecan Valley Groundwater Conservation District, USGS,

GBRA, and SARA to study the groundwater/surface water interaction in the Coleta Creek Watershed.

Conferences and Training Seminars

The District attended a number of conferences and training/educational seminars during FY07-08. Generally, these events focused on one of the following areas of interest to a groundwater district: water law, groundwater science, or water resource management. These events benefit the District by improving the District’s knowledge and awareness of the particular area of interest. Below is a list of the conferences and seminars:

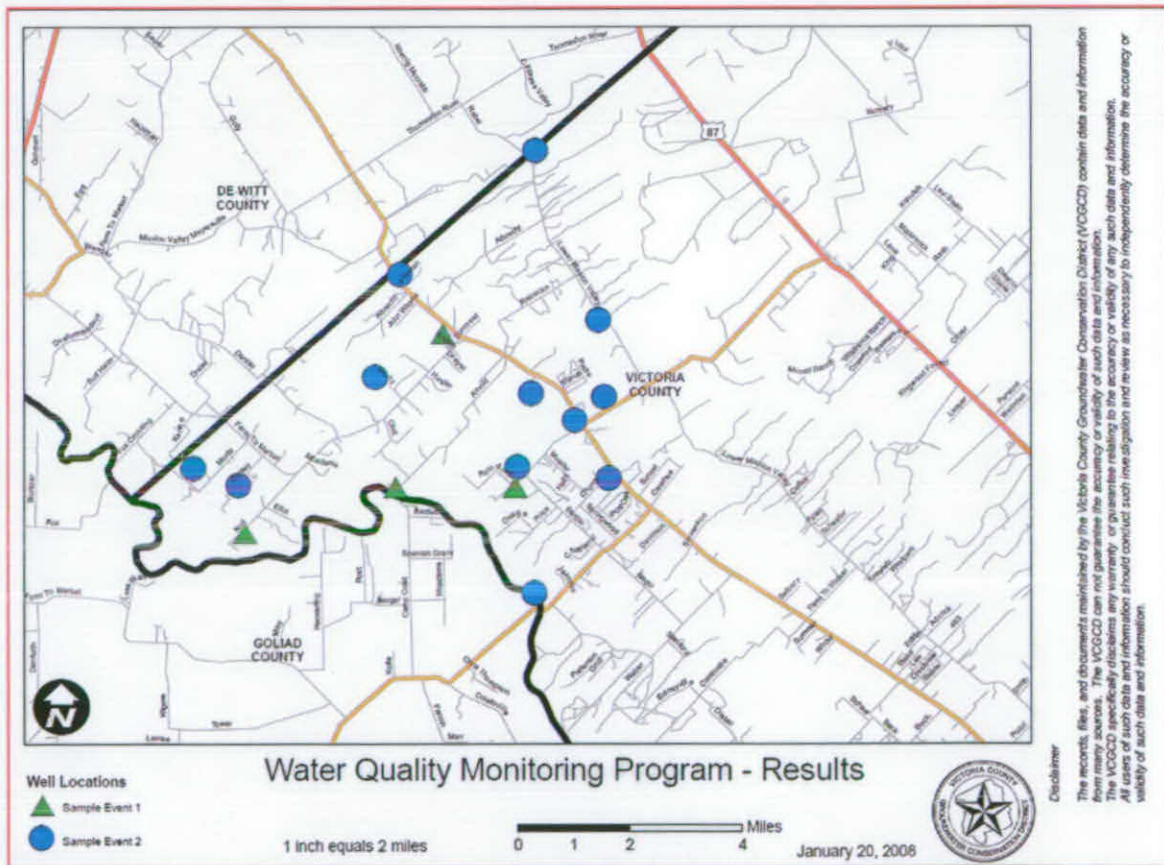
Water Law	
December 2007	Texas Water Law Institute – Water Law Conference
January 2008	TWCA/TRWA Water Law Seminar
September 2008	18 th Annual Conference: Water Law Institute
Groundwater Science	
December 2007	Brackish Water Seminar
February 2008	Contaminant Chemistry Workshop
May 2008	Applied Hydrogeologic Site Characterization and Monitoring Well Construction
July 2008	Principles of Scientific Sampling for Environmental Professionals
Groundwater Management	
December 2007	TWDB Water Summit
May 2008	Toxic Water Workshop
June 2008	GMDA Summer Conference

Public Education and Relations

The District has been active in its effort to educate the public about groundwater management and the District. During the fiscal year, the District made presentations to a number of local community organizations including Victoria Boulevard Lions Club, Victoria Lions Club, Texas Water Utilities Association – Golden Crescent District, Independent Cattleman’s Association, and Region III Education Service Center. The District manned a booth at the South Texas Farm and Ranch Show as well Victoria Jaycee Livestock Show. Finally, it should be noted that the District has attended, and to some extent participated in, over fifty (50) community meetings ranging from economic development meetings, nuclear energy meetings, uranium mining meetings, Trans Texas Corridor meetings, and community activist meetings.

