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May 19, 2016

Representative Larry Gonzales
Chairman
Sunset Advisory Commission
P.O. Box 13066
Austin, Texas 78711-3066

Dear Chairman Gonzales:

The Palo River Authority of Texas received the Staff Report with comments and recommendations for changes to PDRA. The Board of Directors has reviewed the report, and after much discussion and one public meeting, would like to offer a response to you.

The first legislative change recommended, to reclassify PDRA as a local water district, is still under consideration by the Board. They feel more research and information is necessary to arrive at a definite conclusion. They are concerned about additional cost, different regulations and requirements, and the uncertainty of changing from a river authority to a water district. While the removal from Sunset review is enticing, there is no guarantee that a water district would not be placed under review in the future.

While alarming at first sight, the second legislative recommended, to allow an entity to withdraw from or dissolve PDRA, the conditions seem to cover all bases. A two-thirds majority of the PDRA Board, agreement by the counties and city, and a financial agreement to properly maintain the dam and reservoir, would be required. The PDRA Board is comfortable with this arrangement.

The remaining recommendations of Sunset staff would probably improve our operation and interaction with our constituents and the public. An agenda item for public testimony is already in place. A website has been discussed, and is needed, but is not in operation, yet. Written monthly board updates would improve the Board's understanding of the staff's activities and accomplishments. Other recommendations would improve our operation and efficiency.

One issue that has continually been brought up by the PDRA Board is the cost of the Sunset review (almost \$62,000), and no time to budget for it.

We look forward to testifying before the Sunset Advisory Commission, in June.

Sincerely,


Jim Derington, General Manager