

EXECUTIVE SUMMARY OF SUNSET STAFF REPORT

San Antonio River Authority

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Since its creation in 1937, the San Antonio River Authority (SARA) has managed the San Antonio River basin, encompassing Bexar, Wilson, Karnes, and Goliad counties. SARA owns and operates 41 flood retention dams; provides wastewater treatment services to retail and wholesale customers, including municipalities; participates in regional water and flood planning; builds and manages parks; and works diligently with local and state partners to monitor and improve the water quality and safety of the San Antonio River and to carry out capital improvement projects. SARA receives no state appropriation, but has authority to assess local property taxes, which totaled \$36 million in 2021, and receives funding from intergovernmental partners like the City of San Antonio, Bexar County, and the Texas Commission on Environmental Quality (TCEQ).

Through its extensive work with stakeholders and partners in the basin, SARA is regarded as generally well-run, with a reputation for strong leadership and highly-respected expertise across the various areas in which it works. However, the basin's rapid population growth has resulted in increasing demand for SARA's services, and the authority needs to evolve quickly to meet these new demands. SARA's general manager, who started in the summer of 2021, has begun shoring up the authority's operations and planning functions, including its strategic planning and project prioritization, starting with better data on performance targets, capacity, and future needs. While this is an excellent step in the right direction, the Sunset review found the authority still lacks adequate strategic direction and active oversight from its 12-member elected board, and could do a better job soliciting input from the public and stakeholders as it plans. Further, the authority could better communicate to its taxpayers how tax dollars are used and the tax rate setting process.

SARA needs to evolve quickly to meet increasing demand for its services.

As such, Sunset staff recommends SARA develop processes to be more transparent and accountable in its strategic planning and project selection processes, as well as in managing its various reserve funds. The review also identified ways SARA could better align its nonprofit partnerships with best practices. Finally, Sunset staff recommends a number of standard contracting practices SARA should implement to ensure consistency and transparency in the way it awards and manages its contracts, and several statutory changes and good government practices applied across the board during Sunset reviews.

Taken together, these recommendations would help ensure SARA is best equipped to continue to be effective in the face of population growth and evolving demands on its services in the basin. The following material highlights Sunset staff's key recommendations for the San Antonio River Authority.

Sunset Staff Issues and Recommendations

ISSUE 1

Increased Board Involvement and Transparency Would Help Ensure SARA Can Best Meet the Future Needs of the Basin.

As one of the fastest-growing areas in the state, the San Antonio River basin faces rapidly increasing demand for services such as wastewater treatment and flood control. To best navigate the future growth, SARA's strategic planning should be more comprehensive and inclusive, and involve greater board participation, including through periodic more holistic evaluations of goals and objectives for the basin. SARA's project selection process should be more clearly defined and transparent, and SARA should more clearly articulate how the authority uses tax revenue and sets its tax rate to achieve its goals and post this on its website. Further, additional internal controls and savings targets for SARA's reserve funds would increase transparency and accountability for the use of the authority's tax dollars.

Key Recommendations

- Direct SARA to conduct more comprehensive, inclusive strategic planning.
- Direct SARA to establish guidelines for evaluating and selecting projects and publish them on its website.
- Direct SARA to publish more digestible information about its tax revenue spending and rate-setting process on its website.
- Direct SARA's board to update its fund balance policy.

ISSUE 2

SARA Benefits From the Support of Its Affiliated Nonprofit Organization, but Additional Controls Are Needed.

SARA partners with the San Antonio River Foundation, a nonprofit the authority founded to assist in carrying out its mission to promote stewardship and enjoyment of the San Antonio River. SARA's nonprofit relationship generally works well, but the authority lacks clear authorization to work with nonprofits and a framework to guide those relationships. Further, the authority does not have policies requiring its nonprofit partners to adhere to best practices related to fundraising and corporate sponsorships.

Key Recommendations

- Clearly authorize SARA to work with nonprofits in its governing law.

- Prohibit SARA staff and limit SARA board members from serving on an affiliated nonprofit's board.
- Require SARA to develop a policy governing affiliated nonprofit fundraising and criteria for corporate sponsorships.
- Direct SARA to review its relationships with affiliated nonprofits every five years.

ISSUE 3

SARA's Governing Law and Processes Do Not Reflect Some Standard Elements of Sunset Reviews.

Over the years, Sunset reviews have included a number of standard elements designed to ensure open, responsive, and effective government. SARA's governing law does not contain several standard provisions, including board member training, separation of duties of board members from those of staff, public comment at board meetings, and maintaining a system for receiving and acting on complaints. Further, SARA contracts for a wide range of goods and services, including high-value construction services, and should implement best practices to ensure consistency and transparency in its contracting process. Finally, SARA's governing law is outdated and difficult for the public and the authority to find and fully understand.

Key Recommendations

- Apply the standard across-the-board requirements regarding board member training, separation of duties of board members from those of staff, public testimony at board meetings, and maintaining a system for receiving and acting on complaints.
- Direct SARA to improve its contracting processes to ensure sufficient consistency and transparency.
- Direct the Texas Legislative Council to update SARA's governing law.

Fiscal Implication Summary

The Sunset Commission's recommendations would not have a significant impact to the state or SARA. SARA should be able to implement the recommendations within its existing resources, though the full impact on the authority will depend on the implementation of recommendations and cannot be estimated.