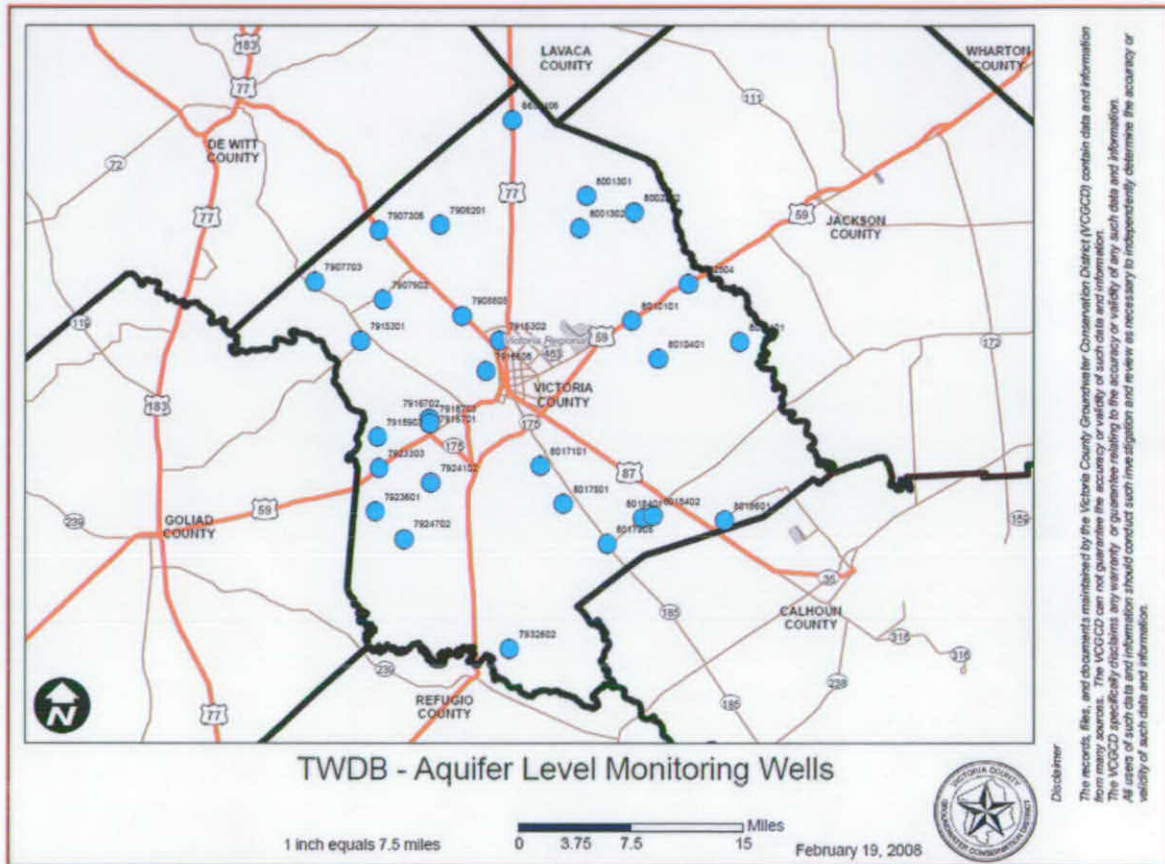
Water Quality Monitoring and Protection

Prior to FY07-08, the District contracted with San Antonio River Authority (SARA) to collect and analyzed water samples from four (4) water wells specific constituents. The water wells from which the water was collected are located in the northwest corner of Victoria County. SARA provided a comprehensive report on the project to the District. In the beginning of FY07-08, the District continued this effort by paying B Environmental to collect and analyze water samples from an addition twelve (12) wells located approximately in the same area of the county (see map below). B Environmental returned to the District a complete set of analysis reports. In an effort to keep the community informed of the results of the testing, the District participated in small "town-hall" meetings held in this area of Victoria County during which the analysis results. The District's sampling and analysis efforts had two primary objectives: establish a baseline water quality characterization in the area and address the concerns local residents about their inability to detect and measure water quality changes that might arise from in-situ uranium exploration and mining. Although these objectives were achieved, the District has suspended it water quality monitoring efforts until it is able to develop and implement a district-wide program that has be critically reviewed by qualified and experienced hydrogeology professionals.



Water Level Monitoring

Each year around February, TWDB collects water level measurements from thirty one (31) water wells within Victoria County. In February 2008, the District cooperated with the TWDB staff as they collected level measurements within Victoria County. Thirty (30) wells were measured (see map below). The District offered, and TWDB agreed, to assume the water level measuring responsibility beginning in February 2009.



District Challenges and Concerns for FY08-09

There are several items of concern and challenges that remain as the District moves into FY08-09. In particular, the District will need to remain engaged and focused on the following items:

- Regional Planning – DFC Development, Region L Water Plan;
- District Program Development – Registration, aquifer monitoring;
- In-Situ Uranium Exploration and Mining;
- Disposal/Injection Wells; and
- Legislation that Negatively Impacts the District.

Review of the Goals, Objectives, and Performance Standards from the Adopted Management Plan

The following section reports on the District's performance in achieving the goals and objectives established in the adopted management plan. The management plan was not adopted until October 3, 2008 which is outside the reporting period for this annual report. However, the District believes that the evaluation of these goals and objectives will be useful to the reader in understanding the District's efforts during the previous fiscal year.

The management goals, objectives, and performance standards of the District in the areas specified in 31TAC§356.5 are addressed below.

Providing the Most Efficient Use of Groundwater –31TAC 356.5(a)(1)(A) (Implementing TWC §36.1071(a)(1))

Objective: *Develop and maintain a Water Well Registration Program (WWRP) for tracking well information for wells within the District's boundaries.*

Performance Standard: *Each year, beginning in 2008, the District will summarize within the annual report the changes related to water well registration including the number of new and existing wells registered.*

Performance Evaluation: INCOMPLETE

The District has not yet developed its water well registration program and therefore can report on the number of newly registered wells. The District has been working on the development of registration forms and the back-office systems (i.e. database and mapping systems) to support the program. The District anticipates having the program fully implemented by February 2009.

Objective: *Develop and maintain a Water Well Permitting Program (WWPP) for tracking all permits authorizing water well operation and groundwater production.*

Performance Standard: *Each year, beginning in 2008, the District will summarize within the annual report the changes related to water well*

permitting including the number of new applications and the disposition of the applications.

Performance Evaluation: INCOMPLETE

The District has not yet developed its water well permitting program and therefore can report on the number of new applications or their disposition. The District has been working on the development of permit application forms and the back-office systems (i.e. database and mapping systems) to support the program. The District anticipates having the program fully implemented by August 2009.

***Controlling and Preventing Waste of Groundwater –31TAC 356.5(a)(1)(B)
((Implementing TWC §36.1071(a)(2))***

Objective: *Develop and maintain a Water Well Inspection Program (WWIP) for non-exempt wells.*

Performance Standard: *Each year, beginning in 2008, the District will summarize within the annual report the findings of the inspection activities including information regarding the number of wells that require improvement to prevent waste and/or prevent groundwater contamination.*

Performance Evaluation: INCOMPLETE

The District has not yet developed its water well Inspection program and therefore can report on the findings of the inspection activities. This program is dependent on the implementation of the Water Well Registration Program and the Water Well Permitting Program. The District anticipates having the program fully implemented by October 2009.

Objective: *Develop and maintain a Groundwater Conservation Education Program (GCEP).*

Performance Standard: Each year, beginning in 2008, the District will summarize within the annual report the educational activities including the number of educational materials developed and delivered to local schools, the number of cooperative educational contributions and grants, the number of public speaking events and presentations, the number of community events participated in, and the number of educational publications.

Performance Evaluation: SATISFACTORY

The District has satisfactorily met the performance standard of this objective. The table summarizes the metrics of the objectives:

Standard	Performance
Materials delivered to local schools	15 Individual Worksheets and Activities Sheets related to Groundwater Resources at Region 3 Teacher Summer Conference
Cooperative Education Contributions	1 Contribution of \$1,500.00 to GBRAWOW-E Program ; 1 Contribution of \$1,000.00 to the Water IQ Program
Public Speaking Events	5 Public Speaking Events
Community Events Participated In	5 Local Community Events (Does not include conferences and regional meetings)
Educational Publications	None

**Addressing Conjunctive Surface Water Management Issues – 31TAC356.5
(a)(1)(D) ((Implementing TWC §36.1071(a)(4))**

Objective: Participate in the regional water planning process by attending at least two South Central Texas Regional Water Planning Group (Region L) meetings.

Performance Standard: Each year, beginning in 2008, the District will summarize within the annual report the attendees, dates, and the number of meetings attended.

Performance Evaluation: SATISFACTORY

The District has satisfactorily met the performance standard of this objective. The table summarizes the metrics of the objectives:

Date	Meeting
November 1, 2007	SCTRWPG (Region L) – 1 st QTR Meeting
February 7, 2008	SCTRWPG (Region L) – 2 nd QTR Meeting
May 1, 2008	SCTRWPG (Region L) – 3 rd QTR Meeting
August 7, 2008	SCTRWPG (Region L) – 4 th QTR Meeting

Objective: *Communicate with GBRA, SARA, City of Victoria, and Victoria County Navigation District concerning conjunctive surface water management issues.*

Performance Standard: *Each year, beginning in 2008, the District will summarize within the annual report the number of and nature of communications with GBRA, SARA, City of Victoria, and Victoria County Navigation District.*

Performance Evaluation: SATISFACTORY

The District has satisfactorily met the performance standard of this objective. All of the entities were communicated with regarding the development of the District's management plan which includes topics related to conjunctive surface management issues. The District had extensive communications with the City of Victoria and Victoria County Navigation District related to the development of the management plan and rules. GBRA made a presentation to the District at a monthly board meeting regarding the surface water supply as it related to the proposed Exelon Nuclear Plant.

Addressing Natural Resource Issues which Impact the Use and Availability of Groundwater, and which are Impacted by the Use of Groundwater – 31TAC§356.5 (a)(1)(E) ((Implementing TWC §36.1071(a)(5))

Objective: *Develop and maintain a Water Level Monitoring Program (WLMP).*

Performance Standard: *Each year, beginning in 2008, the District will summarize within the annual report the monitoring activities including the number of wells monitored and the year to year change of water level.*

Performance Evaluation: SATISFACTORY

The District has satisfactorily met the performance standard of this objective although a specific program has not been implemented. In February 2008, the District cooperated with the TWDB Water-Level Program Staff to measure 30 water wells within Victoria County. The annual report for fiscal year 2008-2009 will provide a summary of the change of water levels. The District anticipates having the program fully implemented by October 2009.

Objective: Develop and maintain a Water Quality Monitoring Program (WQMP).

Performance Standard: Each year, beginning in 2008, the District will summarize within the annual report the monitoring activities including the number of wells monitored and the year to year change of water quality.

Performance Evaluation: SATISFACTORY

The District has satisfactorily met the performance standard of this objective although a specific program has not been implemented. In October 2007, the District collected water samples from twelve water wells within Victoria County. The annual report for fiscal year 2008-2009 will provide a summary of the change of water levels. The District anticipates having the program fully implemented by October 2009.

Addressing Drought Conditions – 31TAC356.5 (a)(1)(F) ((Implementing TWC §36.1071(a)(6))

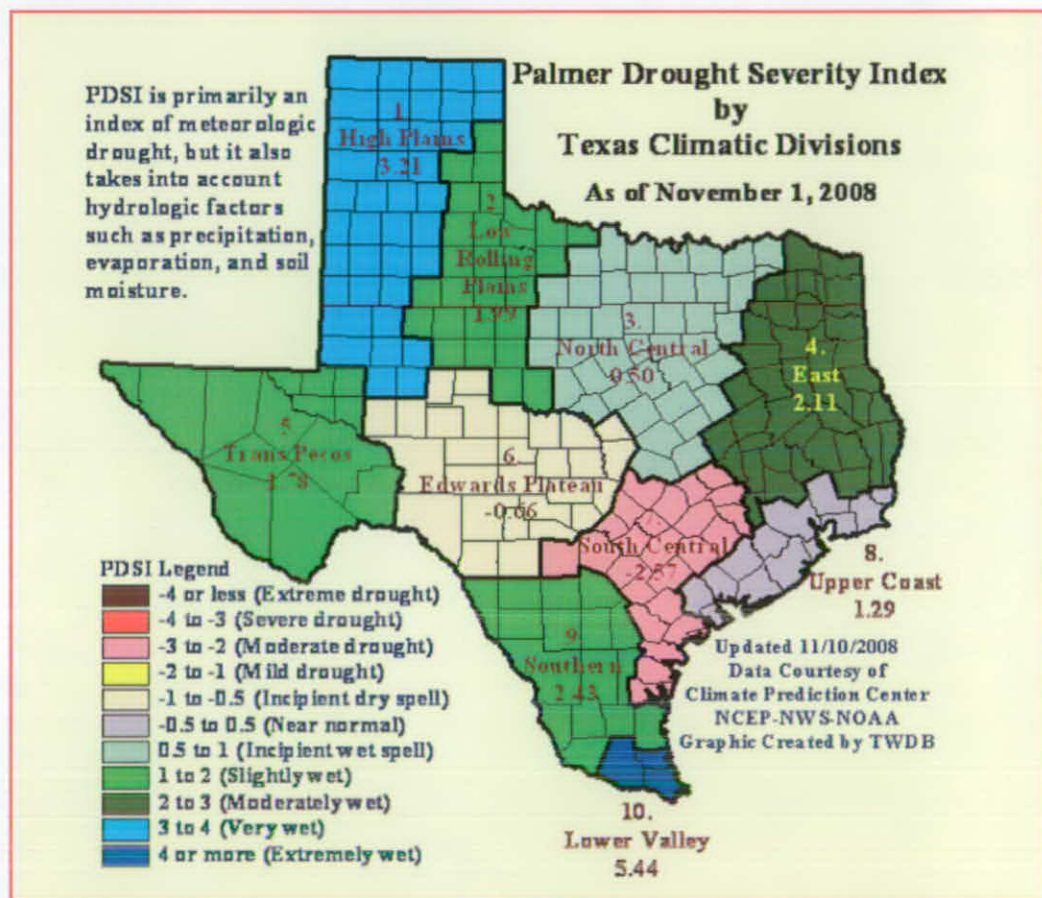
Objective: Collect and review drought condition information related to Victoria County and the surrounding region of Texas on a monthly basis.

Performance Standard: Each year, beginning in 2008, the District will summarize within the annual report the monthly drought information including Palmer Drought Severity Index (PDSI) maps and the Drought Preparedness Council Situation Report period updates posted on the Texas Water Information Network website (www.txwin.net). Additionally,

the number of weeks and/or months that the District experienced drought based on the PDSI will be reported in the annual report.

Performance Evaluation: SATISFACTORY

The District has satisfactorily met the performance standard of this objective. The graphic below indicates that Victoria County is categorized as Incipient Wet Spell which is above normal conditions. However, several counties (Refugio, Goliad, and DeWitt) adjacent to Victoria County are categorized as Moderate Drought. The annual summary of weeks in drought condition will be presented in the annual report for fiscal year 2008-2009.



Addressing Conservation, Recharge Enhancement, Rainwater Harvesting, Precipitation Enhancement, or Brush Control, Where Appropriate and Cost-Effective – 31TAC356.5 (a)(1)(G) (Implementing TWC §36.1071(a)(7))

X.A.6.a Conservation

Objective: *Promote groundwater conservation within Victoria County.*

Performance Standard: *Each year, beginning in 2008, the District will summarize within the annual report the activities directly related to groundwater conservation including educational materials developed and delivered to local schools, cooperative educational contributions and grants, public speaking events and presentations, community event participation, and educational publications. Additionally, the number of activities participated in and the number of educational materials developed or disseminated each year will be reported in the annual report.*

Performance Evaluation: SATISFACTORY

The District has satisfactorily met the performance standard of this objective. The District's exhibitor booths at the South Texas Farm and Ranch Show and the Victoria County Livestock Show (2 Major Events) had over 15 different brochures, pamphlets, and other educational and promotional materials directly related to water conservation. These events are attended by a wide variety of individual ranging from school children and their teachers to local farmers and ranchers to city residents. The booths have had considerable attention and the conservation materials have been collected by many attendees.

X.A.6.b Rainwater Harvesting

Objective: *Promote rainwater harvesting within Victoria County.*

Performance Standard: *Each year, beginning in 2008, the District will summarize within the annual report the activities directly related to promoting rainwater harvesting including the development and dissemination of educational materials via the district website and other educational events. Additionally, the number of activities participated in and the number of educational materials developed or disseminated each year will be reported in the annual report.*

Performance Evaluation: INCOMPLETE

The District has not actively promoted rainwater harvesting during this fiscal year.

X.A.6.c Recharge Enhancement

Objective: *Promote recharge enhancement within Victoria County.*

Performance Standard: *Each year, beginning in 2008, the District will summarize within the annual report the activities directly related to promoting recharge enhancement including the development and dissemination of educational materials via the district website and other educational events. Additionally, the number of activities participated in and the number of educational materials developed or disseminated each year will be reported in the annual report.*

Performance Evaluation: INCOMPLETE

The District has not actively promoted rainwater harvesting during this fiscal year.

X.A.6.e Brush Control

Objective: *Promote brush control within Victoria County.*

Performance Standard: *Each year, beginning in 2008, the District will summarize within the annual report the activities directly related to promoting brush control including the development and dissemination of educational materials via the district website and other educational events. Additionally, the number of activities participated in and the number of educational materials developed or disseminated each year will be reported in the annual report.*

Performance Evaluation: INCOMPLETE

The District has not actively promoted brush control during this fiscal year.

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Directors:

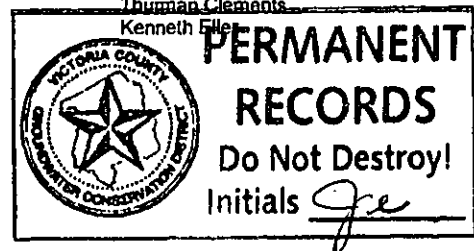
Mark Meek
President

Jerry Hroch
Vice-President

Barbara Dietzel
Secretary

Thurman Clements
Kenneth Eller

THE STATE OF TEXAS
VICTORIA COUNTY



The Victoria County Groundwater Conservation District Board of Directors' Regular Meeting convened in the Patti Dodson Health Center, 2805 N. Navarro St., Classroom A #108, Victoria, Texas, at 9:00 a.m. on December 19, 2008.

Present: Mark Meek, Chairman, Precinct No. 4
Jerry Hroch, Vice Chairman, Precinct No. 1
Barbara Dietzel, Secretary, Precinct No. 3
Tim Andruss, General Manager
James Allison, Attorney

Absent: Kenneth Eller, Precinct No. 3, At Large
Thurman Clements, Precinct No. 2

CALL TO ORDER – 1.

Chairman Mark Meek called the meeting to order at 9:00 a.m. Pledge of Allegiance, to United State and Texas flags, was observed.

WELCOME GUESTS – 2.

Chairman Meek welcomed guests: Bill Richter-Citizen, Gary Burns-Co. Commissioner Precinct 3, Jerry James-City of Victoria, Kevin Janak-Co. Commissioner Precinct 2, and Walter Womack-LaQuerencia.

MINUTES - 3.

Secretary Barbara Dietzel presented the minutes of VCGCD Regular Meeting – November 21, 2008, and VCGCD/GCGCD Joint Hosted Meeting – November 24, 2008 for review.

MOTION by Mr. Hroch and seconded by Mrs. Dietzel, to move to accept and approve the minutes of VCGCD Regular Meeting – November 21, 2008 and VCGCD/GCGCD Joint Hosted Meeting – November 24, 2008. Motion carried three (3) ayes and zero (0) nays.

FINANCIAL REPORT – 4.

General Manager Tim Andruss presented the financial reports of VCGCD Monthly Transactions and Operating Budget for November 2008.

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2805 N. Navarro St. Suite 210, Victoria, Texas 77901, Phone (361)579-6863, Fax (361)579-0041

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MOTION by Mr. Hroch and seconded by Mrs. Dietzel, to move to accept and approve the financial reports of VCGCD Monthly Transactions and Operating Budget for November 2008, as presented to the board. Motion carried three (3) ayes and zero (0) nays.

PUBLIC COMMENT – 5.

Bill Richter-Citizen and Jerry James-City of Victoria made public comment.

DISTRICT ANNUAL REPORT FOR FY07-08 – 6.

The original draft of the District Annual Report for FY07-08 was presented to the Board during the November 2008 monthly meeting for consideration. No changes were made.

MOTION by Mrs. Dietzel and seconded by Mr. Hroch, to move to accept and approve the District Annual Report for FY07-08. Motion carried three (3) ayes and zero (0) nays.

DROUGHT CONDITION MONITORING – 7.

The adopted Management Plan established a management objective related to drought monitoring. Objective: Collect and review drought conditions information related to Victoria County and the surrounding region of Texas on a monthly basis. Reviewed Palmer Drought Severity Index Maps-December 2008. The District will continue to monitor drought conditions.

PUBLIC NOTIFICATION OF RULES EFFECTIVE DATE – 8.

The Board of Directors adopted the District's Management Plan on October 24, 2008. The District anticipates the approval of the Management Plan in the near future by TWDB. The resolution adopting the District Rules set out that the rules are effective upon TWDB approval of the District Management Plan.

In order to provide a comprehensive notification to the public regarding the effective date of the District Rules, it is suggested that the District:

- 1) Place a notice in the legal notices section of the Victoria Advocate for seven days;
- 2) Place a 4x6 advertisement in the Crossroads Section of the Victoria Advocate for seven days;
- 3) Send letters directly to all well drillers and pump installers within the area;
- 4) Place notice on the District's Home Page regarding the effective date for one month.

Recommended wording for the notice and advertisement:

The Victoria County Groundwater Conservation District Board of Directors adopted the District's Management Plan and Rules on October 24, 2008. The District's Rules became effective upon the Texas Water Development Board's approval of the District's Management Plan. The District's Management was approved on _____, 2008. The District has updated its website (www.vcgcd.org) in order to facilitate the use of the Management Plan, Rules, and associated forms. In particular, the public will find the

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forms necessary for well registration (voluntary for exempt wells), validation of non-exempt wells, application for drilling permit, and application for an operating permit.

MOTION by Mr. Hroch and seconded by Mrs. Dietzel, to move to approve the notice and authorize the General Manager, Tim Andruss, to publish and pay for the notices and advertisements, to be placed in the Victoria Advocate, notifying the public of effective date of the District Rules. Motion carried three (3) ayes and zero (0) nays.

WEBSITE DESIGN – 9.

Several mock-ups of a new website design were presented to the Board at the November 2008 monthly meeting. The content within the web pages will be updated continuously as new data or information becomes available.

MOTION by Mr. Hroch and seconded by Mrs. Dietzel, to move to accept the redesigned web pages and authorize the General Manager, Tim Andruss, to update the District's website upon TWDB approval of the District's Management Plan and update continuously as new data or information becomes available.. Motion carried three (3) ayes and zero (0) nays.

DISTRICT FEE SCHEDULE AND RESOLUTION - 10.

The District's Management Plan is currently under review by TWDB. Upon approval of District Management Plan by TWDB, the District Rules become effective. The Board stated in the District's Rules that the District's fees would be established by Board Resolution. The Proposed Fee Schedule has been modified to include the changes requested at the November 2008 monthly board meeting related to Permit Amendments of an Administrative nature and the refunding of remaining fees.

MOTION by Mr. Hroch and seconded by Mrs. Dietzel, to move to adopt the Resolution establishing the Fee Schedule for VCGCD. Motion carried three (3) ayes and zero (0) nays.

RFQ FOR PROFESSIONAL SERVICES RELATED TO HYDROGEOLOGY AND GROUNDWATER MANAGEMENT - 11.

The purpose of the RFQ is to solicit information from qualified parties (Respondent) regarding their skills, abilities, experience, and credentials relevant to providing professional services related to groundwater management and hydrogeology.

MOTION by Mrs. Dietzel and seconded by Mr. Hroch, to move to authorize the General Manager, Tim Andruss, to publish the RFQ in the Victoria Advocate, collect all responsive submittals, complete an initial review of submittal, and present to the Board a recommendation regarding the staff's recommended respondent. Motion carried three (3) ayes and zero (0) nays.

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DISTRICT POLICY – INJECTIONS WELLS - 12.

The committee, appointed by the Board, Mark Meek and Barbara Dietzel, met and provided guidance to the General Manager, to facilitate the development of a draft policy. The General Manager drafted a policy and submitted to Jim Allison, Attorney, for review.

The draft policy outlines the general concerns the District has regarding Injection Wells and their permitting and the procedure the District will follow when Injection Well permit applications are being evaluated. The policy delegates authority to the General Manager to collect, review, and register a protest if deemed necessary. The policy also clearly states that the General Manager will, whenever possible, seek specific authorization from the Board to spend District funds or protest an application. The policy clearly states that only the Board may withdraw a protest on the behalf of the District.

MOTION by Mrs. Dietzel and seconded by Mr. Hroch, to move to adopt the Resolution establishing District Policy on Injection Wells. Motion carried three (3) ayes and zero (0) nays.

DISTRICT FORMS – DRILLING PERMIT APPLICATION FOR EXEMPT WELLS; DRILLING PERMIT APPLICATION FOR NON-EXEMPT WELLS; OPERATING PERMIT APPLICATION – 13.

MOTION by Mr. Hroch and seconded by Mrs. Dietzel, to move to adopt the District Forms – Drilling Permit Application for Exempt Wells; and Drilling Permit Application for Non-Exempt Wells; Operating Permit Application. Motion carried three (3) ayes and zero (0) nays.

AUTHORIZATION TO PURCHASE CRIME COVERAGE – 14.

Public Employee Dishonesty coverage by TML-IRP, that addresses potential dishonest acts of employees, was tabled until the next regular meeting of VCGCD. Mr. Andruss will discuss with TML, certain coverage descriptions. Mr. Andruss will renew the Surety Bonds (coverage limit of \$10,000), which are required by TWC Ch. 36.055 (C), for the Directors and General Manager.

AUTHORIZATION TO PURCHASE STEEL TAPE AND REEL – 15.

The District has agreed to assume the water level monitoring efforts for TWDB of the 31 TWDB monitor wells located within Victoria County. In order to measure the wells previously measured by TWDB, the District will need to use a steel tape as opposed to an e-tape or sonic water level meter. While these devices may produce accurate measurements, the space limitations prevent the use of e-tapes or sonic measuring tools.

MOTION by Mrs. Dietzel and seconded by Mr. Hroch, to move to authorize the General Manager, Tim Andruss, to purchase a steel tape and reel, in an

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amount not to exceed \$625.00. Motion carried three (3) ayes and zero (0) nays.

AUTHORIZATION TO PURCHASE PHYSICAL MODEL OF AQUIFER – 16.

The groundwater model would dramatically improve the District's ability to educate the public about the groundwater resources of Victoria County. In particular, the model will enable District staff to simulate the movement of water within the aquifer and demonstrate the effects of groundwater pumping and groundwater contamination. Envision Environmental Education is currently working on a cost estimate for creating a custom model that reflects the structure of the Gulf Coast Aquifer. This model would be used in the District's Conservation and Education Programs.

MOTION by Mr. Hroch and seconded by Mrs. Dietzel, to move to authorize the General Manager, Tim Andruss, to purchase and pay for a Groundwater Model and associated equipment in an amount not to exceed \$1,750.00. Motion carried three (3) ayes and zero (0) nays.

GENERAL MANAGER REPORT: TAGD LEGISLATIVE COMM. MTG; STUDIES AND PROJECTS WITH USGS; WATER QUALITY MONITORING; FINANCIAL AUDIT STATUS – 17.

Topic 1: TAD Legislative Committee Meeting – December 3, 2008, Austin, Texas. TAGD Legislative Committee will be actively supporting legislative efforts to require governmental entities to pay fees and penalties assessed by groundwater conservation districts. Other topics briefly discussed included: presenting a unified message; ownership of groundwater; transport of groundwater; clarifying the DFC process/MAG; elections and tax; legislator's brochure; injection wells.

Topic 2: Studies and Projects with USGS

Dec. 8, 2008, met with USGS to discuss future collaborative project between VCGCD and USGS. USGS will support the project but does not feel as though VCGCD has enough well inventory information to move forward. We will meet in a few months to gage the District progress in collecting well inventory information. USGS will aid the District as we design our water well inventory and related programs.

Dec. 10, 2008, met in Goliad with GCGCD and USGS on the progress of Coletto Creek Project with USGS. USGS will be forwarding a draft agreement that outlines the agreement between VCGCD and USGS including goals, responsibilities, and funding information.

Topic 3: Water Quality Monitoring

We have discussed the need to design and document a formal program related to water quality monitoring, there may be potential land use activities and events that require the District to collect and analyze groundwater samples prior to activities starting. This was the approach the District took regarding potential uranium mining in the Mission Valley area. In the northern area of Victoria County there is a potential for land to be used for sanitary sewer waste in the form of sludge to be disposed. In the coming month(s), Mr. Andruss will bring this matter before the Board to consider authorizing the collection and analysis of groundwater samples from wells in close proximity.

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Topic 4: Financial Audit Status

Goldman, Hunt, and Notz have completed their data collection efforts at the District's office. The audit results are tentatively scheduled to be presented at the January monthly meeting. While the audit is not completed as of yet and a few pieces of information must be supplied, there were not significant issues discovered during the in-office work.

Mr. Goldman and his staff complimented Barbara Dietzel and Jan Eager for the outstanding record keeping and ease with which information was found and provided to them.

Past Events –

1. VCGCD Regular Board Meeting – November 21, 2008
2. GBRA Presentation – November 24, 2008
3. TAGD Legislative Committee Meeting – December 3, 2008
4. USGS Meeting – Potential Studies Relating To Groundwater Management – December 8, 2008
5. Coleto Creek Study Meeting – December 10, 2008

Future Events –

1. VCGCD Holiday Observed – December 24-26, 2008
2. VCGCD Holiday Observed – January 1, 2009
3. TCDRS New Enrollee Meeting – January 15, 2009 – Austin, Tx.
4. VCGCD Regular Board Meeting – January 16, 2009

GENERAL MANAGER PERFORMANCE EVALUATION – 18.

VCGCD Board will discuss general manager performance evaluation in closed meeting.

CLOSED MEETING: PURSUANT TO V.T.C.A. GOVERNMENT CODE 551 – 19.

MOTION by Mr. Meek and seconded by Mrs. Dietzel, to move for the VCGCD Board of Directors to go into Closed Meeting at 11:20 a.m., pursuant to V.T.C.A. Government Code 551.071, to conduct private consultation with VCGCD attorney regarding matters protected by the Attorney-Client privilege or V.T.C.A. Government Code regarding personnel. Motion carried three (3) ayes and zero (0) nays.

RETURN TO OPEN MEETING: PURSUANT TO V.T.C.A. GOVERNMENT CODE 551 – 20.

MOTION by Mr. Hroch and seconded by Mrs. Dietzel, to move for the VCGCD Board of Directors to return to Open Meeting at 12:50 p.m., pursuant to V.T.C.A. Government Code 551.102, to return to Open Meeting to take any action deemed necessary based upon discussion in closed meeting. Motion carried three (3) ayes and zero (0) nays.

DISCUSSION AND ACTION RELATED TO CLOSED MEETING - 21.

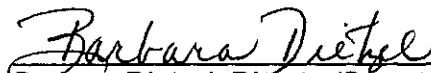
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MOTION by Mr. Meek and seconded by Mr. Hroch, to move to place a copy of the General Manager- Employee Performance Evaluation in Tim Andruss' confidential personnel file. Motion carried three (3) ayes and zero (0) nays.

MOTION by Mr. Meek and seconded by Mr. Hroch, to move to authorize VCGCD General Manager, Tim Andruss, to draft a letter to be signed by VCGCD Board Members to the Refugio Groundwater Conservation District General Manager, Garrett Engelking, with a copy to RGCD Board President, Larry Aduddell, explaining the current status of invoices and reporting. Motion carried three (3) ayes and zero (0) nays.

ADJOURN – 22.

MOTION by Mr. Hroch and seconded by Mrs. Dietzel, to move for the Victoria County Groundwater Conservation District Board of Directors to adjourn the VCGCD Regular Board meeting at 12:55 p.m. Motion carried three (3) ayes and zero (0) nays.

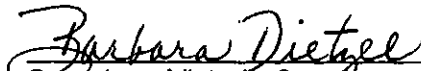


Barbara Dietzel, Director/Secretary of the Victoria
County Groundwater Conservation District
Board of Directors

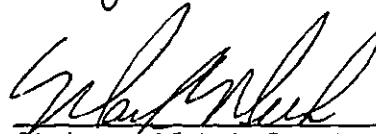
THE ABOVE AND FOREGOING MINUTES WERE READ AND APPROVED ON

THIS THE 16th DAY OF January A.D. 2009.

ATTEST:



Secretary, Victoria County
Groundwater Conservation District



Chairman, Victoria County
Groundwater Conservation District